

STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR 2010

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS

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NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

NISHA DESAI, CRAIG HIGGINS, STEVE MARCHESI, MICHELE SUMILAS, and CLELIA ALVARADO,
Staff Assistants

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**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR 2010**

THURSDAY, APRIL 23, 2009.

U.S. DEPARTMENT OF STATE

WITNESS

HON. HILLARY RODHAM CLINTON, SECRETARY OF STATE

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State, Foreign Operations, and Related Programs will come to order.

I would like to welcome all guests to this hearing room. And I respect your right to be here and respect your views. But I would ask that you respect this very important hearing.

You may certainly engage in a silent protest, but I ask that you be seated and not disrupt these proceedings.

Thank you.

Madam Secretary, I welcome you, my former Senator, my constituent, my friend, to your first hearing before the House Appropriations Committee as Secretary of State. We look forward to hearing the policy objectives and assumptions supporting your request for \$7.1 billion in supplemental funds for State Department operations and foreign assistance.

Failed fiscal policies have left our economy in shambles and the world on the precipice of a global financial crisis. The security challenges we face abroad demand our urgent and focused attention.

You and the President and all of us have inherited a world in peril. A dangerous and power hungry Iran is aggressively pursuing nuclear energy and hegemonic ambitions. The insecurity and instability of Afghanistan and Pakistan have intensified, and the Taliban and al Qaeda have gained ground.

From North Korea to Nangahar, from Somalia to Sri Lanka, to the Swat Valley, instability threatens the security of the United States and its allies. In Pakistan, policy decisions focused on short-term security interests, which neglected the long-term needs to build civil society, empower and educate women and girls, and develop democratic institutions, have advanced neither security nor stability.

Today the escalating terrorist violence in Pakistan and that government's inability and unwillingness to confront the extremist threat undermine any progress we have made in Afghanistan and complicates future efforts there. I fear that we are losing the window of international consensus and commitment to help the region gain a strong foothold on its long climb out of conflict. After 8 years

and billions of dollars, we are no closer to improving security, solving the poppy problem, empowering credible partners to eliminate corruption and stabilize the government, or enabling a more tolerant society that respects the rights of women.

Recent actions by North Korea, including its missile launch, reflect flagrant defiance and lack of interest in engaging responsibly with the rest of the world. Given these developments, I hope that you will detail how your supplemental request for resources for continuation of Six-Party Talks for a yet-to-be-negotiated Phase 3 of an Action for Action plan are expected to improve the situation.

And in the Middle East, where I met last week with Israeli, Palestinian, and Egyptian leaders, President Obama's election and your leadership have generated new optimism and hope that our country can pursue a new direction to address the global challenges that threaten national and international security. But as you know, optimism and hope must be accompanied by smart strategies and tough diplomacy.

In meetings in the region and discussions yesterday with King Abdullah of Jordan, concern over Iran dominated our conversations. While there continues to be a wide gulf between Israelis and Palestinians on further progress on the Roadmap, and questions remain on the state of the so-called unity talks hosted by Egypt, I am convinced that there is still a strong commitment among Israelis, Palestinians, Egyptians, and the Jordanians to create the conditions required for peace and security to take root and a determination to deal with the destabilizing role of Iran and its proxies, Hamas and Hezbollah.

Israelis and Palestinians stressed the importance of the economic and the security assistance that you have pledged to the Palestinians and were unanimous in their praise of General Dayton's security initiative. In-depth discussions with UNRWA provided some assurances of their commitment to transparency and accountability in the humanitarian assistance that they manage, but the State Department must continue to ensure that UNRWA lives up to its commitments.

It is clear that Hamas will not accept the conditions defined in the Palestinian Antiterrorism Act or in the fiscal year 2009 State and Foreign Operations bill. Yet, you have requested language that I understand would provide a limited amount of flexibility for the President to support a PA government that might include individuals associated with Hamas if all the ministers in such a government accepted the conditions of PATA.

Now, while I have great confidence in you, Senator Mitchell, and President Obama, concerns remain about this language. And I hope that you can clarify what type of government the administration would support and why.

I also hope to get a better sense from you on the implications for the State Department of our plans to draw down U.S. military presence in Iraq by the end of 2010.

And finally, let me express concern about new authorities for the Defense Department in the supplemental request. While I understand the need to train and equip the Pakistani military for counterinsurgency capability, such assistance should not be provided through Defense appropriations. We will continue to ensure appro-

appropriate coordination mechanisms and implementation agreements so that DOD can implement these programs effectively and efficiently. However, the overall policy responsibility rests with you, and so should the funds for the Pakistani Counterinsurgency Capability Fund.

Similarly, this committee has appropriated \$700 million for the Merida program to date, and frankly, I am baffled that an additional \$350 million has been requested under the Defense appropriations.

Madam Secretary, the United States is facing major challenges, and I look forward to your testimony.

But first let me turn to the ranking member, Representative Kay Granger, for any comments she may make. And I should alert you to the fact that this is the only committee in Congress where there are two women in charge.

And so I am delighted to turn to my ranking member, Kay Granger.

OPENING REMARKS OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you, Madam Chair.

And I also want to thank and welcome Secretary of State Clinton to her first hearing before this subcommittee.

I look forward to hearing your thoughts about the administration's \$7.1 billion fiscal year 2009 supplemental request.

At a time when our citizens are tightening their belts, the Congress must be certain that we are funding only the most essential and the most effective and the carefully examined foreign policy priorities.

Let me begin by saying, there are several areas I applaud the administration's commitment. The Chair and I of this subcommittee just returned from a trip to the Middle East, where we traveled to Israel, the West Bank, and Egypt, and we welcome this administration's renewed focus on brokering peace and security for the countries in that region. I look forward to hearing your thoughts about how items in the supplemental request will support those efforts.

I am also pleased with the attention given to Mexico and the problems there and the \$66 million requested for procurement of helicopters. I hope that we can work together to make sure that the assets that Mexico needs in their fight get there as soon as possible.

I am also reassured by the President's demonstration that continuing the global fight to stop terrorism in Iraq, Afghanistan, and Pakistan is a continued top priority. I believe additional oversight is especially needed in the military presence as it expands and foreign assistance programs are increased to make sure that we are using those funds effectively in that fight.

I have concerns about the administration's efforts to blunt the effect of the global financial crisis in developing countries. It may have merit, but the request lacks adequate country specificity, economic justification, and explanation of the impact of such assistance.

I look forward to your presentation and asking some questions as we go along.

Thank you, Madam Chairwoman.

Mrs. LOWEY. Thank you.
I would like to turn to Mr. Obey for any comments he may have.

OPENING REMARKS OF MR. OBEY

Mr. OBEY. Thank you, Madam Chairwoman.

Madam Secretary, you have a terrifically tough job. We all know that. And I am sure we all wish you well.

But you have inherited some incredible messes. And Americans can be funny people. I mean, it seems to be in our nature that we think there is a solution for everything, for every problem. Sometimes we have got solutions for problems that do not even exist. But we also run into some problems that, at best, can simply be managed, not solved. And I think you have got more than your fair share of those.

I, frankly, do not know what I am going to do on your supplemental request because I am very concerned that it is going to wind up with us stuck in a problem that nobody knows how to get out of. And here is my concern. We have been at war almost eight years in Iraq. It is a measure of how wild things have been in the past that we count it a great achievement that there are only about 100 attacks a week in Iraq. Over 52 weeks, that is a lot of attacks. You can imagine what would be happening in this country if we were experiencing the same thing.

We are told that the situation in Afghanistan has gotten worse. And we are told that it is unlikely that we are going to be able to resolve that problem to our satisfaction unless we deal with the reality of Pakistan as well.

And we are told that the administration has gone through an extensive review in order to try to focus its policy much more discretely and narrowly. And I think you have done that. I mean, I understand that the goal, rather than having some grandiose set of goals, the goal in Afghanistan is simply to demolish al Qaeda so they do not provide a threat to us. And I do not question your goals, and I do not question the rationale behind any of the decisions that underlie the policy that the administration intends to pursue.

What I question is whether we in fact have the tools and the capacity to actually get anywhere near those goals. And I say that because, I have been around this place 40 years. My experience with Pakistan during all that time is that it has always been Pakistan, which means it is a country of dealmakers, but they do not keep the deals. And so, as a result, we have factions playing for their own interests, not focused on the real threats to that state.

You have the insistence of the Pak Government that they continue to focus on India rather than focusing on the real threat. You have the central government give away a region of the country to the Taliban and accept the fact that the sharia is going to be the rule of the day there. And then you see calls to apply that across the entire country.

I have absolutely no confidence in the ability of the existing Pakistani Government to do one blessed thing. And without a functioning government focused on the right issues in Pakistan, we cannot, we cannot achieve our goals in that region, in my view.

And so what I would like to know, the Chairwoman has referred to the sense of optimism that has accompanied President Obama's election. And I share that optimism. I think the whole world does.

But we also cannot approach problems as though we are permanent presidents of the Optimists' Club. We have got to look at realities. And I am concerned that when I see the so-called realists in this town, such as Jackson Diehl, who is a perfectly fine reporter, but when he says, as so many others say, that this effort in Afghanistan is going to require the entire eight-year attention of this administration, to me that means we are stuck with a sixteen-year effort in that region. And I do not want to see all of the other goals of the administration, both foreign and domestic, in the end devoured by this insoluble problem.

While it is nice to have goals, and it is nice to be optimistic, what I want to know, is whether or not the administration will have in its own head a defined timeline by which, if Pakistan does not perform, if that government does not get their act together, if they do not quit playing it every which way, if the intelligence service in Pakistan does not stop double-dealing, that they need to know that we are not going to be stuck there backing them up forever.

No matter what you do, you are going to be criticized. No matter what you do, it is going to be the wrong decision in a lot of people's eyes. In my view, no matter what you do and no matter what you try to do, the likelihood of a successful outcome is extremely dim because of the nature of the territory.

I am not convinced, let me put it this way, I am convinced that this is one of those problems that we cannot solve; we can at best manage. And I want to know that we have a strategy for managing it if we face the fact that we just do not have the tools in that area in order to achieve the goals that we are talking about now.

And my other problem, since people are also talking about the possibility of an IMF replenishment, during the years I chaired this subcommittee, I put a lot of IMF money through the Congress, but I have to tell you, I have great reluctance to do so given the fact that the Western European governments, especially Germany, are declining to provide the kind of economic stimulus that the world seems to expect of us but which they do not seem to be willing to deliver themselves.

And if they do not pull their fair share of the load in the wagon on that score, we are going to have a prolonged worldwide recession, and the United States is not going to be exempt from that.

So those are my thoughts. And I hope that you can reassure me on those points today. But frankly, I doubt it. Not because of any lack of ability on your part, but because I just am concerned that virtually every initiative this administration wants to pursue domestically and internationally in the end can be devoured by this problem if we are not incredibly, incredibly careful and thoughtful about it.

Thank you, Madam Chair.

Mrs. LOWEY. Mr. Lewis, do you have an opening statement?

OPENING REMARKS OF MR. LEWIS

Mr. LEWIS. Thank you, Madam Chairman. Only to say that I am very anxious to hear the Secretary's statement.

I welcome Secretary of State Clinton, and we appreciate your hard work. I am very anxious to ask questions. I hope we have time to get to them.

Secretary CLINTON. Yes.

Mrs. LOWEY. Madam Secretary, we will be happy to place your full statement in the record if you would care to summarize, but proceed as you wish.

Thank you.

OPENING STATEMENT OF SECRETARY CLINTON

Secretary CLINTON. Thank you very much. Is this on?

I want to get to your questions. I think it might help to do a quick overview of what we do have in the supplemental and the reasons behind it. We know that we are asking for a significant sum, but it represents only a fraction of what we spend each year on national security. And we think that diplomacy and development are ever more important to safeguarding the security and prosperity of our people and our Nation, because after all, if we are successful in either managing or solving problems, we save the money and the lives that would otherwise have to be spent in dealing with conflict.

You know very well on this committee the range of difficult problems we have inherited and that we are attempting to cope with. We have launched a new diplomacy that we believe is powered by partnership and pragmatism and principle. And I am very proud of the men and women of the State Department and USAID who literally work around the clock and around the world.

We have requested, with respect to Iraq, \$482 million in the supplemental budget for civilian efforts to partner with our military efforts as the withdrawal continues. Already the Iraqi Government is exceeding our spending for reconstruction and in many areas matching or exceeding our efforts on individual projects. We want to help manage that transition. And this money will enable our civilian American employees and their local counterparts to help create an environment in which we assist the Iraqi Government to take more and more responsibility.

Obviously, security is our paramount concern in Afghanistan. The supplemental request of \$980 million for Afghanistan is targeted to specific areas essential for security and stability.

As a result of our strategic review, we are not trying to be all things to all people. We are focusing on making government institutions more accountable and effective, promoting the rule of law, stimulating licit economic activity, especially in agriculture. Afghanistan used to be self-sufficient in agriculture and even was an exporter beyond its borders.

We are also going to be working with local communities at the provincial level and below to help stabilize the security situation through job creation. What we have determined through our analysis is that many in the Taliban are there not because of ideological commitment but, frankly, because they are paid better than you could be paid in the Afghan police force. So we are trying to unlock this puzzle about how to attract young men in particular into legitimate employment. Our commitment to train up the Afghan National Army and the police force will go hand in hand with

that effort. And we are also focused on continuing to support women and girls. We think that is an essential part of our foreign policy.

But progress in Afghanistan, we believe, depends upon progress in Pakistan. And we do seek supplemental funding of \$497 million. I take very seriously Chairman Obey's comments and cautions.

And Mr. Chairman, my view on this is that in order to manage, we have to make these commitments. We have to keep our pledge at the Tokyo Donors Conference. Other nations see Pakistan as we now do and therefore came forward with \$5.5 billion in commitments. We have to try to strengthen civilian law enforcement, particularly in the Federally Administered Tribal Areas and the Northwest Frontier Province.

And there are humanitarian needs that we think serve our national security interests, which we have, in my view, never sufficiently built on. Following the earthquake in Pakistan, Pakistani public opinion toward America improved dramatically because we were there with both military and civilian assets to help the people who had been stricken by the earthquake.

We never followed through. We never had a strategy to say, we have made some progress in these areas, what more do we need to do to consolidate that?

Key to our new strategy for both Afghanistan and Pakistan is to hold ourselves and our partners accountable. And we are committed to doing that. We obviously are going to set performance measures. I remember very well for six years on the Armed Services Committee trying to get accountability measures for both Iraq and Afghanistan, trying to get what we then called benchmarks. We never got them.

We are going to prepare them. We are going to share them with you. We are going to work with you to try to figure out what are the ways we can tell whether we are successfully managing and/or solving our challenges.

We also are focused on the Middle East, as Chairwoman Lowey mentioned. Both she and Ranking Member Granger emphasized the importance of this region to our country. If we are genuinely interested in achieving a comprehensive and secure peace between Israel and its Arab neighbors, we have to remain steadfast in our commitment to Israel's security.

At the same time, we believe we should continue to help the parties find a path to a two-state solution and support efforts initiated by the Palestinian Authority under the leadership of Prime Minister Fayad to end corruption, promote security, and build infrastructure to demonstrate tangible benefits of peace to the people of the West Bank. And we think, as part of that strategy, we have to address the humanitarian needs in Gaza by working directly with carefully vetted partners.

We have made it clear we will only work a Palestinian Authority Government that unambiguously and explicitly accepts the Quartet's principles: a commitment to nonviolence; recognition of Israel; and acceptance of previous agreements and obligations, including the Roadmap.

In the event of any Hamas participation of any sort in this coalition, this would apply if the government, representing all of its

agencies and instrumentalities, accepts these principles. At Sharm el Sheikh last month, I announced a U.S. Government pledge of \$900 million that includes humanitarian, economic, and security assistance for the Palestinian people, both Gaza and West Bank.

And Madam Chairwoman, our supplemental request of \$840 million is included in that pledge. It is not in addition to it.

And it will be implemented under the most stringent requirements we have ever put on aid going into that area. From the first days of this administration, we have also signaled our determination to create partnerships, partnerships with other governments, the private sector, nongovernmental organizations and institutions. This is not a moral or altruistic imperative. We believe that extreme poverty poses a grave threat to global security and certainly to prosperity.

Development experts have predicted that 50 million more people could end up living in poverty this year. A sharp increase in global poverty has the potential to spark humanitarian crises, erode gains from a wide range of U.S. taxpayer investments in development, reverse progress toward achieving the Millennium Development goals, and destabilize countries that are partners and ours.

Many responsible countries cannot raise funds to restore safety nets, restore financial markets, and serve the poor. And I care particularly about children and women, who are the most marginalized to begin with. And we think this is an important action that our government should take in our interests as well as to further our values.

The \$448 million requested for assistance to developing countries hardest hit by the global financial crisis is designed to provide a temporary safety net.

And I appreciate Congresswoman Granger's question. At this moment, we are evaluating which ones of these countries will need our help and how best to deliver that.

I think the United States has to remain a world leader in providing food aid and life-sustaining support for refugees and other victims of conflict. And these efforts will be complemented by investments in the supplemental budget for emergency food aid.

The food security problem is especially acute, and I am pleased that the President has asked the State Department and USAID to lead our government's efforts in addressing this across the agency.

We had the first meeting, Madam Chairman, ever held in our government to bring everybody together. So we are trying to rationalize, streamline and make more effective our efforts across the board.

We also think it is important that we lead by our example when it comes to shared responsibility. That is why we have included \$836 million for United Nations operations, some of which will be used to cover assessments in which we are already in arrears.

Now, we are well aware that the United Nations needs reform and greater accountability. But I think it is fair to acknowledge that in many areas U.N. peacekeeping missions save lives and, frankly, expense for us. I was just in Haiti, where the U.N. blue helmets cost 75 percent less than if we had to send troops to Haiti, as we did, you know, 12 years or so ago. And when I was in Haiti, where we support those U.N. peacekeepers, I concluded, listening

to the Brazilian general who led them, that they have made significant gains in security and stability that are still fragile. Our continuing support for peacekeeping missions like this I strongly believe are a low-cost way for us to achieve our own goals.

We are asking for small investments targeted to specific concerns, international peacekeeping operations and stabilization in Africa; humanitarian needs in Burma; the dismantlement of North Korea's nuclear program, assuming they come back to the Six-Party Talks; assistance for Georgia that the prior administration promised that we believe we should fulfill; support for the Lebanese Government, which is facing serious challenges; funding for critical air mobility support in Mexico as part of the Merida Initiative.

Let me end with one final point. In order for us to pursue an ambitious foreign policy to both solve and manage problems, to address our interests and advance our values, we have to reform both State and USAID. And to do so, we have to create a department and an agency that are funded the right way, where the people doing this work have the tools and authorities that they need.

This is particularly important in dangerous regions like Iraq and Afghanistan. I want to just end with one statistic. I asked for a review about the dangers facing aid workers. In Afghanistan, the casualty rate for USAID employees, contract employees, locally engaged employees and other international aid workers, is 1 in 10 have been killed in the last 8 years. Our comparable percentage for military casualties in Afghanistan is 1 in 57.

What we are asking people to do, which we believe is absolutely essential to our country's security, is assume responsibilities so that we can make diplomacy and development on a par with the military and defense functions of our foreign policy.

But I want to underscore to this committee, which knows this very well, this is not easy. It is not safe, and it is extremely difficult to get right. But I pledge to you that we are going to do everything we can as we move forward, advancing President Obama's and our Nation's vital interests, to make sure that diplomacy and development are well prepared to take our place at the head of our Nation's foreign policy objectives.

[The information follows:]

AS PREPARED

**SECRETARY OF STATE HILLARY RODHAM CLINTON
TESTIMONY BEFORE THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON FOREIGN OPERATIONS
APRIL 24, 2009**

Madame Chairwoman, Ranking Member Granger, Chairman Obey, Congressman Lewis, and Members of the Subcommittee, I appreciate this opportunity to be here today. I know I speak for the President and his Administration in thanking you for your energy and vigilance in overseeing foreign operations, and I look forward to working with you in the months ahead.

Our 2009 supplemental budget request for the Department of State and the U.S. Agency for International Development is a significant sum, but represents only a fraction of what our government spends each year on national security. Yet today, diplomacy and development are ever more essential to safeguarding the security and prosperity of our people and our nation. The expenditures we make now to build stable and peaceful societies will be far less costly in lives and dollars than military action down the road.

Around the world, we face ongoing challenges of two wars, political uncertainty in the Middle East, a global economic crisis that is pushing more people into poverty, irresponsible nations with nuclear ambitions, and 21st century threats that require new forms of global outreach and cooperation, from terrorism to disease, from climate change to trafficking in drugs and human beings.

Under President Obama's leadership, we have launched a new diplomacy powered by partnership, pragmatism and principle. We are strengthening historic alliances, reaching out to create new ones, and harnessing the resources and talents of governments, the private sector, and civil society to find global solutions to global problems. This is a major undertaking. And I'm confident that, with the dedicated men and women at the State Department and USAID who work around the world and around the clock, we can and will meet this century's challenges.

This supplemental budget reflects our commitment to smart power and to using taxpayers' dollars for maximum advantage in areas of immediate need: helping Iraq transition to self-sufficiency; enhancing security and the prospects of greater stability in Afghanistan and Pakistan; fostering conditions for peace and progress in the Middle East; assisting developing countries hardest hit by the economic crisis; and putting the State Department and USAID in better position to meet our current foreign policy demands.

Let me begin with Iraq. Over the past six years, we have spent hundreds of billions of dollars on military efforts to boost security in areas besieged by insurgency and violence. Our men and women in uniform have performed bravely, and admirably. They have done the jobs they were asked to do. But now, as we begin to withdraw our troops, we must consolidate those security gains and focus on strengthening Iraq's democracy, bolstering its institutions, and promoting economic growth and diversification. We have requested \$482 million in the supplemental budget for these civilian efforts to help move Iraq to self-sufficiency. Already the Iraqi government is exceeding our spending for reconstruction and, in many areas, matching or exceeding our efforts on individual projects. Each step forward by Iraq will enable us to ease our own levels of assistance over time.

Security is also of paramount concern in Afghanistan, where additional U.S. troops are being deployed to disrupt, dismantle, and destroy al-Qaeda. But here again, a military response is not enough. For the majority of Afghans, the lure of violent extremists like the Taliban has more to do with economics than ideology.

The supplemental request of \$980 million for Afghanistan is targeted to specific areas essential to security and stability, including efforts to make government institutions more accountable and effective; promote the rule of law; stimulate licit economic activity, especially in agriculture; and help stabilize local communities through job creation. These are big challenges, but each one is necessary to our ultimate goal: denying extremists free rein to recruit local Afghans into organizations whose aim is to attack Americans.

As the President's comprehensive strategic review made clear, progress in Afghanistan depends on progress in Pakistan. To that end, we are seeking supplemental funding of \$497 million.

This enables us to keep our pledge at the Tokyo Donors conference and support the government of President Zardari as he takes difficult steps to stabilize Pakistan's economy; strengthen civilian law enforcement agencies in Pakistan, particularly in the Federally Administered Tribal Areas and the Northwest Frontier Province; and assist hundreds of thousands of civilians who have been forced to flee from their homes and seek shelter in refugee camps or elsewhere.

Key to our new strategy for Afghanistan and Pakistan is to hold ourselves and our partners accountable and ensure that our resources are having maximum effect. We are committed to fulfilling that responsibility with your help. We also believe that security assistance should take into account whether Pakistan works with us to prevent al-Qaeda and other terrorist groups from operating in Pakistan and the Taliban from using that country as a safe haven to launch attacks.

Right now, the Middle East is in a period of transition and uncertainty, but it remains a region of critical importance to the United States. If we are genuinely interested in achieving

comprehensive peace between Israel and its Arab neighbors, we must remain steadfast in our commitment to Israel's security.

At the same time, we must continue to help the parties find a path to a two-state solution and support efforts initiated by the Palestinian Authority to end corruption, promote security, and build infrastructure to improve living conditions in the West Bank. We must also address the humanitarian needs in Gaza by working directly with carefully vetted partners.

We have made clear that we would only work with a Palestinian Authority government that unambiguously and explicitly accepts the Quartet's principles: a commitment to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap. In the event of any Hamas participation in a coalition, this would only apply if the government, representing all of its agencies and instrumentalities, accepts Quartet principles.

At Sharm el Sheik last month, I announced a U.S. government pledge of \$900 million that includes humanitarian, economic, and security assistance for the Palestinian people. Madame Chairwoman, our supplemental request of \$840 million, included in that pledge, will be implemented in a manner that gets those funds in the right hands and for the right purposes.

From the first days of this new Administration we have signaled our determination to create partnerships with other governments, the private sector, non-governmental organizations and institutions to help relieve human suffering exacerbated by the global economic crisis. This is not simply a moral imperative, or an altruistic impulse. Extreme poverty poses one of the greatest threats to global security and prosperity, and to our own.

Development experts have predicted that 50 million more people could end up living in poverty this year. A sharp increase in global poverty has the potential to spark new humanitarian crises, erode gains from a wide range of U.S. taxpayer investments in development, reverse progress toward achieving the Millennium Development goals, and de-stabilize countries that are key partners of the United States. Many responsible governments cannot raise funds to support critical safety nets and restore financial markets that serve the poor – especially children and women, who are the most marginalized to begin with -- thus jeopardizing the political and economic stability of countries that had just begun to take positive steps forward.

The \$448 million requested for assistance to developing countries hardest hit by the global financial crisis is designed to provide a temporary safety net for highly vulnerable populations and forestall the possible destabilization of developing countries committed to responsible governance but now buffeted by economic forces beyond their control.

We believe, and I know many of you share this view, that the United States must continue to be a world leader in providing food aid and life-sustaining support for refugees and other victims of conflict. These efforts will be complemented by investments in the supplemental budget for emergency food aid.

Food security is a problem born of poverty and made worse by recession. People who are malnourished are less able to hold jobs and earn incomes; succeed in school; or participate fully in their societies. Over the past year alone, we have seen the destabilizing effects of food crises around the world. We know that in the long term food security is about sustainable agriculture and not emergency food distribution. I'm pleased that the State Department and USAID will be guiding a government-wide effort to address this issue.

I should also mention, Madame Chairwoman, that the President and I believe it is time for the United States to lead by example when it comes to shared responsibility, and that means we need to take care of our obligations to meet commitments we have already made to fund international burdens.

We have included in this request \$836 million for United Nations operations, some of which will be used to cover assessments in which we are already in arrears.

We are well aware that the U.N. needs reform and greater accountability. But we also must acknowledge the importance of UN peace-keeping missions in troubled regions of the world that save lives and expense for our nation. When UN "blue helmets" are dispatched to keep peace, it costs 75 percent less than if we had to send U.S. troops in their place. Earlier this month, I was in Haiti, where we support UN peacekeepers helping to stabilize that country. This is a smart and cost-effective investment that helps the Haitian people regain their economic footing and yields dividends in greater security and prosperity for us.

This supplemental budget also seeks small investments targeted to specific concerns in other regions, including for international peace keeping operations and stabilization activities in Africa; humanitarian needs in Burma; the dismantlement of North Korea's nuclear program; assistance for Georgia; support for the Lebanese government; and funding for critical air mobility support in Mexico as part of the Merida Initiative to combat drug violence and trafficking in Mexico and Central America.

Let me end with one final point: To pursue an ambitious foreign policy agenda that advances our interests abroad and safeguards our security for the future must begin with reform in our own agency. To blend development and diplomacy in a robust foreign policy is essential to meeting the challenges of these times. And to do so we are committed to creating a more agile, effective

State Department and USAID, staffing them in the right way, and giving our people the resources and authorities they need to carry out the Administration's agenda.

As we reform the department, we must also make sure we have the resources and staffing needed to fulfill the difficult missions we've been assigned. This is particularly the case in dangerous regions like Iraq and Afghanistan, where State Department and USAID employees are serving their nation at great peril.

Because of the rapid growth of our mission in Afghanistan, some employees are being housed in temporary facilities that are unsafe and more vulnerable to rocket attacks, bombs, and earthquakes. Our supplemental request includes additional funding to support increased diplomatic and development operations in Afghanistan, including State and USAID mission operations, plans for new regional offices, and purchases of land to construct safe and secure facilities for our personnel.

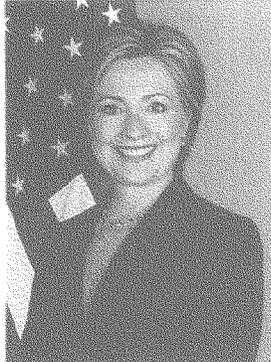
We are committed to fulfilling the ambitious agenda the President has laid out for our country. To do so, Madame Chairwoman, we will need the help and counsel of this subcommittee. I look forward to answering your questions today and to our discussions in the months ahead.

Thank you.

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Biography



Hillary Rodham Clinton

Secretary of State

Term of Appointment: 01/21/2009 to present

On January 21, 2009, Hillary Rodham Clinton was sworn in as the 67th Secretary of State of the United States. Secretary Clinton joined the State Department after nearly four decades in public service as an advocate, attorney, First Lady, and Senator.

Secretary Clinton was born in Chicago, Illinois on October 26, 1947 to Dorothy Rodham and the late Hugh Rodham.

She attended local public schools before graduating from Wellesley College and Yale Law School, where she met Bill Clinton. In 1974, Secretary Clinton moved to Arkansas, a year later then married Bill Clinton and became a successful attorney while also raising their daughter, Chelsea. She was an assistant professor at the University of Arkansas School of Law, and after working to strengthen the local legal aid office, she was appointed by President Jimmy Carter in 1977 to serve on the board of the Legal Services Corporation, which she later chaired.

During her 12 years as First Lady of the State of Arkansas, she was Chairwoman of the Arkansas Education Standards Committee, co-founded the Arkansas Advocates for Children and Families, and served on the boards of the Arkansas Children's Hospital, and the Children's Defense Fund.

In 1992, Governor Clinton was elected President of the United States, and as First Lady, Hillary Clinton became an advocate of health care reform and worked on many issues relating to children and families. She led successful bipartisan efforts to improve the adoption and foster care systems, reduce teen pregnancy, and provide health care to millions of children through the Children's Health Insurance Program. She also traveled to more than 80 countries as a representative of our country, winning respect as a champion of human rights, democracy and civil society. Her famous speech in Beijing in 1995 -- when she declared that "human rights are women's rights, and women's rights are human rights" -- inspired women worldwide and helped galvanize a global movement for women's rights.

With Secretary of State Madeleine K. Albright, Secretary Clinton worked to launch the government's Vital Voices Democracy Initiative. Today, Vital Voices is a non-governmental organization that continues to train and organize women leaders across the globe.

In 2000, Hillary Clinton made history as the first First Lady elected to the United States Senate, and the first woman elected statewide in New York. In the Senate, she served on the Armed Services Committee, the Health, Education, Labor and Pensions Committee, the Environment and Public Works Committee, the

Budget Committee and the Select Committee on Aging. She was also a Commissioner on the Commission on Security and Cooperation in Europe.

As a Senator, Clinton worked across party lines to build support for causes important to her constituents and the country, including the expansion of economic opportunity and access to quality, affordable health care. After the terrorist attacks of September 11, 2001, she was a strong advocate for funding the rebuilding of New York and the health concerns of the first responders who risked their lives working at Ground Zero. She also championed the cause of our nation's military and fought for better health care and benefits for wounded service members, veterans and members of the National Guard and Reserves. She was also the only Senate member of the Transformation Advisory Group to the Department of Defense's Joint Forces Command.

In 2006, Senator Clinton won reelection to the Senate, and in 2007 she began her historic campaign for President. In 2008, she campaigned for the election of Barack Obama and Joe Biden, and in November, she was nominated by President-elect Obama to be Secretary of State.

Secretary Clinton is the author of best-selling books, including her memoir, *Living History*, and her groundbreaking book on children, *It Takes A Village*. She and President Clinton reside in New York.

Mrs. LOWEY. Thank you, Madam Secretary.

I will be calling on members based upon the seniority of those members that were present when the hearing was called to order. And I ask that each member please keep their questions to within 5 minutes per round. And I will alternate between majority and minority.

Madam Secretary, I thank you again for your testimony. I know that there are many questions. Our time is limited. I would like to begin by repeating three concerns that I raised in my opening remarks and that you also addressed.

Number one, I am concerned that the Pakistani Government is cutting deals with extremists without getting anything in return, as evidenced by the recent agreement in the Swat Valley. And certainly we know about the news today. As we now know, that agreement has only emboldened the Taliban to surge into the Buner district just an hour outside Islamabad. How do we succeed in Pakistan if the Pakistanis themselves are either unwilling or incapable of making the tough choices and taking the tough action needed to confront the insurgency?

Two, as I noted, I know that we are all in agreement on a policy that prohibits any funding for Hamas or any Hamas-controlled entity until Hamas is willing to agree to the Quartet principles. In my opinion, I must say, that day will never come. However, Madam Secretary, you have asked for the ability to engage with a power-sharing government if that government meets these principles. I would like you to elaborate on why you need this language. What type of government would you support?

And when you say that the power-sharing government would have to meet the three principles, I believe it is not enough for Abu Mazen and Salaam Fayad to accept the principles; it must be all the ministers, including any minister appointed by Hamas, that comply with these principles. And I would like to know if you agree with that.

And lastly, I would like you to elaborate on the administration's policy on Iran. While I support the President's policy of engagement, I do not think we should be taking any options off the table. In fact, I believe that any diplomatic initiatives have to be coupled with a tightening, a real tightening of the sanctions regime. I would like to know if you agree with that.

I think we need to ensure that our European allies, the Russians, the Indians, and others are also enforcing these sanctions. As good as Stuart Levy is, I hope you can share your thoughts on this.

Secretary CLINTON. Thank you so much, my Congresswoman.

Let me start with Pakistan. As I said yesterday, appearing before the House Foreign Affairs Committee, I and our administration are deeply concerned by the increasing insurgency that is destabilizing Pakistan. We have made those concerns abundantly clear to the Pakistani Government, both the civilian and the military leadership, and we have had a series of meetings with both the Pakistanis and the Afghans, going in depth about how to get the Pakistani Government to change their focus, as Chairman Obey referenced, from what they viewed as their existential threat, namely India, to what we view as their existential threat, namely this extremist insurgency.

Changing paradigms and mind-sets is not easy. But I do believe that there is an increasing awareness on the part of not just the Pakistani Government but the Pakistani people that this insurgency, coming closer and closer to major cities, does pose such a threat.

I was heartened to hear that leaders of opposing political parties, even Islamic-based political parties, have begun to express their concerns about the deal in Swat. Parliamentarians are beginning to speak out.

Yesterday I called for the Pakistani diaspora to also speak out. And we believe that there is a growing awareness on the part of the Pakistani Government that their strategy, which historically, as you know, was to leave those areas basically alone. The British left them alone. The Pakistani Government from its very inception left them alone, and the mind-set was, well, that does not really affect us in Islamabad, Lahore, Karachi. And now they are seeing that indeed it could.

So I believe, Congresswoman, that there is a significant opportunity here for us, working in collaboration with the Pakistani Government, to help them get the support they need to make that mind-set change and act more vigorously against this threat.

Now, there are no promises. They have to do it. I mean, we can support them. We can encourage them. The leadership of Pakistan will be coming for our second trilateral meeting in about two weeks here to Washington. Our Special Representative, Richard Holbrooke, the Chairman of the Joint Chiefs, Admiral Mullen, have been spending countless hours in really painful, specific conversations, because I want to underscore the feeling we get, which is that if you have been locked in a mortal contest with someone you think is your principal, in fact only, real enemy, and all of a sudden circumstances change, but they do not change so much that you are still not worried about that other enemy, it just takes some time. And I think that there is a growing understanding of that within the Pakistani leadership.

Secondly, with respect to Hamas, as I said yesterday, again before the House Foreign Affairs Committee, we will not deal with a Palestinian Authority unity government that includes Hamas, that does not meet the criteria of recognizing Israel, renouncing violence, and agreeing to all of the agreements that have already been entered into by the Palestinian Liberation Organization and then the Palestinian Authority.

And I want to just, you know, reiterate that no aid will flow to Hamas or any entity controlled by Hamas. Under our supplemental provision, the unity government would have to be certified by the President as meeting the requirements that we have set forth. And the reason for this request is that, number one, the Palestinian Authority itself has not agreed to any such unity government. The discussions have focused on so-called technocrats, people who might go into a unity government of some sort to fulfill certain specific functions.

But this is a critically important time in the Middle East. And we do not know what will come from these ongoing talks in Cairo. But if what emerges from these talks is a unity government that abides by the Quartet principles, we do want to have the authority

to deal with that government in the peace process or negotiations that might possibly develop.

Before providing any such waiver, the Administration would consider all the relevant facts, including who these people were, what their role in the government was, to make sure this meets our standards and our national interests. And we would expect any unity government to meet the standards of transparency and accountability that have been set forth by Prime Minister Fayad.

We doubt there will be such a unity agreement. There does not seem to be one in store. But we do not want to bind our hands in the event that such an agreement is reached and the government that they are part of agrees to our principles.

Finally, with respect to Iran, as I also said yesterday, we have been working closely with our friends and partners and interested nations with respect to engaging with Iran. Just like you found when you traveled in the region, we hear about Iran from everyone. This unites Israel and the Arab neighbors in the region. Everyone is concerned, as we are, about Iran's activities. We are concerned both about their pursuit of nuclear weapons and about their interference in the internal affairs of their neighbors and their support for terrorism and organizations like Hamas and Hezbollah.

But we have tried the policy of total isolation for eight years, and it did not deter Iran one bit. The nuclear program has continued unabated. They were not supporting Hamas before; they are supporting Hamas now.

So our view is we have to proceed on two tracks simultaneously and completely linked. As the President has said, we have said to the Iranians, we are willing to discuss with you a range of matters. We have sent our representative to the P-5-Plus-1 to be a full participant because we think we need a better approach to try to deter and prevent them from acquiring nuclear weapons, and we continue to work on sanctions, which we intend to have available. We believe that pursuing this two-track approach, letting the world know we are willing to engage—we do not know whether they want to engage with us; there is no basis yet for concluding they do—will give us a stronger hand in getting leverage on them when it comes to tough, crippling sanctions.

Mrs. LOWEY. I am over our time.

I just wanted to clarify one point. When you talked about the government that you intend for us to support if in fact there is a government, in my judgment, all the ministers should comply with the Quartet principles and the principles in PATA. Would you agree with that?

Secretary CLINTON. Our belief is that if the government complies with it, that is what we are looking for. And again, I mean, we are talking in such hypotheticals. We have no intention of dealing with Hamas unless they do what the PLO did. I mean, I was in Gaza when the PLO voted to recognize Israel, renounce violence.

I was deeply involved in the peace process in Northern Ireland. Not everyone in Sinn Fein and not everyone in the IRA initially agreed to the principles. But the leadership of the government that was dealt with in both instances did. That is what we are looking for. And we think that is sufficient, given the assurances that we will be looking for to provide you.

Mrs. LOWEY. Ms. Granger.

Ms. GRANGER. Thank you.

In press reports this week, it appears that the new Israeli Government is not likely to move forward on peace talks with the Palestinians until it sees progress in stopping Iran's suspected pursuit of nuclear weapons and limiting the increasing influence of Iran on the region. I would like to know how this emerging position of the Netanyahu government affects the prospects for peace as we are moving forward, and is our government encouraging Arab states to take any specific actions against Iran? How are we doing that? And what countries do you believe can be most helpful to us?

Secretary CLINTON. Well, Congresswoman, we are not going to prejudge the Israeli position until we have had face-to-face talks.

You know, Senator Mitchell was just in the region, had intensive talks with the Prime Minister and members of his government. The Prime Minister will be coming to Washington in May. And we think that it is important not to prejudge what their view is and how that can best be approached.

And let me just give you an example of what I mean. As I said, Israel is in lockstep with their Arab neighbors vis-a-vis their concern about Iran. We could argue, and many Arab countries have, and I think some of you met with King Abdullah in the past several days, and he has made public statements to this effect; that for Israel to get the kind of strong support it is looking for vis-a-vis Iran, it cannot stay on the sidelines with respect to the Palestinians and the peace efforts, that they go hand in hand.

And if we can work out such an approach, and this is obviously, you know, up to the Israeli Government, they have to make these decisions, but if there is such an approach, then a lot of the Arab countries are saying to us there will be a sequencing of supporting that will strengthen the region's response to Iran.

But as I said, we have not had those in-depth conversations yet that we are looking forward to having with the Israeli Government.

Ms. GRANGER. Have you had those conversations with Arab states specifically? And what kind of expectations do you have from them and which ones will be most helpful?

Secretary CLINTON. I must say we have had ongoing conversations with Arab states, literally across North Africa, Israel's immediate neighbors, and into the Gulf. The Arab Peace Initiative, which by the way has the same principles as the Quartet principles, which people, you know, should really give the Arab League, most particularly Saudi Arabia, credit for; every country with whom I have personally met, and that is most of them by now, wants very much to support the strongest possible posture toward Iran. They believe that Israel's willingness to reenter into discussions with the Palestinian Authority strengthens them in being able to deal with Iran. So I really believe that that is their strongly held view. And we have to sort of get everybody together in one place, which has not yet happened, to figure out how that can proceed.

Ms. GRANGER. Thank you very much.

Mrs. LOWEY. Mr. Obey.

Mr. OBEY. Madam Secretary, two questions.

There is a lot of talk about benchmarks with respect to Afghanistan and Pakistan. My problem with benchmarks is that I have always felt it is difficult, virtually impossible, to try to run a war from Capitol Hill. Sometimes if you have incredible obstreperousness on the part of the executive branch, that is your only choice, to try, but I do not have much faith in our ability to do so.

The problem with benchmarks as I see them, if they are congressional benchmarks, is that if they are too tight, money does not flow, and it messes up your ability to carry out the policy. And if they are too loose, all they are is a cover-your-fanny program for Congress. And what I would like is to have something more real.

So I am not asking you now what they would be, but what I want to know, within a reasonable period of time, is what will the administration's own internal benchmarks be that they will use to determine whether or not this policy is succeeding or whether it is time to go in a different direction?

Second point is this: When I came to Congress, it was 1969, middle of the war. I succeeded Mel Laird, who was then the Secretary of Defense. And I was against the war. But Mel convinced me that Nixon had inherited the war from Johnson and that he deserved some time to try his policies. And so I said, all right, I will keep my mouth shut for a year and see what happens. And that is what I did. And I held out for a year before I started voting for measures to try to shut that operation down.

I do not want to try to shut down the administration's ability to deal with a problem they inherited. But my question is this: Would not a year be plenty of time for us to judge whether or not the Paks are really willing to do what is necessary to deal with this problem? Should not we be able to determine within a year whether they are serious, whether they are focusing on the right problems, whether they actually have control of their intelligence operations so that we do not have a deep suspicion that they are actually financing some of the actions taken by our enemies in Afghanistan?

Secretary CLINTON. Well, Mr. Chairman, I think your two questions are related.

I agree with you completely that we need the internal benchmarks, measurements of performance that we are currently working to present. We would prefer they not be embodied in congressional legislation for the very reasons you just described, but we do think we owe you a set of measurements that we are going to try to judge whether we are making progress or not, and that you should be able to judge as well.

So what we intend to do is to present these approaches that we are working on. And it is across the government. The intelligence community will have certain measurements; the Defense Department will; we will look as well. But we would prefer that they be how you hold us accountable without, you know, paralyzing our efforts to move forward. So I agree with that.

But when we work those through and present them to you—some of them will be classified; most of them will not be—they will give us the indicators that I think you are seeking as to whether we are making any progress in Pakistan.

You know, on a simple measure, is the Pakistani military still amassing hundreds of thousands of troops on the Indian border, or

have they begun to move those toward these insurgent areas? What kind of kinetic action are they taking? How much? Is there an increasing uptempo or not? Is it sporadic, so they start in and then they move back?

Now, if someone representing the Pakistani military were here with me today, I am sure he would say, we have lost 6,000 people in these efforts in the last I think two, three years. And that is a measurement. It is a tragic measurement. But if you lose soldiers trying to retake part of your own country, it seems to me that is the army's mission, you know, to see how they can get back the governing capacity.

So we think that we will have an ability to lay out these markers. We welcome your advice about others that you think would be useful. And then we are going to measure it.

Now, is it a year, 18 months? I am not prepared to say that. I do not know. But, obviously, we want to see progress on these measurements. And we want to see the progress, you know, beginning and continuing and not stopping and starting. And that is what we are going to look for.

Mr. OBEY. Thank you.

Mrs. LOWEY. Mr. Lewis.

Mr. LEWIS. Thank you very much, Madam Chair.

Secretary Clinton, you come to this job at a very, very critical time in this shrinking and volatile world. And the focus upon Pakistan and Afghanistan is very much appropriate. But it seems to me that that which we experienced, the world experienced, in Mumbai has changed the level of intensity of these challenges like one cannot hardly imagine. Indeed, I want to support a progressive policy to help strengthen Pakistan. I am very concerned about the changes that have taken place just in these last few days. I do understand, on the other hand, why Pakistan has so many troops on the Indian border. If indeed just a little more militancy causes a spark that causes India to react, if something were to happen in Kashmir, we could have an explosion that involves two nuclear powers faced off against one another.

General Petraeus was before us yesterday in the Defense Subcommittee, and in this discussion, the fact that the Pakistani military is totally incapable of dealing with the military of India, the comparison just is night and day; that reality could lead to the exercise of nuclear arms. I hope that the Defense Department, the agencies in other words, and your people are intensely involved in looking at this. Could you give me some commentary about your concerns about India versus Pakistan?

Secretary CLINTON. It is a very profound question, Congressman Lewis, because there have to be efforts to enhance confidence between India and Pakistan.

Those are not likely to be undertaken until the Indian elections are over. And as you know, the Indian elections take a long time because they are the biggest democracy in the world, and they do a pretty good job, frankly, running their elections. But we are not going to have a government for weeks. There have been a number of high level discussions by members of our administration, including between the President and the Prime Minister on the sidelines of the G20 summit in London, raising the issue of how India can

do more to tamp down any reaction on any front like Mumbai could have provoked.

We worked very hard, and as did the prior administration, to prevent India from reacting. But we know that the insurgents, and al Qaeda, and their syndicate partners are pretty smart. They are not going to cease their attacks inside India because they are looking for exactly the kind of reaction that we all hope to prevent.

So we do have a lot of work to do with the Indian Government to make sure that they continue to exercise the kind of restraint they showed after Mumbai, which was remarkable, especially given the fact it was the political season.

We are also encouraging the Pakistani Government to reach out to the Indian Government and to continue some of those confidence-building measures that they were doing, like opening the bus routes in Kashmir and other things that did have some positive effects.

So you have put your finger on the dilemma that I was answering Chairman Obey about. If Kashmir blows up, and insurgents come over that line of control every day or at least every week, then all bets are off. But if the Pakistani Army stays on the line of control and on the Indian border and doesn't turn their attention to dealing with the insurgents, we got a mess on our hands.

Secretary CLINTON. So, we do have to navigate through this. Now, that is part of what the highest levels of our Administration are doing from—Director Panetta has been in both New Delhi and Islamabad. Our military, we are in this funny situation because CENTCOM stops at Pakistan and PACOM stops at India, but there is a lot of coordination going on to kind of keep that relationship strong. It is very complex.

And one final thing I would say is why are we so concerned about this? One of the reasons is nuclear weapons, we spend a lot of time worrying about Iran; Pakistan already has them. And they are widely dispersed in the country. There is not a central location, as you know. They have adopted a policy of dispersing their nuclear weapons and facilities. So it is imperative that we do everything we can to keep India and Pakistan on a good basis so that when something pops up and they make an accusation and they fall back on what are just natural impulses to blame the other, it doesn't escalate.

Mr. LEWIS. Thank you very much, Madam Secretary.

Mrs. LOWEY. Mr. Schiff.

OPENING REMARKS OF MR. SCHIFF

Mr. SCHIFF. Thank you, Madam Chair. Madam Secretary, it is wonderful to see you, and I am so proud that my daughter can have a chance to watch some of your talent and capability to testify today. I want to make a couple of quick points and invite you to respond to as many as you can within my 5 minutes.

First, I want to follow up on the comments of our Chair of the full committee. I share the concern he has raised over Afghanistan and Pakistan and the magnitude of the mission, the doability of what we are trying to accomplish. In 2 years, we will be approaching the tenth year anniversary of military involvement in Afghanistan. We will have been there for a decade. And I think probably

beyond any contemplation, we will be there in 2 years, so it will be a decade we have been in Afghanistan. And the questions the country has will intensify as they should. Where are we headed? Will we be in Afghanistan for a second decade? Do we have a military role here other than counterterrorism?

And one of the flashpoints for me is we have provided a phenomenal amount of military support for Pakistan. They haven't changed the paradigm, as you have pointed out, and more pernicious there are elements within the Pakistani intelligence services that ISS director asked that they be working across purposes with us. I don't know how we can possibly be funding the Pakistani military if elements of the military or intelligence services are actually working against us and have the effect of killing our troops next door.

So I wonder how can we structure our military support to Pakistan in a way that ensures they make the paradigm shift, which they have been telling us now for years they recognize, this is their work, Pakistani Prime Minister says, but have not acted yet like it is their war. So how do we structure our military support to force the paradigm shift and to ensure that the ISS not working at cross purposes.

To follow up on our subcommittee Chair's question on the Palestinian authority, I am concerned, and I think your testimony leaves this open that you can have a situation where Hamas is permitted to appoint ministers to a unity government, provided those ministers agree to quartet principles even though Hamas does not. And it seems to me unworkable to have Hamas organizing terrorist attacks against Israel at the same time it has the power to appoint ministers to a coalition government. And I wonder if your testimony is leaving open that possibility and how that could be workable, because I do not see how that could be workable.

The final question I would like to ask is about Somalia, and to a lesser degree, perhaps Yemen, I am concerned particularly with Somalia that it may become the next Afghanistan, and that we have been adrift in terms of our policies in Somalia for 2 decades. And I don't want to see us forced to embark on another decade-long military campaign in Somalia or Yemen. So what can we do now to prevent that from happening? Thank you, Madam Secretary.

Secretary CLINTON. You know, I think that each of your questions really poses a central challenge to our foreign policy and our security. We have had troops in Korea for 50 years, we have had troops in Europe for 50 years. We have made long-term commitments that were in the beginning motivated by the threat of the Soviet Union and the potential of a nuclear war. And it was a very clear threat, you know, everybody could look on a map and you could see the Soviet Union and you could hear their leader say they were going to bury us, and you could see the crisis along the way with Khrushchev banging his shoe, and President Kennedy dealing with the Cuban missile crisis and the rest of it.

There was a framework in which we could really understand and deal with what was ironically a conventional threat, you know. And we deterred it and we basically contained it and we waited for the Soviet Union to collapse under its own weight. We face, in my view,

a very serious threat, but it is of such a different nature that we are still trying to figure out the best way to contend with it. And so a lot of what we are talking about, your questions, my answers, our strategic reviews, you know, we are struggling with how on earth do we deal with people who are scattered around the world, concentrated in a few places, finding havens, using and perverting religion to motivate their followers, using modern tools like the Internet to wreak havoc. This is a very different challenge. And I think that we are still finding our way and so are the people we are working with who are trying to figure this out.

Specifically Congressman, with respect to your question on Pakistan's military. The Pakistani military has actually used F-16s in the tribal areas. We have agreed to a mid-life upgrade because without that mid-life upgrade, they can not fly at night, which is a pretty good time to fly if you are going after insurgents. And so we are saying yes, we want to see a shift toward the enemies that we think are posing this threat to Pakistan, and by the way, posing a threat to us.

We also have a history of kind of moving in and out of Pakistan. Let's remember here the people we are fighting today we funded 20 years ago. And we did it because we were locked in this struggle with the Soviet Union. They invaded Afghanistan and we did not want to see them control central Asia and we went to work. It was President Reagan in partnership with the Congress, lead by Democrats, who said, you know, it sounds like a pretty good idea, let's deal with the ISI and the Pakistani military, and let's go recruit these Mujahideen and let's get some to come from Saudi Arabia and other places, importing their Wahhabi brand of Islam so that we can go beat the Soviet Union. And guess what? They retreated, they lost billions of dollars and it led to the collapse of the Soviet Union.

So there is a very strong argument, which is it wasn't a bad investment to end the Soviet Union, but let's be careful what we sow, because we will harvest.

So we then left Pakistan. We said, okay, fine, you deal with the stingers that we left all over your country. You deal with the mines that are along the border. And by the way, we don't want to have anything to do with you, in fact we are sanctioning you. So we stopped dealing with the Pakistani military and with ISI and we now are making up for a lot of lot of time.

So this is an incredibly difficult set of issues that are all interconnected. But we can point fingers at the Pakistanis which is—I did some yesterday quite frankly. And it is merited, because we are wondering why they don't just get out there and deal with these people. But the problems we face now to some extent we have to take responsibility for having contributed to.

We are developing what we think to be very positive relationships with the civilian, the military and the ISI leadership. But I think any analyst will tell you that we can actually talk to and relate to the top leadership, but we have not had a continuing dialogue or training or contact with a lot of the middle leadership who have been influenced by the trends of increasing Islamitization that have swept the Muslim world.

So I put that out there because I think we have to think of the context in which we are dealing here. And just quickly on Hamas, look, I understand the sensitivity about this. I believe that we have a proposed policy in the supplemental that is an important way of our being able to encourage a unity government that does accept the quartet principles. And I would just underscore what I said about northern Ireland. There were a lot of people who weren't enthusiastic about joining in peace talks and did so because they were pushed, but when they sat at the table they had to be part of an entity that said they were in favor of a peace. And not continuing the bombings in the UK and northern Ireland.

And finally, I could not agree with you more on Somalia. We left Somalia for good reason. We said what are we doing in Somalia, you know? President Bush, the first President Bush had us go in on a humanitarian mission, we were never adequately resourced for that mission. We didn't have sufficient forces there. You all know what happened. We withdrew, we said fine. It has been basically a failed state and al Qaeda and their allies love failed states. They just love them because they can set up shop and nobody is there to do anything to them. So we are looking at not only the piracy challenge, but how do we support this new federal transitional government of Sheikh Sharif, who at least has said a lot of the right things about how he wants to deal with al-Shabab and the insurgency. But I totally respect these three questions because they illustrate the challenges that we are confronting.

Mr. SCHIFF. Thank you.

Mrs. LOWEY. Thank you. Mr. Kirk.

OPENING REMARKS OF MR. KIRK

Mr. KIRK. Thank you, Madam Secretary. I am the only member of this subcommittee I think that served in the State Department and the Defense Department and the World Bank, so it is with great admiration I have for your career team. And I have a note of bipartisanship. You made tough—two tough calls on foreign policy recently. One when China confronted the USNS *Impeccable* in international waters you could have surrendered that ocean. Instead the following week you put a U.S. destroyer next to her and I think sending the correct message.

You, also in the face of Vice President Biden, saying that we should not authorize the Afghan surge, you said that we should, and the President ended up agreeing with you and against the Vice President. And I think that was exactly the right call in Afghanistan and applaud you and the President for making that decision. We here have your wartime supplemental up. I would say it is not an \$83 billion bill. I understand we just got a request for \$100 billion for the IMF, and so I hope that Secretary Geithner will appear before our subcommittee as well since we are going to double the cost of this bill given the letter that was just arrived from the Speaker's Office last week.

One question I have for you is this committee has now approved \$5.2 billion for Palestinian programs since 1992. That is more money than we provided to treat and cure cancer last year for the United States. It looks like much of that money was wasted and now we have got a request for \$815 million more just in 1 year.

Much of this money obviously borrowed from China to give to the Palestinians and I worry about the wisdom of that. There is a lot of authorization language that was attached and I don't know how we will work this out, whether the appropriators will write the authorization language or whether Chairman Berman will.

But one key provision does appear that it would provide taxpayer subsidies to a coalition Hamas government. And you know that we have at least 26 American citizens that have been murdered by Hamas, including Tahilla Nathanson of New York, 3 years old; Malka Roth of New York, Mordechai Reinitz of New York, Yitzhak Reinitz of New York, Leah Stern of New York, Goldie Taubenfeld of New York, Shmuel Taubenfeld of New York, also 3 years old, murdered by Hamas. The list is the people killed directly on Hamas' orders is clear.

Now, the language I have it here for you to make it easy. This is the language provided that the chairman wrote, and I think this is very good language that prohibits assistance until Hamas has accepted and complies with the principals. This is actually an authorization of assistance to the government if the predecessor advises in writing or committees on appropriations that such government has accepted. Meaning that if we have 1 FATA president and 20 Hamas ministers, you would have the right to authorize taxpayer subsidies of this government.

I am worried that I met with King Abdullah yesterday who said that Hamas ministers all directly follow the orders of Tehran. And so it is a worry that we would provide taxpayer subsidies to a government with Hamas ministers. That is sort of like saying we will provide taxpayer subsidies to a collusion government, it only has a few Nazis in it, but it is okay.

And I worry that the law that this committee drafted by the chairman is exactly correct. And I don't think that this language should prevail. I would offer an amendment restoring the Chairman's language if it comes up this way, because I frankly think this dog will not hunt and it jeopardizes the entire bill. But I leave it up to you to comment.

Secretary CLINTON. Let me totally agree with the comments you made about Hamas and the terrorism and violence that they have wreaked, primarily on the Palestinian people, but then causing the deaths and injuries of Israelis and even Americans. I cannot stress strongly enough our Administration's rejection of dealing with them, or in any way, supporting them or those who espouse their rejectionist violent attitudes.

But you know, Congressman, we are currently funding the Lebanese government which has Hezbollah in it. And we are doing that because we think on balance, it is in the interest of the United States to support a government that is working hard to prevent the further encouragement of extremism.

Mr. KIRK. If I could interrupt. King Abdullah told us yesterday he is concerned that Hezbollah will coup that government in July.

Secretary CLINTON. We are all concerned about it, which is one of the reasons why it is important that the elections that are going to be held in Lebanon try to reinforce the leadership of the existing government, which has been standing in the way.

Mr. KIRK. I would just urge that you are picking up some pretty strong bipartisan concern here, which means that an amendment is coming, I would urge to you beat a strategic retreat at this point. And use the Congress as the bad guy, saying look, I am not going to be able to get taxpayer subsidy for a Hamas government in which King Abdullah publicly is telling people on Capitol Hill that all these ministers directly receive orders from the MOIS Iranian intelligence service in Iran. And so you are just going to have to either go into coalition without our money, which isn't going to happen or—and use us as the bad guys.

Secretary CLINTON. Well, I appreciate that advice. I mean, obviously we see it in a slightly more complex set of circumstances. In fact, we think there is some divisions between the Hamas leadership in Gaza and in Damascus. There is no doubt that those in Damascus takes orders directly from Tehran, there is no doubt about that. But we do believe that there has been some efforts to try to get more authority and opportunity on the part of those in Gaza. But nevertheless Congressman, I take your point. I take it and I understand exactly the point you are making.

Let me just—

Mr. KIRK. Can I just end and applaud you again for the tough call in Afghanistan. You made the right call in Afghanistan. And as a Senator from New York and now as our Secretary of State, failure was not an option in this state. I really applaud you, because it was a hard one.

Mrs. LOWEY. Mr. Israel.

Secretary CLINTON. Let me just quickly add to the Congressman's point about the IMF. The EU and Germany as part of the EU will contribute to the IMF. I know that Chairman Obey had expressed some concern about what these countries that weren't doing stimulus would do vis-a-vis the IMF replenishment, and there is a commitment they will be part of the IMF replenishment.

Mr. KIRK. Thank you.

Mrs. LOWEY. Mr. Israel.

OPENING REMARKS OF MR. ISRAEL

Mr. ISRAEL. Thank you, Madam Chair. Madam Secretary, welcome, it is great to see you again. I have to apologize earlier, I had to step out to give a speech to a group of people who are interested in legislation that I proposed called Cash For Clunkers. And I explained to them that I couldn't stay very long because I had to rush back to the hearing where I said Senator Clinton was testifying. And someone in the audience said, no, she is Secretary Clinton. I said, I just can't let go.

Secretary CLINTON. Oh, Thank you.

Mr. ISRAEL. Madam Secretary, I am interested in having a conversation with you in the next several weeks about an idea that I have proposed called Solar Villages Initiative, and that is something I am anxious to engage you.

Let me, in the next several minutes, focus on Afghanistan and the National Solidarity Program. Any history of Afghanistan proves that an attempt to impose order from top to bottom from external forces internally is doomed to failure. Alexander tried it, Genghis

Khan tried it, the Brits tried it in the great game, the Soviets tried it, and now in many respects, I think we are trying it.

There is one program that is homegrown, called the National Solidarity Program in Afghanistan that creates local solutions to local problems. It is managed by the Ministry of Rural Rehabilitation and Development, it is in 26,000 villages, 15½ million Afghans have benefited by it, it has helped 500,000 families, it has provided clean drinking water, built schools, led to the empowerment of women. In order to be eligible for an NSP project, you have to have a local governing council, and that local governing council must elect a woman as part of the women's empowerment initiative. And because it is entirely under local control and owned and operated by Afghans, the Taliban doesn't view it as an effective target. They would rather target ISAF projects than Afghan projects.

The problem is that it appears that there is at least \$140 million shortfall in NSP for this year. There are 20,000 village projects that, to coin a phrase, are shovel ready but can't get the funding. And it doesn't mention anything about the National Solidarity Program. So I am hoping that we can work together on a program that is one of the few examples of proven and demonstrable success, if not in the supplemental, then as we go forward. And I would appreciate your perspective on that.

Secretary CLINTON. Congressman, I agree with you completely. It is my information that in this supplemental, we are requesting 85 million in additional funding for the Afghan reconstruction trust fund, which, as you may know, is the vehicle through which we fund the National Solidarity Program. I think that we do agree with you that this has been very successful, it has gotten in to villages, it is actually producing results on the ground. And we don't fund it directly, because we don't want it to be seen as a tool of our policy because it is not, it is a policy of the Afghan government. So there is money going into the trust fund for replenishment of the solidarity plan. Is that right everybody behind me? Okay.

Mr. ISRAEL. Thank you.

Secretary CLINTON. That was so easy, Congressman, that was easy.

Mrs. LOWEY. And since your green light is still on, I just want to agree with you, in every meeting we have had, there is a focus on the National Solidarity Program and it is hard to even believe that it is in 26,000 villages, but I have heard continuous corroboration on that, and I really appreciate your bringing it up.

Mr. ISRAEL. And since my green light is still on.

Mrs. LOWEY. Oh.

Mr. ISRAEL. I would just take the opportunity, I am heartened about the 85 million. I will need to focus a little bit on that. The Afghan finance minister is due in and we are going to have a conversation about that soon. But still we need to keep in mind it is—at least \$140 million shortfall this year, at least 140 million. If you ask some they say quite higher, and I am hopeful that that long-term deficiency can be addressed as we go forward.

Mrs. LOWEY. And since there is universal agreement we can work together—

Mr. KIRK. Yes.

Mrs. LOWEY [continuing]. With the Secretary to see if we can find some more funding for that very successful program.

Mr. KIRK. Will the gentleman yield? Especially the shortfall where U.S. troops are deployed. I think we can come to the idea that fully funding NSP in U.S. AORs would have huge support from this subcommittee.

Secretary CLINTON. What we are doing in total is providing 145 million in fiscal year 2008, 2009 funds for the NSP. So I don't know if that takes into account the shortfall or not. We will find out—

Mr. ISRAEL. We will figure it out.

Secretary CLINTON [continuing]. Specifically for you and get back to you Congressman.

Mr. ISRAEL. Thank you, Madam Secretary.

Mrs. LOWEY. Thank you. Mr. Crenshaw.

OPENING REMARKS OF MR. CRENSHAW

Mr. CRENSHAW. Thank you, Madam Chair. And thank you for being here today. You know, if anybody is listening to what goes on here, I think they would come to the conclusion that your plate is pretty full. We have touched on just about every hot spot in the world and so we appreciate the job that you are doing and the difficulties that you face. Since we talk about so many different things I want to just bring up U.S./Russia relations, because I think they are lurking in the background, particularly in terms of the Middle East. I think a week or two ago I read where the Vice President said we ought to punch the reset button with Russia. And it probably isn't that easy. We still have some underlying differences, but I would guess that the reason he said that is because in the last couple of decades the U.S.-Russian relations are pretty well with the war in Georgia reached a new low ebb and maybe the only way to go is up in that sense. But with Russia all the growth that took place with oil revenues and then the difficulties we faced, it had new parameters and yet now things have changed again.

So maybe to start with, what do you think about that in terms of, can you really punch or a reset button, their relationship with Iran, things like that? Where do you think we are in that sense?

Secretary CLINTON. That is a great question. We have had a series of quite constructive meetings. I have met with their Foreign Minister Sergey Lavrov and we teed up some decisions for our President's meeting in London. And the meeting between President Obama and President Medvedev were quite positive. I think there are areas where we can cooperate and rebuild a constructive relationship. We are going to engage in negotiations leading up to new start agreement by the end of this year because the current one expires. We are cooperating on North Korea, the North Korea as well as the Chinese supported a very strong statement, making clear that North Korea contravened the Security Council's resolution about their missile launch.

We are also beginning to cooperate in the Arctic Council about the Arctic, which I think I will highlight for you. I think it going to be a big issue in the years to come as we have more and more navigable water and Russia is the dominant presence in the Arctic.

We are really looking for many areas where we can narrow the disagreements we have without sacrificing our principles. We are

continuing our work with Georgia and Ukraine on an accession plan to NATO. We continue to press the Russians not to support Iran, which we think poses a greater threat to them than it does to us personally. So there is a lot that we are working on and we have actually put together a work plan, an organized approach to going through all of these issues between us. Secretary Lavrov will be here in Washington in early May.

Having said that, we have to do a better job of understanding how we can interact with the Russians so that they don't engage in aggressive and threatening behavior to their neighbors. Their domination of energy in Europe is extremely intimidating. And I have appointed a special envoy for European, EuroAsian energy, because we have to get more pipeline routes and we have to help support countries to figure out how they can get our sources of energy besides depending upon Russia. So there is a lot that we are looking at and I think your question is really important because while we are dealing with all these hot spots we have long-term challenges.

We have just decided in NATO to restart the NATO Russia council, which I supported. I thought that was the right decision. But it is complicated. You look at a map, there is such a huge land mass. They border all of these difficult areas that we are dealing with and we want to see whether we can partner with them to try to manage and solve some problems.

Mr. CRENSHAW. I can't see the light, if it is not on I just want to ask you about the encounter with the Czech Republic and Poland, that is a source of tension, can you comment on where we are?

Secretary CLINTON. Well, the proposed missile defense system in Poland and the Czech Republic is designed to address a threat from Iran. It is not designed to overwhelm the Russian arsenal. Even after a new start agreement, you are going to have a lot of nuclear weapons left. It never was intended to deter the Soviet Union for the Russians, we obviously don't think that that is in the cards at all. But that is what we have been telling the Russians over and over again, this is about Iran. We think Iran is a threat to Europe and to you.

We have also offered to the Russians to do research together on missile defense and to share information to try to provide an umbrella of security for Europe and Russia against a system that Iran might acquire, which is why we think it is important they don't supply Iran with a defense system to guard against incoming missiles. So we have made this clear. I think the historic sensitivity of the Russians to their own borders, their effort to have a sphere of influence which we totally reject makes it a hard case, but I think that they are going to understand what we are trying to say and we will see what comes of it.

Mr. CRENSHAW. Thank you very much. Mr. Rothman.

Mrs. LOWEY. Thank you, Mr. Chandler is back.

OPENING REMARKS OF MR. CHANDLER

Mr. CHANDLER. Madam Chair, thank you.

Madam Secretary, first of all thank you for all of your hard work throughout your long public career. I think you are going to make a terrific Secretary of State and I am awfully glad you are there.

I have several things that I am interested in, most or a lot of things about Pakistan and the Middle East I know have already been asked, but I would like to get your ideas about the support—continued support for the ongoing counternarcotics effort in Afghanistan. You know, there are some observers who are concerned that this program to date has only managed to alienate Afghan villagers from their government and from our forces. They argue that perhaps counternarcotic programs should be put off until the war is won. I would like to hear your views on that.

I would also be curious to hear what you think about what I am afraid is a developing very difficult situation in Sudan between the north and the south in particular. We hear an enormous amount about Darfur. Darfur is extremely important to everybody, but Darfur may actually, if you can believe it, be a minor problem in comparison to where Sudan may be headed in the future. I am concerned about the volatility of the whole region, the viability of Sudan as a state. Can it maintain itself as a complete entity or will it break up and can that be tolerated by states in the region, the volatility of that situation?

And also if you have time your views on the future of NATO generally. Is NATO a viable organization and what can it appropriately be used for in the future. Thank you.

Secretary CLINTON. Thank you very much, Congressman. To your point on counternarcotics in Afghanistan, we are certainly continuing with our counternarcotics efforts, but we are intent upon increasing the funding and support for alternative development programs.

I was surprised when I learned some years ago that Afghanistan was called the garden of central Asia. It was filled with fruit trees and orchards and I have seen pictures from 40, 50 years ago and it is just unrecognizable. Anybody who has flown over Afghanistan now and seen the erosion and the dust and the lack of arable land, it was a surprising contrast.

There are so many ways that we could support agriculture in Afghanistan and we intend upon doing that. That is one of our highest priorities. At the same time we understand the threat that counternarcotics or narcotic trafficking poses. It is not the main source of funding for the Taliban and al Qaeda but it is a source of funding. So we are going to emphasize agricultural and we are going to emphasize trying to expand programs to bring back the trees and the soil.

When I was a Senator from New York I had a program between Cornell and one of our State universities to provide seedlings to Afghanistan. It was done on a small scale. I could never get the prior administration to really focus on it. And of course it does pose a conflict, because if you are going to aerial spray poppies, you will also kill fruit trees so it is complicated. So I think creating this alternative agricultural approach and then creating markets I will just end with this on this point because it is fascinating to me, you know pomegranates have now been proven, pomegranate juice to lower cholesterol. Afghanistan used to be and still is one of the

principal growers of the pomegranates. And I think there is a lot we can do here, we need to be smart about.

I also agree with you about your caution concerning the north, south conflict in Sudan. We are very focused on Darfur for obvious humanitarian reasons and the continuing harassment by the Khartoum government and their militias, but we have got to keep our eye on the north, south. The comprehensive peace agreement that was reached, if that blows up again it brings in the other neighboring countries. So we have a special envoy for the Sudan, a retired two-star Air Force general and part of his mission is not just to focus on Darfur but to focus on the Sudanese challenge overall.

Mr. CHANDLER. NATO.

Secretary CLINTON. I am over my time. I took a gentle hint when they turned the time—

Mr. CRENSHAW. I think that was for me.

Secretary CLINTON [continuing]. Clock my way so I figured I was supposed to follow it.

NATO obviously we have to focus on the future for NATO. We are in the midst of a strategic planning effort. I think NATO still has a very important purpose and I am a strong supporter of NATO but we have to rethink how we structure it, reform its management and its administrative functioning and figure out what its missions are going to be.

Mr. CHANDLER. Thank you.

Mrs. LOWEY. Mr. Rehberg.

OPENING REMARKS OF MR. REHBERG

Mr. REHBERG. Thank you, Madam Chair. And welcome, I can't think of anybody more highly qualified for this position than you. And thank you for taking the job having been First Lady and a Senator and now a cabinet official. By the end of this 4 years, you might qualify to run for the House of Representatives.

Secretary CLINTON. John Quincy Adams did, remember.

Mr. REHBERG. Just in a different district. Do take on Nita, we like her as well.

I have a parochial issue, I will not waste time, I will like for the record if I could get unanimous consent to ask to submit some questions specifically about the directorate of defense trade controls and it is a defense issue where exporters of defense items are being charged a fee because they wanted to be 75 percent self funded and you have kind of wrapped up some of my small gun barrel exporters in Montana, it doesn't make any sense to have them up against defense contractors when it comes to a fee. So I have some specific questions that I am not getting answers from the State Department, and I would like to submit those for the record if I might please.

Mrs. LOWEY. I would be happy to enter it into the record.

Mr. REHBERG. And then if I could ask two questions specifically. I want to get back to our role as appropriators and that is the Merida Initiative and the 400—and I believe it is 65 million that we appropriated in July 2008. Some of it is very slow in getting out, we had Assistant Secretary Johnson in talking about the various dates, but unfortunately some of those dates are being missed. I would like you to specifically speak about that. And it plays into

Montana surprisingly because we have a huge meth problem. And Mr. Sebol out there has a Montana meth project sweeping the country. He is helping to finance a public private partnership, but a lot of that is coming from Mexico and other places. I would like you to speak to the additional money you are requesting in relation to how it is not going out as timely as it could.

And my final question is the Millennium Challenge. I happen to be a large supporter. I didn't see anything specifically in your testimony about the Millennium Challenge. You do talk about 448 million for assistance to developing countries is that Millennium which wouldn't go very far based upon the financial obligations? I just want to hear from you a little bit about your philosophy and the direction you kind of intend to take under the Obama administration as far as Millennium, and not doing what we did in Somalia walking away, Pakistan and some of the other countries, because it plays right into it, promises made and then promises not kept.

Secretary CLINTON. Thank you very much, Congressman. And I do understand your concern about the DDTC program, and we described the current policy in a letter that we sent back to you on April 17, but I will also look into this and have our staff follow up with you. Obviously the goal is not to put anybody, any small business out of business, I mean that is not the goal here. It is to try to deal with the cost of running this program, which is obviously a facilitating program for American business.

On the Merida Initiative, I share your frustration in how slow it has been getting the money out. Now, some of that reason I am sure David Johnson talked to you about this is we have to be sure we have in place the safeguard so the money goes where we intend it to go. But that doesn't explain it, it is just too slow. When I was in Mexico, that is what I heard from both the President and the foreign Secretary saying, look, you say this is urgent and a big deal, but we are not getting the help we need even after the money gets appropriated. And I would like to work with this committee, and in general, Chairman Obey, the entire Appropriations Committee, but obviously I have a parochial interest here in my appropriating partners here. We have to figure out why this takes so long.

Now if we don't want to do it let's just say we don't want to do it, but if it is wending its way through the bureaucracy and it needs 900 sign-offs before a dollar is spent, we are just wasting time and losing ground. And because we aren't as agile as we need to be in a lot of these circumstances, I am seeing other countries, primarily China fill that gap.

An article today about Jamaica right here in our own hemisphere facing a financial shortfall because of the G-20, it goes to Congresswoman Granger's question, came to the United States, we said well, we don't have the money and we are not prepared to be able to help you. They want to China and they just signed a memorandum of understanding with China giving them what would be not very much money, I don't remember exactly, maybe 150 million or something. And now they have a government to government relationship with China.

So Mexico needs our help, we should deliver the help. In the supplemental we are providing funding for 3 Black Hawk helicopters

for their public security secretariat to provide them urgently needed air transport. I went down and visited their new police academy, they are trying hard to end the corruption, build morale. They told me they asked for the helicopters because they had budgeted to use the money on some other thing they needed in the fight against the drug cartels, and just haven't gotten it and it has taken years.

So let's try to get to the bottom of this, because you all do your work and you get it appropriated. I go around talking about what we need to do, and it is kind of hollow. And we are losing ground and we are seeing particularly China come in right behind us because countries get tired of talking to our bureaucracy and decide they are going to cut deals with somebody else.

Millennium Challenge grants are a very important part of our foreign policy. It is a new approach and it is an approach that we think deserves support. We have to make sure that just like anything else, it is part of our overall review of foreign aid, how it is working and how it can be better. But I think it has had a positive effect in a number of settings where it has encouraged people to make changes that we wanted them to make. So we are going to be looking closely at how to make it even better.

Mrs. LOWEY. Before I turn to Mr. Rothman, I just want to thank you for your comments. This committee was in Mexico not too long ago. And we were so impressed with the President and the urgency of our assistance was repeated everywhere and yet it is just so slow. So we look forward to working with you and addressing that issue. Thank you.

Mr. Rothman.

OPENING REMARKS OF MR. ROTHMAN

Mr. ROTHMAN. Thank you Madam Chair and Madam Secretary. It is a great delight and honor to have you before us and to reiterate what my colleagues have said, what a great privilege and moment in U.S. American history to have such a qualified, intelligent, experienced person such as yourself with such an extraordinary grasp of these issues as our Secretary of State and we are delighted you took the job. We are very proud to have you in that position.

We just came back from a trip to the Middle East with our chairwoman Mrs. Lowey and our ranking member, Ms. Granger, and I think it is fair to say as you indicated in your remarks that there appears to be a window of opportunity now for an agreement, a peace agreement between Israel and her neighbors that perhaps did not exist in the last several years. That opportunity is present and we want to make the most of it.

The worst actors in the region all have one thing in common, they are connected with Iran, their Iranian proxies, whether it be Hezbollah or Hamas. And while we would very much enjoy a new relationship or a new beginning with the Iranian people given their present regime and its offensive policies and disruptive activity in the region, that is not going to happen soon.

Here is my question: How do we balance the need to begin the engagement in terms of negotiations and discussions with Iran that I think are an important departure from the past and necessary to see if there is a chance to peacefully resolve our issues of conflict with Iran? How do we balance that need to want to talk with the

need for greater sanctions? What is the order of priority? Do we proceed with sanctions before we proceed with the discussions? How are you going to handle or juggle that, number 1. I have to get any questions in quickly.

The other is with regards to the funds that you requested for Gaza. I know of your commitment that none of this money according to U.S. law it cannot, but that your commitment that none of the money will go to Hamas, or any of the terrorist groups, what kind of new mechanisms do you plan to—do you and your magnificent staff intend to put into place to make certain that no Hamas member gets any of that humanitarian aid that we want to provide to the people of Gaza.

And finally, Egypt, the border between Egypt and Gaza, we had a wonderful meeting with the authorities in Egypt and I believe not only Egypt, but most of the Arab world in the gulf, Jordan, Egypt and other places or the Saudis are committed to a new day with regards to living together in peace with Israel, resolving the Israeli Palestinian conflict. The number one sticking point, Iran. They are making trouble, they are destabilizing the region, and their efforts to take over the region are very, very serious. So how are you going to balance the discussions and sanctions, make sure Hamas doesn't get any piece of that humanitarian aid that we are giving in Gaza and how are we doing for helping the Egyptians secure that border with Gaza to prevent the rearming of Hamas with long range rockets?

Secretary CLINTON. Well, these are such important questions Congressman. We have sanctions and we continue those sanctions on Iran. We don't yet have any real engagement so we don't know how to gauge the seriousness of any effort the Iranians may agree to be a part of. The sanctions are a tool both for us to leverage pressure on the Iranian regime to change behaviors that we obviously consider serious threats. And so we are talking with our partners about additional sanctions as part of incentives, disincentives kind of approach to Iran. It is a delicate balancing act. It is hard to predict because so much of it depends in any negotiation whether you are getting something or not. You know one of the proposals that has been put forth by a number of people is the so-called freeze for freeze. We would freeze our sanctions and they would freeze their nuclear—

Mr. ROTHMAN. They have been known, the Iranians, to slow walk the negotiations. They did that with the EU, how do we prevent—

Secretary CLINTON. We know that, we know that. Right now we are testing their willingness to have any kind of engagement, there is no engagement. So we have to plan all of this, think it through. Ambassador Dennis Ross, who is handling our southwest Asia policy including Iran is, I am sure you know him, he is extremely thoughtful and smart about how to sequence this. So there is no easy answer to your question right now. We know what our objectives are and we know that if we are not successful in moving toward those objectives that we have to impose even tougher sanctions, so it is a back-and-forth kind of assessment.

I would reiterate what we intend to do about any aid that went to the Palestinian authority assuming that it complied with the

quartet principles. By saying that we intend to hold any entity that receives American aid to a very high standard we have made it clear to UNRWA, the United Nations Relief and Work Agency that we intend to carefully track any aid that they receive. They have taken additional steps, partly at our urging to make their process more transparent, consistent with both United Nations commitments and U.S. legislation.

They conduct background checks on employees, they share staff lists with us and with Israel. They prohibit staff participation in political activities. They launch investigations upon receiving information from Israel, us or anyone else about any staff member engaging in inappropriate or illicit activities. They are actually investigating staff members right now who were elected in internal elections within Gaza. And we have pressed them very hard because they have to earn our confidence in this.

We are also vetting any NGOs. We have been very clear that any group that is a vehicle for us to give money for humanitarian relief in Gaza will be held to the same standards. We have a set of requirements on the Palestinian authority that they have to pay certain bills like utility companies and others because we want the cash transfers to be trackable. So we are putting in place a lot of safeguards.

In addition, and finally on Egypt, Egypt has been very cooperative and helpful. They are doing more on the tunnels. I think that the plot that they uncovered involved Hezbollah was a real wake up call in some ways. And they understand the increasing alliance between Hezbollah and Hamas and their connection to groups within Egypt that are aiming to destabilize the government. So I am seeing a greater level of understanding and cooperation Congressman.

Mr. ROTHMAN. Thank you, Madam Secretary.

Mrs. LOWEY. Thank you.

Ms. Lee.

OPENING REMARKS OF MS. LEE

Ms. LEE. Thank you. Madam Secretary, first let me just say you truly have the weight of world on your shoulders, but it is not weighing you down one bit. You are doing a wonderful job. And I am convinced, I really believe the world is going to be a safer place because of your leadership so thank you very much.

Regarding the supplemental, I have quite naturally a serious concern that the military request is 75 billion and the diplomacy and diplomatic and development request is about 7 billion. And many believe that there is no military solution in Afghanistan, but the supplemental in terms of its balance certainly doesn't reflect that reality. I was concerned when Congress authorized the use of force in Afghanistan in 2001 that we were given a blank check that provided for an open-ended military presence and the use of force in Afghanistan. And I couldn't support that and I still see this happening. I am not sure where this all ends. Having said that, let me ask you a couple questions, just first with regard to the status of forces agreement. I know when you were in the Senate and Senator Obama was in the Senate, you offered status of forces agreement. I have a bill here very similar. What is the status of this now, now

that the Administration is looking at this, I believe under the previous status of forces agreement, does that still hold?

Secretary CLINTON. Are you referencing Iraq or Afghanistan?

Ms. LEE. Iraq.

Secretary CLINTON. Iraq?

Ms. LEE. Iraq. And then do you intend to look at one as it relates to Afghanistan, or have you really thought about that?

Secretary CLINTON. Congresswoman, the Status of Forces Agreement in Iraq has been agreed to by the Obama Administration. There is a definite deadline, as you know, for the removal of combat troops. That is under way. There is not a comparable agreement vis-a-vis Afghanistan.

Ms. LEE. And you are not contemplating one?

Secretary CLINTON. That has not been part of any discussion.

Ms. LEE. Okay.

With regard to the global HIV/AIDS efforts, the Global Fund, as you know, and some of the numbers are really significant in terms of the results: We put over 2 million people on AIDS treatment; 5 million have been treated for TB; and 70 million bed nets distributed to prevent malaria. And I believe this year the anticipated contribution is about \$900 million. But I think it would have to be significantly increased if we expect to fully fund the anticipated grants and really meet the dramatic increase in anticipated demand.

So I am not sure about the level of commitment that we can—or requests from the administration on this, and should it be or will you see a dramatic need to increase it for 2010?

Finally, let me just mention this issue that, Congresswoman Lowey, I believe we were in Morocco, Ghana, Liberia, Kenya, and Uganda last year. During this trip, we went from location to location, and I pointed out then, and I am still concerned about this, the lack of minority personnel and minority contractors providing contractual work, services as it relates to USAID. And so I am still looking for some answers.

Again, this goes back prior to this administration as to the policies with regard to the utilization of minority- and women-owned businesses. In my prior life, I actually was a business person, and I tried over and over and over again, probably for 11 years, to do business with the State Department, never could break through USAID as an AID contractor. So I am wondering, have you had a chance to look at that and diversity in the workforce and all of the issues around diversity?

And again, thank you so much for your leadership.

Secretary CLINTON. Well, you are welcome. Let me just say on PEPFAR and the Global AIDS, Malaria, and TB Fund, our budget will come up, and I look forward to discussing the reasons behind our request. We believe that what we are asking for will be adequate given what is in the pipeline. And it kind of goes back to this problem of getting the money out and getting it where it needs.

I mean, we just have to streamline this. We are really not doing ourselves or our taxpayers a service when we spend all this time, you know, working on our proposals to you, and then you spend so much time reviewing them and coming up with what the congres-

sional response is, and then it just sits there. So we have got to kind of get on top of this.

I take our commitment to diversity very, very seriously. And I will continue to emphasize the importance of us reflecting the country that we proudly represent. We have made some progress over the last several years. There is a wonderful program that is named for my friend Charlie Rangel that places young people in internships in the State Department.

But, you know, we still have work to do. The whole contracting issue about USAID is one that we have got to explore together. I mean, it is estimated that \$0.50 on the dollar never gets even into the program because it goes into contracting-related costs. And some have said, and I repeated it at my confirmation hearing, USAID has been turned into a contracting agency. So I would like to bring more of the services and the expertise inside USAID.

But in any event, I will certainly assure you of my and the Department's, and of USAID's commitment to diversity in hiring and contracting find the very best people we can.

Ms. LEE. Thank you.

Mrs. LOWEY. Thank you.

Madam Secretary, as you can see, there is strong bipartisan support for your leadership. You have a huge plate. There are enormous challenges. But I know this committee is honored and privileged to have the opportunity to work with you to address these challenges.

Ms. Lee mentioned HIV/AIDS. If Earl Blumenauer were here, he would be talking about water. If someone else were here, they would be talking about micro enterprise. So we know the tremendous challenges, and we know that you are addressing them.

I just want to close with one issue which I addressed in my opening statement, and that is the Pakistan counterinsurgency fund. I will be having conversations with our distinguished Committee Chairman, Mr. Obey, and Mr. Murtha. I think this decision to place those funds within the Department of Defense is a tremendous error. I think it undermines your authority. You are the person who has the authority to carry out our foreign policy agenda. And I do not say this lightly. We have been talking about this as soon as it was brought to our attention.

So I urge you, because of the position you have as Secretary of State, to continue to work with us to make it clear that it is you and the Department of State that has the authority to set policy. And we will be keeping in touch on this issue. And I look forward to a positive resolution.

So let me again say thank you. I am glad that we have been able to close in a timely manner, because there is a commemoration of the Holocaust which is beginning as we speak.

And again, I look forward to working closely with you. Thank you very much.

Secretary CLINTON. Thank you.

Mrs. LOWEY. This concludes today's hearing on the fiscal year 2009 supplemental appropriations request. The Subcommittee on State, Foreign Operations, and Related Programs stands adjourned.

I just did not say, Madam Secretary, if members have additional questions, including myself, they will submit them for the record. Thank you so much.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#1)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

How many exporters registered with the Directorate of Defense Trade Control in 2009? How many were registered in 2008?

Answer:

Registration with DDTC is a fluid operation as expiration dates are staggered throughout the year and new registration applications are accepted at any time. At the end of FY 2008 (as of September 30, 2008) there were 7,057 registrants. Of that number, 6,084 registrants were listed as manufacturers/exporters and 835 were registered as brokers. As of April 30, 2009, there are 7,989 registrants – 6,937 manufacturers and 1,052 brokers.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#2)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

What is the prospected total revenue generated by the new fee schedule in 2009? How much revenue was generated from the previous fee schedule in 2008?

Answer:

The projected collection for FY 2009 is \$20-22M, which includes renewal fees assessed according to the tiered schedule published in the revised regulation in September 2008 as well as fees of \$2,250 for new registrants. Seven months into this fiscal year, DDTC has collected a little more than half of our annual projection. In FY 2008, where all registrants paid a flat fee of \$1,750 per year, DDTC collected \$11.9M.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#3)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

Does the DDTC expect to meet the required self-funding level of 75-percent in 2009?

Answer:

DDTC has the fiscal means to do so, but does not have legislative authority broad enough to cover 75 percent of its projected expenses. The Arms Export Control Act (AECA) currently limits the activities which may be paid for with registration fees to automation; contractors to support licensing and compliance activities; and compliance and enforcement activities. The Department is in close coordination with the appropriate Congressional committees regarding the legislative changes required to expand such authorities.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#4)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

How many exporters have applied for an exemption from the new fee schedule or a reduction in fee thus far? How many of these requests have been granted?

Answer:

The Department is required to collect registration fees from manufacturers, exporters, and brokers pursuant to our statutory authority under the AECA and its implementing regulations, the International Traffic in Arms Regulations (ITAR). Neither the AECA nor the ITAR contain provisions to exempt payment for those who are required to register. We have included several options in the revised registration schedule for which a registrant may seek relief from the registration fee. For registrants who are exempt from income taxation pursuant to 26 USC 501(c) (3), the fee may be reduced to \$2,250 provided certification from the Internal Revenue Service to certify their tax exempt status is included in the registration package. Four registrants have provided proof of their tax exempt status thus far,

resulting in a reduction of their registration fee to \$2,250. For registrants whose registration fee is calculated to be greater than three percent of the total dollar value of approved authorizations, the fee is reduced to the three percent value or \$2,750, whichever is greater. To date, the renewal fee for 25 registrants was reduced due to the "3 percent rule." Ten additional registrants have requested relief from the higher registration fees. As none of these registrants qualified for tax exempt status or the three percent rule, we were unable to exempt or reduce the fee.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#5)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

How many exporters have applied for the extended repayment schedule?
How many of those applications have been granted?

Answer:

Four registrants requested an extended payment schedule for their
registration fee. All four requests were approved.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#6)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

What percentage of revenue is generated by firearms exporters requesting fewer than 100 licenses per year? 250 licenses per year? 500 licenses per year?

Answer:

In the months of FY 2009 since the new registration fee schedule has been in effect, DDTC collected \$11.8M in renewal fees and new registration fees. Of the firearms manufacturers, exporters, and brokers renewing their registration under the new fee schedule so far this fiscal year, 3.5 percent of the money collected comes from those who submitted less than 100 licenses during the 12 months counted to calculate the fee; 0.36 percent from those with 101-250 licenses; 0.49 percent from those with 251-499 licenses; and 1.11 percent from those with more than 500 licenses.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#7)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

Could the fee schedule be altered to correspond to the value of the product being exported versus charging a flat fee for each license?

Answer:

When the Department was deliberating revisions to the registration fees structure, we considered a number of options on how to scale the fees. We considered using the value of the licenses submitted as the criteria on which the fee would be based. However we rejected this option for a number of reasons – (1) when we issue a license we are authorizing the export or activity to occur and therefore the license value may not reflect the actual sale or export; (2) licenses are authorized for activity to occur over a period time of up to four years for the export of defense articles and for longer periods of time (as long as 20-25 years) for agreements, with revenue that may be paid to the registrant over the period of time that the authorization is valid and, (3) since license applications are often submitted

in anticipation of a contract rather than post-award, the registrant may never use the license authorization received from DDTC.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#8)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

DDTC Exporter Fees

Question:

Outside of publishing in the Federal Register, what steps can the DDTC take to better communicate with exporters regarding future fee increases?

Answer:

A draft proposal to raise registration fees was a topic of discussion at the June 2008 Defense Trade Advisory Group Plenary (DTAG) meeting; this meeting (as are all DTAG Plenary meetings) was open to the public and advertised both in the Federal Register and on the DDTC website. Instead of issuing the ITAR revision as a final rule, the Department issued it as a proposed rule, with a 30 day comment period. Senior Department leadership also discussed the intent to raise registration fees with several Congressional committees as well as with defense industry at various public outreach events. When the Department finds it necessary to adjust fee schedules again, consideration will be given to ensure further dissemination of our intent in order to reach the greatest number of those affected.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#9)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

Information Security

Question:

Does State Department have technology that can automatically encrypt emails containing personally identifiable information (PII) and prevent leakage of PII outside the Department? If not, why not? Does it have plans to address this problem using other solutions?

Answer:

The State Department has the technology to encrypt e-mails, but the tools it uses are not deployed automatically. Instead employees are responsible to ensure that appropriate protections are in place when transmitting personally identifying information (PII). Notices have been issued to employees on rules of behavior for protecting PII and other sensitive information.

In order to further understand the best technical capabilities available to protect the Department's infrastructure, in 2008, the State Department tested technology designed to search for PII information that is transmitted

electronically outside the Department. Plans are in the process of being finalized for implementation later this year to further strengthen our infrastructure in this regard.

**Questions for the Record Submitted to
Secretary of State Hillary Clinton by
Representative Denny Rehberg (#10)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

Question:

I know that Europe has adopted a second generation e-Passport solution that will be the International Civilian Aviation Organization (ICAO) standard in a couple years. Their solution is more secure than the US implementation. Has State Department looked at second generation e-Passports, and the possibility of seamlessly migrating their existing solution? If so, what steps are being taken and what is the anticipated cost of upgrading our system and if not, why?

Answer:

Changes in the EU passport are being made to accommodate an EU regulation requiring use of fingerprints in EU passports. Additional layers of chip access control, called Extended Access Control (EAC) are being used to protect the fingerprint or other secondary biometric data. Because access to this additional biometric data will be governed by the national laws of the EU member states, we anticipate access will be restricted. This should not be seen as a more secure solution than the U.S. implementation. ICAO recommends states that store fingerprint and/or iris data on the e-Passport to utilize EAC. There are no plans at present for collection of these additional biometrics for the U.S. passport.

Changes to passport production costs that would be entailed by adoption of EAC would vary between technologies and also between low-end and high-end equipment within any one technology. But these costs would be small compared to those entailed in implementing a business process for collecting the additional biometric data for which EAC is intended.

In a 2002 report, the Government Accountability Office (GAO) estimated that it would cost as much as \$6.6 billion dollars in initial costs and \$1.96 billion in recurring costs to implement a fingerprint enrollment infrastructure. The chart attached identifies GAO's estimated costs for issuing passports using both fingerprint and facial recognition.

The Department of State has formed a work group with the Government Printing Office. The work group will deal with establishing the requirements for the next generation e-Passport. The current two contracts expire in 2010 and 2011.

As we move forward with the development of future generations of e-Passports, the Department will consider any technical options and improvements that can be built upon the base of contactless chip security. The decision to introduce a different biometric will involve extensive

coordination with our colleagues as the Department of Homeland Security and guidance from the Congress.

Attachment:

Government Accountability Office Cost Analysis

Government Accountability Office Cost Analysis

Estimated Costs for Issuing Passports with Biometrics Using Fingerprint and Facial Recognition
GAO Analysis

Cost Element	Initial Cost	Annual Cost
Investment		
Systems engineering and program management	\$ 549,518,000	
Development; installation; training	\$ 4,026,605,000	
Initial biometric hardware	\$ 241,654,000	
Initial biometric software		
Network Infrastructure	\$ 1,837,500,000	
Passport Facility renovation		
Acceptance Facility renovation		
Hardware infrastructure upgrade		\$ 659,144,000
Operations and support		
Program management		\$ 109,904,000
Biometric hardware maintenance		\$ 19,986,000
Software and system maintenance		\$ 67,777,000
Network Infrastructure maintenance		\$ 229,688,000
Passport operating personnel		\$ 443,805,000
Acceptance facility operating personnel *		\$ 94,679,000
Communications		\$ 122,962,000
Recurring training		\$ 107,750,000
Passport Facility maintenance		
Annual supplies (passports)		\$ 105,210,000
Total	\$ 6,655,277,000	\$ 1,960,907,000

Source: GAO November 2002 *Technology Assessment – Using Biometrics for Border Security*

WEDNESDAY, MAY 20, 2009.

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

WITNESS

**ALONZO L. FULGHAM, ACTING ADMINISTRATOR, U.S. AGENCY FOR
INTERNATIONAL DEVELOPMENT**

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State and Foreign Operations and Related Programs will come to order. Today we are delighted to welcome Alonzo Fulgham as at the Administrator of the U.S. Agency for International Development. Thank you for joining us today. While we really do appreciate your efforts to move the agency forward during this transition, we are anxiously awaiting, as I am sure you are, the appointment of a USAID administrator who can work closely with the Secretary of State and articulate the importance of long-term development within the administration.

As I noted last week, the President's fiscal year 2010 budget calls for a dramatic increase in USAID operating expenses and provides for a significant boost in humanitarian and development assistance. It totals \$1.438 billion for operating expenses, a \$384 million increase over the fiscal year 2009 level, including the funding requested in the fiscal year 2009 supplemental.

This request would support an additional 350 foreign service officers to keep us on track to double the USAID foreign service workforce by 2012. In addition, it includes \$245 million for additional spaces in embassies and missions around the world to accommodate increased personnel.

I hope that you can provide insight into how USAID is ensuring that the new hires have technical skills that reflect the program priorities, including climate change, agriculture, gender sensitivity and basic education, what training programs are being put in place to ensure that the new foreign service officers are oriented toward local engagement with nongovernmental organizations and developing country governments with a focus on building local capacity and providing smaller grants with more targeted goals and outcomes.

Finally, how is USAID coordinating its projected growth with the State Department, and do you have a joint operations plan that takes into account security, space needs of the new employees requested in both the USAID and state budgets. Among significant increases in critical development areas, I was pleased that \$1 billion was requested for basic education. that is pretty amazing. As you know, providing an education opens doors for young men and women and benefits the individual, their community and the world.

I look forward to working with the administration to ensure that U.S. government resources support quality education and that

USAID supported schools serve as an anchor of stability and support in communities. Just last month I spoke with Queen Ranya of Jordan about the need to establish a new, multilateral global fund for education.

During development of the 2010 budget request, did the administration consider the merits of such a fund? Can you provide me insight into those discussions? The \$1.2 billion request for climate change initiatives includes \$579 million for adaptations and clean energy programs, a \$309 million increase over the fiscal year 2009 level. Mr. Israel's ears perked up with that.

Clearly, the administration has structured its request to address the climate change crisis the world is facing, but USAID does not currently have extensive expertise in this area and the current staffing plan calls for only 21 new officers in the field. How, then, does USAID intend to provide proper oversight management of this new initiative? How will USAID programs be coordinated with efforts made through multilateral funds and with the State Department? Who is taking the lead on the post-Kyoto negotiations?

As you know, I believe that successful programs have maximum impact when efforts are well-coordinated. The budget includes \$1.3 billion for food security and agriculture. How will USAID coordinate with other efforts funded by private foundations, such as the Alliance for a Green Revolution and a multilateral organization such as the International Fund for Agriculture and the World Food Program? How will USAID programs build upon the agriculture investments made by the Millennium Challenge Corporation?

I am also concerned that gender considerations must be factored into all aspects of development assistance, especially agriculture programs where women often make up a majority of laborers but receive little outside technical assistance. What steps are you taking to ensure that gender is taken into consideration during every phase of USAID's assistance programs? I noted last week my concern that health funding is not keeping pace with need.

While I understand the President has announced his intention to provide \$63 billion over six years, I am disappointed in the nominal increase for core maternal and child health, as well as family planning. I am looking forward to our discussion today and to working with you. Before we move to your testimony, let me turn to Ms. Granger, the Ranking Member, for her opening statement.

OPENING STATEMENT OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you, Madam Chair. I am glad to join you as we continue the hearings on the administration's fiscal year 2010 budget request. I am pleased that Mr. Alonzo Fulgham is here and understand just recently that you had a common career interest in my hometown of Ft. Worth, Texas, and was glad to meet and talk to you about that. The administration's request for the state and foreign operations bill totals \$52 billion, as you said, a large increase, 42 percent increase, over the fiscal year 2009 regular appropriations excluding emergency appropriation.

Such a large increase in foreign assistance comes at a time when USAID is still working to hire the staff it needs to manage its existing workload. This Subcommittee appropriated the resources USAID is using toward this hiring effort begun by the previous ad-

ministration. I look forward to an update on the progress made thus far to hire, to train and to deploy these new officers overseas. The administration's budget has been called a smart power budget. I have long supported the concept of smart power as a national security strategy, and I understand that USAID will play a key role. Thank you for being here with us today. I look forward to your testimony.

Mrs. LOWEY. Acting Administrator Fulgham, please proceed. Your entire statement will be placed in the record.

OPENING REMARKS OF MR. FULGHAM

Mr. FULGHAM. Madam Chair, Ranking Member Granger, and Members of the Subcommittee, thank you for this opportunity to appear before the Committee today in support of the President's Fiscal Year (FY) 2010 Foreign Operations Budget Request and to discuss the important role the United States Agency for International Development (USAID) will play in advancing our nation's foreign assistance priorities.

I would like to begin my testimony by thanking you for the help and support you have given USAID during the past few years. Your support has been critical to our Agency's efforts to begin to rebuild and regain development leadership in the global arena.

I am a career public servant, and a senior foreign service officer with over 20 years of experience serving my country at home and abroad. I am honored and humbled to testify in support of the President's fiscal year 2010 foreign operations budget request. I look forward to discussing the important role the United States Agency for International Development will play in undertaking critical missions and sustainable development programs in support of our nation's foreign policy and national security interests.

As the acting Administrator, I proudly represent more than 7,000 USAID employees who serve the Agency with honor, often under very trying circumstances, throughout the developing world. I also want to take this opportunity to recognize Secretary Clinton and her leadership team for their engagement with and dedication to development issues and USAID.

Since her second day on the job, when she came to USAID headquarters to address our staff, Secretary Clinton had made clear her commitment to see development properly established as the third pillar of U.S. foreign policy alongside diplomacy and defense, a commitment that is reflected in the budget request before you. The President's fiscal year 2010 budget request for USAID-managed accounts equals \$36.7 billion, including food aid.

This funding will put the U.S. government on the path to double U.S. foreign assistance by 2015 and to double the number of USAID foreign service officers over the next several years. Thanks to the critical support that we have received from the Congress, and from your Subcommittee in particular, USAID has already begun the process of rebuilding and regaining development leadership in the global arena.

With fiscal year 2009 resources, USAID will add an additional 300 foreign service officers to its total workforce under the Development Leadership Initiative. In addition, the President's fiscal year 2010 request also includes funding for 350 new foreign service offi-

cers. As members of this committee well understand, diversity is central to the strength of any organization and is a high priority for USAID.

I am proud to report that minorities represent 32 percent of the first five classes of our DLI.

Madam Chair, let me assure you that you will begin to see positive change at USAID. We will improve our business processes—performing more functions in-house and using contracted technical services more appropriately. Overseas, USAID officers will spend more time with their projects in schools, and health clinics and small businesses in poor communities.

A centerpiece of the fiscal year 2010 budget request is a significant increase in funding for civilian assistance programs in Afghanistan and Pakistan. USAID is staffing up to serve these critical missions and participating fully in the whole of government approach to achieving positive results.

It is USAID's work to address the many complex threats confronting the world we live in: global poverty, food insecurity, pandemic disease, climate change, post-conflict instability and both man-made and natural disasters.

As such, USAID will take the lead in implementing a number of Presidential priorities. First, basic education. The President's request, a 60 percent increase over the fiscal year 2009 request, will ensure that the United States remains in the forefront of programs for all girls and boys in developing countries to increase access to basic education.

Next, global health. The fiscal year 2010 request is \$7.6 billion, part of a total effort of \$63 billion over six years, to undertake a new integrated approach to global health. The President's Global Health Initiative will build upon ongoing success in reducing deaths from HIV/AIDS, malaria, and tuberculosis. It will increase investment in safe motherhood and reduce infant mortality. The initiative will target for elimination certain tropical diseases afflicting millions and support improved healthcare services delivery.

Moving to food security, President Obama announced at the recent G-20 summit his intention to request a doubling of U.S. funding for agriculture development in developing countries. USAID will support poverty reduction by boosting poor farmers' access to seed, fertilizer, credit, linking small producers to markets, strengthening farmers' cooperatives, working with U.S. land grant universities and encouraging private investment in agribusiness.

Another key priority will be climate change. The fiscal year 2010 budget requests \$581 million for this critical issue. USAID programs will help those developing countries most vulnerable to the impact of climate change become more adaptive and resilient. Finally, I would like to mention the Rapid Response Fund, a \$76 million initiative that will provide our government with the flexibility to respond quickly to unforeseen opportunities and to help shore up fragile democracies.

This fund will enhance our ability to respond to unbudgeted but critical windows of opportunity and demonstrate meaningful peace dividends to local populations. Madam Chair, with that I will conclude. Again, I thank you for your support to USAID and for this opportunity to brief the committee. I welcome your questions.

[The information follows:]

**Testimony of Acting USAID Administrator Alonzo Fulgham
Before the House Appropriations Committee, Subcommittee on State,
Foreign Operations, and Related Programs
May 20, 2009**

Madam Chair, Ranking Member Granger, and Members of the Subcommittee, thank you for this opportunity to appear before the Committee today in support of the President's Fiscal Year (FY) 2010 Foreign Operations Budget Request and to discuss the important role the United States Agency for International Development (USAID) will play in advancing our nation's foreign assistance priorities.

I would like to begin my testimony by thanking you for the help and support you have given USAID during the past few years. Your support has been critical to our Agency's efforts to begin to rebuild and regain development leadership in the global arena.

I am a career public servant, and a Senior Foreign Service Officer with over 20 years of experience serving my country at home and abroad. It is my honor to represent the Administration in presenting the FY 2010 Foreign Operations Budget Request. I also proudly represent the more than 7,000 USAID employees, including about 1,300 Foreign Service Officers and 4,000 Foreign Nationals, who serve USAID with honor, often under very trying circumstances, in Afghanistan, Pakistan, Iraq, Sudan, and throughout the developing world.

I also take this opportunity to recognize Secretary Clinton and her leadership team in the Department of State for their engagement with and dedication to development and USAID. From her second day on the job when she came to USAID headquarters to address our staff, the Secretary has made clear her commitment to see development properly established as the third pillar of U.S. foreign policy, alongside diplomacy and defense.

Madam Chair, I would like to make some brief remarks today on the commitment of this Administration to strengthen USAID as it is reflected in the FY 2010 Budget Request. I will then speak on the role USAID will play to support a number of Presidential foreign affairs budget priorities. Finally, I will highlight a number of Agency programs which may be of particular interest to members of this committee, before I respectfully take your questions.

The FY 2010 Budget Request

During his presidential campaign, President Obama made clear his commitment to development assistance, which he viewed as one of the nation's "best investments in increasing the common security of the entire world" and said it would play a critical role in his administration.

What was needed was a new symmetry in this nation's foreign policy: an enhanced role for –civilian engagement, including development and diplomacy, and greater strategic coherence in using all the instruments of American power.

Madam Chair, the President's FY 2010 Budget Request represents a robust commitment to international development, as well as a significant down payment for a revitalized USAID.

The FY 2010 Budget Request for foreign operations is \$36.7 billion (including food aid). This request puts the U.S. Government on the path to **double** U.S. foreign assistance by 2015 and **double** the number of USAID Foreign Service Officers over the next several years.

A centerpiece of the FY 2010 Budget Request is a significant increase in funding for civilian assistance programs in Afghanistan and Pakistan. Madam Chair at a recent dinner hosting the presidents of those two countries which both you and Ranking Member Granger attended, Vice President Biden commented on how the respective national securities of the United States, Afghanistan and Pakistan are now linked in a way that makes cooperation and success imperative in our efforts against terrorism and extremism. We at USAID realize that our name has been called to step forward, staff up and perform in civilian counter-insurgency, transition and development activities in Afghanistan and Pakistan.

I can assure you that the Agency I lead is prepared to fulfill the tasks it is being charged to undertake. It is energized by this Administration's commitment to a robust development agenda as demonstrated in the FY 2010 Budget Request.

Strengthening USAID

As I stated previously, we appreciate the Congress' continued support for USAID. Indeed, if USAID is to effectively perform in the critical role it is being called to play, we will need your continued commitment to rebuild the Agency's personnel and expertise.

Through the Development Leadership Initiative (DLI), USAID is adding sorely needed talent to our ranks, which will serve this country and provide development benefits for the world for decades to come. With the continued support of Congress, we will be able to regain the technical leadership on development issues which has been a hallmark of USAID since the 1960s. We will improve the balance between those functions performed by our staff and those services appropriately provided by contractors. You will see more USAID personnel engaging directly and productively with our recipient country officials, institutions and communities.

As members of this subcommittee well understand, development is often difficult, halting and uncertain. It is our work to encourage and support good governance, broad-based

economic growth, improved health, better education and modern natural resource management in developing countries. USAID responds to disasters, pandemics and post-conflict situations. And though our interventions may not always succeed, I believe our Agency's historic achievements -from investments in microfinance, nutrition, agricultural research, family planning, education and legal reform -- should make the American people proud.

Many commentators speak of rebuilding USAID because of what it lacks and yes, we do have many needs. But we in USAID believe that the rebuilding of our Agency rests on a strong foundation of career public servants, many of whom endure considerable sacrifice every day to carry out the Agency's mission. The DLI not only provides the next generation of international development professionals, it also provides our current leaders and managers with the resources to enhance our engagement and build upon achievements at the local and international levels.

With the DLI, the Agency will be able to address critical staffing needs throughout our technical and management areas. For example, we are increasing the number of officers in Program/Project Development, Economic Growth, Health, Education, Engineering and Crisis Stabilization.

We are also hiring additional Regional Legal Advisors, Controllers and Contract Officers to better manage and account for the resources that Congress appropriates to the Agency. The men and women of USAID are mindful of the economic difficulties we face here at home and grateful for the support of the American people. As such, we are determined to be the very best stewards of the taxpayers' dollars.

As the members of this Committee know, diversity is central to the strength of any organization and is a high priority of the Obama Administration. Our Agency is serious about minority recruitment, retention, and promotion, and we are making special efforts to reach out across the country, including to Minority Serving Institutions, to promote the exciting opportunities for service with USAID. I am pleased to report that we have made good progress in this regard, and will continue to intensify our efforts. By way of example, of the five classes of DLI admitted to the Agency so far, minorities represent approximately 32 percent of the incoming Foreign Service Officers.

Sitting behind me, Madam Chair, is a mixture of my colleagues at USAID, new hires along side those with decades of experience. The employees of USAID are energized to undertake the achievement of development objectives which will be necessary to support U.S. foreign policy. The Agency is on track to fill its share of development expert positions related to the civilian surge in Afghanistan.

Thanks to strong support from the Congress, USAID will add an additional 300 Foreign Service Officers to its total workforce with resources provided by the FY 2009 Omnibus appropriation. In addition, the President's FY 2010 request includes funding for 350 new Foreign Service Officers under the DLI.

This effort to rebuild our Foreign Service staff remains USAID's highest priority. With careful and strategic planning, and the continued support of Congress, we will be the USAID that our nation and the world require.

Presidential Development Priorities

In FY 2010, USAID will take the lead in implementing a number of Administration development priorities:

1. Basic Education
2. Global Health Initiative
3. Food Security
4. Climate Change
5. Rapid Response Fund

Basic Education

The FY 2010 request for basic education is \$981 million and will ensure that the United States remains a global leader in efforts to assist all girls and boys to access quality basic education. This budget request represents a more than 50 percent increase over last year's requested level. It will permit USAID to scale up and expand the realization of access, quality and positive educational results for millions of underserved children around the world. Importantly, it builds upon the vision and commitment to basic education that has been a hallmark of this subcommittee for the past several years.

Our basic education programs include the following components:

- Adequate access for at-risk children and out-of-school youth: our efforts to achieve universal basic education must reach all children, particularly those who are most likely to be out of school. This component includes children in conflict or disaster areas; children with disabilities; indigenous or minority ethnic groups; and girls, who currently account for a majority of children who lack access to education.
- Quality education: We must ensure that every child has access to a quality education, and is in an environment that is conducive to learning. Achieving quality basic education will require adequate resources, including a trained teacher workforce, relevant educational materials, improved tools to measure learning outcomes and a safe learning environment.
- Accountability: With our increased investment, we must also increase coordination across agencies, donors and other partners, so that we are complementing, not duplicating, other efforts. USAID will play a strong

coordinating role to facilitate cooperation among sister agencies and our other partners so that we continue to make progress toward quality universal basic education.

Global Health Initiative

The President's Global Health Initiative requests \$7.6 billion in FY 2010 in the Global Health and Child Survival (USAID and State) account as part of a total effort of \$63 billion over six years to undertake a new, comprehensive and integrated approach to global health. The Global Health Initiative has five principal components:

- It will integrate global health programming while retaining U.S. leadership in confronting HIV/AIDS, TB and malaria by leveraging the effective interventions of State, USAID and other agencies.
- With increased investments, USAID will scale up efforts to reduce the mortality rates of children under five and mothers, and avert unintended pregnancies.
- It will seek to eliminate several neglected tropical diseases.

It will strengthen health service delivery systems in developing countries

It will coordinate programs and partners to achieve greater efficiency in the deployment and use of health resources.

This is a significant investment by the President to focus on global health problems and is a substantial component of his doubling of foreign assistance initiative.

Food Security

A permanent solution to food insecurity requires restoration of rapid and sustained agriculturally led economic growth that directly engages the world's poorest populations, approximately 20 percent of whom depend on agricultural labor for most or all of their household income and food consumption.

For this reason, the President announced at the G-20 summit that we are requesting a doubling of U.S. financial support for agricultural development in developing countries, to more than \$1 billion in FY 2010. This budget request for agriculture and food security is part of a multi-year effort to renew U.S. leadership in providing food security and to galvanize an international partnership to cut global hunger.

Agricultural development assistance will focus on three objectives:

- Increase productivity and rural incomes by modernizing developing country agriculture through:
 - Expanding development and use of modern technology, working in collaboration with U.S. land-grant universities and strengthened host country research institutions;
 - Boosting access to quality seeds, fertilizers, irrigation, and rural credit; Linking small producers to markets;
 - Strengthening agricultural value chains, including by organizing farmers, establishing warehouse receipt systems, increasing access to loans, reducing post-harvest losses, and connecting goods to local and regional markets;
 - Improving national and regional trade and transport corridors; and, Encouraging private investment in agricultural productivity and post-harvest activities
- Reduce the dependency on international food aid and draw the poorest into the growth process through social safety nets (e.g., jobs, education, health care)
- Build multilateral partnerships and leverage the strength of the private sector, non-governmental organizations, and our universities.

Climate Change

The FY 2010 budget requests \$579 million, an increase of \$309 million over the FY 2009 level of \$270 million, to support global climate change programs and to address climate change in developing countries. USAID programs will help make more adaptive and resilient those developing countries most vulnerable to the impact of climate change. This request includes funding for clean energy activities that will reduce greenhouse gas emissions as well as the deployment of tools for earth observation and geospatial information hubs and early warning systems.

USAID's Global Climate Change Program signals the Obama Administration's efforts to partner on this issue with the global community. The program will support the UN Framework Convention negotiations and addresses each of the priority areas for developing countries as part of those negotiations under the Bali Action Plan.

Rapid Response Fund

The \$76 million Rapid Response Fund (RRF) will serve as a flexible way for the United States Government to respond quickly to unforeseen opportunities in its efforts to help shore up fragile democracies. This will enhance our ability to respond to unbudgeted but critical "windows of opportunity."

As conceived, the RRF will leverage all rapid response tools available in USAID's development kit as well as those of other federal departments and agencies with proven rapid response mechanisms. It will be activated after reviewing data from early warning analyses and other monitoring mechanisms, as part of a broad interagency analysis, or according to assessments made by Posts and geographic bureaus. Its implementation is modeled after USAID's Disaster Assistance Response Team (DART) concept, a flexible and rapid tool used by USAID to respond to humanitarian crises worldwide.

The RRF will be administered by USAID, and the USAID Administrator will direct its use to assure the greatest impact and quickest implementation. State and USAID bureaus, and other U.S. Government agencies, will be included in its use.

Other Issues

Before I conclude, let me address some issues which may be of particular concern to members.

Afghanistan: On March 27, President Obama stated that the "core goal of the U.S. must be to disrupt, dismantle, and defeat al Qaeda and its safe havens in Pakistan, and to prevent their return to Pakistan or Afghanistan." This goal cannot be achieved by military means alone. Increased assistance to Afghanistan in FY2010 will help Afghans improve governance, stimulate licit economic growth through agriculture and alternative development programs, enhance the rule of law, and help stabilize communities through short-term job creation programs. Importantly, our assistance will be implemented by a significantly expanded team of civilian experts from across the U.S. government, including USAID.

Pakistan: To meet our foreign policy objectives in Pakistan, USAID assistance is aimed at restoring government writ and security to areas under Taliban control, stabilizing the national economy, moving development efforts forward, and strengthening national and local governance. The President's FY2010 budget request includes funding that will help Pakistan to reinforce democratic values and institutions, enhance the rule of law, meet the people's health and education needs; promote broad-based economic growth; and deliver humanitarian assistance to conflict-affected populations. As in Afghanistan, USAID will also increase its civilian presence on the ground.

Iraq: FY 2010 will be a critical time for Iraq, where our assistance request will help us transition from a focus on the military towards capacity building and efforts spearheaded by civilians. Funds are requested to help strengthen Iraq's democracy, build capacity in Iraqi institutions, help millions of displaced Iraqis reintegrate into their communities, promote economic growth and diversification, and improve security. Importantly, USAID will continue the matching policy submitted to the Congress this Spring, whereby the Government of Iraq matches our contributions by a ratio of 1 to 1.

Haiti: A top USAID priority in the Caribbean region is to support Haiti in all sectors, bilaterally and through multinational cooperation, with a goal that nurtures Haiti's fragile democracy and helps protect and strengthen its environment so that it can safely mitigate natural disasters. In addition, U.S. assistance provides capacity building in municipal governments and communities to improve fiscal accountability, modernize infrastructure and ensure safe, healthy and viable communities.

Sudan: The recent expulsions of international NGOs by the Government of Sudan (GOS) have severely constrained the ability of the international community to continue life-saving humanitarian assistance to Darfur and other special areas of concern. Discussions with the GOS on the resumption of this assistance are ongoing and as of today, appear to be headed to a positive outcome. For FY 2010, the humanitarian needs of the internally displaced persons camps and other vulnerable populations throughout the country are projected to remain very high. USAID provides emergency health services, water and sanitation, nutrition, hygiene and shelter. Recovery needs in Southern Sudan also remain massive. USAID is supporting increased stability, tangible benefits of peace and improved governance. Practically speaking, this means peaceful and credible elections, improved infrastructure and conflict management activities.

West Bank and Gaza: USAID assistance is designed to help foster the conditions in which a Palestinian state can be realized and a two-state solution to the Israeli-Palestinian conflict can be advanced. We will continue our response to humanitarian needs - all the while taking requisite precautions that no U.S. foreign assistance falls into terrorist hands.

Humanitarian Assistance: The FY 2010 request of \$880 million for International Disaster Assistance includes \$300 million for emergency food security and \$580 million for disaster response activities. USAID cannot forecast all of the coming year's disasters and so the possibility of a requirement for supplemental funding in the case of a major unanticipated emergency cannot be ruled out. However, the FY 2010 budget reflects increases in Humanitarian Assistance contingency funding and Disaster readiness funding and begins a practice of more realistic funding requests.

Madam Chairwoman, this concludes my testimony. Once again, I thank you for this opportunity to brief the Subcommittee. Our Agency stands committed to working with you in the months and years ahead as we achieve our shared agenda on behalf of the American people and those we serve throughout the developing world. I am pleased to answer any questions you or your Committee may have.

Thank you.

Alonzo L. Fulgham
Acting Administrator, and Chief Operating Officer
U.S. Agency for International Development

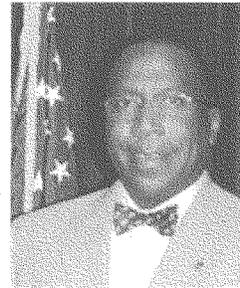
Alonzo L. Fulgham has been designated by the White House as the Acting Administrator of USAID. Fulgham concurrently serves as Coordinator of the Agency's Transition Efforts and as Chief Operating Officer (COO) and Executive Secretary.

As COO, Fulgham has broad authority for ensuring the formation and implementation of USAID's policy and strategic planning agenda, and overseeing USAID's program and management reforms. He provides leadership on the full range of issues facing the agency.

Fulgham is a member of the Senior Foreign Service. He served as Mission Director in Afghanistan from June 2005 to July 2006. Prior to that, he served as the Director for South Asian Affairs in the Bureau for Asia and the Near East (ANE). In 2003, he joined the ANE Bureau as Special Assistant to the Assistant Administrator for Asia and the Near East, Ambassador Wendy Chamberlin.

In September 2001, Fulgham served as acting USAID Deputy Director for Serbia and Montenegro. From March 1993 to February 1998, he served in Jordan - initially as Private Sector Officer and then as Director responsible for economic policy and poverty reduction. In March 1998, he was assigned to the Regional Mission for the Caucasus as Director for Economic Restructuring and Energy, responsible for Georgia and Azerbaijan. In June 2000, he was selected to study at the National Defense University (ICAF).

Fulgham joined USAID in 1989 as a Private Sector Advisor in Swaziland. In March 1992, he was selected as an International Development Intern (IDI). Fulgham has a Bachelor of Science from Fisk University and a Master of Arts from the National Defense University. He was a Peace Corps Volunteer in Haiti from 1984-1986 and speaks Creole and Spanish. He is married and has three children.



Mrs. LOWEY. Thank you, and thank you again for your leadership. We will proceed with questions, five minutes each of us, and we will go side to side depending upon the order in which we can do it in.

USAID STAFFING

In a recent hearing, Secretary Clinton lamented that lack of USAID capacity and adequate staffing has turned USAID into a “manufactured agency”. Her statement reflects the concerns that we have heard from nongovernmental organizations that USAID is moving away from indirect grants to large directed grants due to the lack of adequate staff to be innovative and creative in programming.

In the past few years, as you know, the committee has worked with USAID to increase staffing, and as of today, Congress has provided funding to support the hiring of an additional 420 officers, and the fiscal year 2010 request will bring it to a total of 770 new foreign service officers. These young officers will all be sent to the field where they will be able to address some of the concerns raised by Secretary Clinton and the NGO community.

A couple of questions following-up. What has USAID done to ensure that the expertise of the new officers reflects the priorities of the administration as outlined in the fiscal year 2010 budget? Where will these new employees be assigned? I understand that USAID has worked with the State Department to develop a construction and rehabilitation plan to ensure that these new employees have office space. Are you satisfied with the outcome of these discussions? Will these facilities be completed prior to the deployment of the new officers?

Lastly, if additional staff is onboard in the field, how do you envision this impacting the operating model for USAID programs? Do you expect that USAID will begin to award smaller grants to local nongovernment organizations?

Mr. FULGHAM. Madam Chair, thank you. I think that through your leadership and this committee’s leadership USAID has clearly recognized that the situation that we are in did not just happen overnight. It has been an erosion of our abilities over the last 15 years. Thanks to the generous support of this committee we have started to rebuild this agency.

The key for us right now is people. We need to get back to basics. Working side by side with communities, as I stated in my opening statement, providing assistance at the grass roots level and identifying ways to find more contracting opportunities that allow for smaller contracts or grants. What we are doing as an agency is hiring about 170 new project development officers, and 111 contracting officers.

We have a significant number of compliance and development officers who will be able to manage these smaller grants and also implement those grants. That is going to be the key. We have got to get the workforce up to a level where we can get away from these large omnibus contracts. Those contracts were put in place because of a necessity, lack of management talent, so you had to bundle them. So now we are in the process of changing a lot of those processes and creating opportunities at the smaller level.

The key to being able to do smaller contracts is getting more officers in the field, such as compliance officers, contracting officers and lawyers. With respect to space overseas, we have been working very closely with the Department of State.

Last week Deputy Secretary Lew issued an ALDAC, which is a cable worldwide to all U.S. missions, asking them to prepare for major staffing increases, and the doubling of USAID over the next three years. There is a task force that has been put together with USAID and State Department colleagues who are working through these issues to ensure that there are enough desks and training opportunities once these new officers arrive in the field.

Mrs. LOWEY. Yellow light. Okay. I will ask just one other quick question that I have been concerned about. I am puzzled by the presence of two separate requests for flexible funding, \$76 million for a rapid response fund through the USAID's Office of Transition Initiatives, and \$40 million for a Stabilization Bridge Fund to support the deployment of civilian stabilization initiative staff. These mandates seem very similar. I am not sure why they are both needed. How are they distinct from the existing OTI mandate that has been successful?

Mr. FULGHAM. Our staffs have been working very closely to try and refine this process, but I think it is very clear, and you have been a strong voice in the argument that we need to get the military out of doing these quick or CERP type projects. This fund will allow for us on the ground when we are in crisis to be able to address issues in the short-term until we can request funding for these programs in the regular budget process.

The OTI fund is a much smaller fund similar to what we used in Serbia, particularly in southern Serbia, to address conflict and instability in local communities. We had small grants that were put into those communities to try to bridge differences and bring those communities back together. What we are looking at with this Rapid Response Fund is a much larger capacity to be able to address critical needs on the democracy side, on the health side and on the economic growth side.

Mrs. LOWEY. To be continued.

Mr. FULGHAM. Yes, ma'am.

Mrs. LOWEY. Ms. Granger.

Ms. GRANGER. Thank you. I am going to continue because on the rapid response fund I do not see a clear purpose or plan, so I want to go back to that and ask you very specifically why cannot the administration not use its existing programming authorities to meet these emerging needs? What criteria will be used to determine which countries qualify for the rapid response assistance? Give me a country or regional example of where such a fund would be needed.

Mr. FULGHAM. A case in point would be, let us say, Kenya. We are already in the 2009 budget cycle. Things spiral out of control, and a new government comes into place. Our current programs might not address some of the issues that the new government may need to put into place. Maybe they are having a significant amount of problems on the health side or economic growth side. How could we immediately put in place programs until the regular budget

cycle could catch up in order to fund those programs? It is an emergency bridge to help countries that are in need.

It is flexible. I know that that term "flexible" makes folks a little nervous, but in the world that we live in and the fact that we are trying to create space and help governments who are trying to move forward, we have to have the flexibility and the money available to help these countries in need on an emergency basis. The key here is that it is on an emergency basis and with the advice and consent of Congress. This fund will not be used every year. It is a set aside in case of emergencies.

You have seen over the last few months the number of emergencies that we have been dealing with. Having access to a fund like this will allow us to have bridge funding until the regular budget appropriations can catch up. It also will help alleviate the need for additional supplementals.

Ms. GRANGER. All right. I am going to come back to that in a few minutes but the other thing I want to ask you about, the Congress appropriated \$245 million to support microenterprise and microfinance efforts. The administration's requesting \$167 million for 2010. That is a \$77 million decrease. In my experience, those funds have been very successful financing successful businesses and developing economies.

Just like we have to educate people, we also have to give them a chance in those countries. You highlighted microfinance in your testimony but could you explain why the administration cut funds for the microenterprise by \$77 million from its fiscal year 2009 level?

Mr. FULGHAM. In FY 2009, the previous Administration requested \$103 million in funding for microenterprise. The FY 2010 request of \$167 million represents a substantial increase over the previous request and reflects missions' estimates of the programming needs in the field.

Some of our most successful programs have now spun off into banks. What we are trying to do is refine, improve the product and change some of the implementation mechanisms in some of the countries that we are working in, and at this point, we felt as though the pipeline that we had for 2010 was adequate to get us through that cycle. It may spike again in 2011 and go back up again, but the administration felt at this point in time that we have sufficient funding.

Ms. GRANGER. Okay. Can you get me more information and keep me involved in that?

Mr. FULGHAM. I would love to brief you again.

Ms. GRANGER. I am going to go back to what we were talking about before with the rapid response fund. I have many of the same questions about the Civilian Stabilization Initiative. It has been billed as the civilian counterpart to military response, as you were talking about, but the details are pretty sketchy. Is there an adequate consultation between state and USAID on the development of CSI? When will the committee receive a joint spending plan that is required for the fiscal year 2009 fund? What part of the fiscal year 2010 request will USAID implement? Can you give us some more details on that?

Mr. FULGHAM. Yes. As you know, we have been trying to put together a civilian response corps for the U.S. government to respond to reconstruction and stabilization crises over the last four years. There has been significant consultation under CSI. The State Department, and I cannot speak for their portion completely, is set up as a unit that is the belly button for the civilian government so that the Defense Department will have someone to relate to when there is a crisis related to reconstruction and stabilization. They are responsible for coordinating the rest of the interagency.

The fund that they have set up is basically used for deployment only when they deploy their forces, whereas with ours, it is set up specifically for operational purposes. So I see the State Department as the policy and coordination unit and then USAID as the implementation arm of our civilian response corps. As for the joint spend plan, thank you, it is currently with OMB and they are going through the numbers right now. We hope to have that in the next week or so.

Ms. GRANGER. Thank you.

Mrs. LOWEY. Ms. Lee.

OPENING STATEMENT OF MS. LEE

Ms. LEE. Thank you very much, and good morning. Let me ask you just a couple of things. You talked a little bit about the debundling of the larger contracts. I asked this question and the former administrator, Fore was it? Fore?

Mr. FULGHAM. Henrietta Fore.

Ms. LEE. Fore. I asked about this issue when it came to minority contracting and minority hiring and one of the responses that I received was that due to the particular nature of USAID's operation in developing countries, most small firms did not have specialized and technical experience to compete for USAID grants or contracts. That was the response, you know, as a result of my inquiry.

What I wanted to find out is do you all have goals and targets for minority and women-owned businesses? If you do, what are they? How does this debundling now of contracts fit into—I understand the small business piece, but in addition, you know, we have the AID eight program and all of the other minority business requirements.

Mr. FULGHAM. Ms. Lee, very good question. I have to admit, in the past our numbers have been woeful. Last year, after Ms. Fore had her meeting with you, we hired a true professional who really understands small business and minority businesses and what effect they could have on our business. In one year we went from 2.6 percent up to 4.8 percent. The goal for SBA is five percent, so we missed it last year by .2 percentage points.

Ms. LEE. Is this for minority, small, or what?

Mr. FULGHAM. Yes. That is minority, small, disadvantaged businesses.

Ms. LEE. Total.

Mr. FULGHAM. Total. The goal is five percent. So we came pretty close to meeting that. I am not proud of that. I think we could do much better. One of the things that we are doing now is providing more workshops on a quarterly basis for new contractors to come in and get a better understanding of how USAID works and how

you get a contract with USAID. I think also one of the keys that we have been able to do is to start identifying any contract over \$100,000 that is here in the Washington area that can actually go to a small business and get away from these larger contract contingencies.

Ms. LEE. But you know what, there is a difference, though, between small businesses and then small and economically disadvantaged businesses.

Mr. FULGHAM. That is correct. Yes.

Ms. LEE. And so the 4.8 percent, is that small, minority, women-owned?

Mr. FULGHAM. That is small and minority-owned disadvantaged businesses.

Ms. LEE. Okay.

Mr. FULGHAM. That is the SBA definition.

Ms. LEE. Okay.

Mr. FULGHAM. So, as I said, we have moved significantly further, we have got more work to do, but it is something that has gone on for a long period of time and we are slowly but surely making progress. I think that your senior staffer met with Mauricio Verra who has really moved the agency forward in this regard.

To get back to my point, we are now putting rules and regulations in place that provide a level playing field, and that is the key, to provide a level playing field that will allow for small and disadvantaged businesses to compete adequately at the levels that they can compete at. I am very proud of what we have been able to do over the last year in that regard.

Ms. LEE. Are you providing any technical expertise or any type of support for companies to really get into this?

Mr. FULGHAM. Yes, ma'am. There is a maintenance program that we have set up. In fact, we would like to invite you. I am going to publicly embarrass you a little bit and ask you to come on August 6 for a monthly vendor outreach session to give a keynote address for our small and disadvantaged partnering program that we are putting together. There are a lot of things being put in place right now that are going to allow us to do a better job.

Ms. LEE. Thank you very much. Madam Chair, I think it is really important because remember when we were in Ghana on a CODEL and we saw many U.S. companies, part of the Millennium Challenge Account compact efforts, other USAID project personnel, and many Americans there, but we saw very few minority companies and minority Americans.

Mr. FULGHAM. One of the numbers I am really proud of is that of our task orders, which is our request for business opportunities. Out of \$95 million in task orders awarded by USAID's Chief Information Office, 93 percent, or \$88 million, went to small businesses.

Ms. LEE. Good.

Mr. FULGHAM. We are also doing very well on the global health side. Anything over \$100,000, we are trying to find opportunities for minorities and small and disadvantaged businesses.

Ms. LEE. Okay, and if it is appropriate, if you could give us a list of the minority-owned companies that you do business with, I would like to see that list, and the type of contracts that they are doing.

Mr. FULGHAM. We would be pleased to do so.

Ms. LEE. Okay. And then the other piece that I am hearing, rumor, is this the reorganization of the EEO office. What is going on?

Mr. FULGHAM. I want to be very clear on this. We are an agency that is growing by 100 percent over the next three years. We have the same infrastructure in place that we had 30, 40 years ago. To me, from a logical perspective, anything we can do to provide better support to our employees, we should be doing. By expanding and creating an Office of Civil Rights similar to what the State Department has, we are not decreasing our ability to help our employees, we are increasing our ability to help them.

So the change has come about because we recognize that we have this tremendous growth spurt and we have got to be able to better support our employees. Right now we have a diversity council, we have an EOP office. They are all spread out in different places. I decided to bring them all together and create an Office of Civil Rights. It is similar to the State Department. We are trying to do more for our employees versus less.

Ms. LEE. Thank you very much. Good to meet you. Thank you, Madam Chair, very much.

Mrs. LOWEY. Thank you. I think you raised this point and we had some in-depth discussions about it, and when you are talking about contracting, you are not just talking about contracting here, you are talking about abroad.

Ms. LEE. Abroad.

Mrs. LOWEY. Because that is where it was very evident.

Ms. LEE. Right.

Mrs. LOWEY. Thank you. Mr. Rehberg.

Mr. REHBERG. Thank you, Madam Chair, and welcome.

Mr. FULGHAM. Thank you, sir.

Mr. REHBERG. For local and regional food purchase purposes, is there a difference between rapid response and emergency when it comes to your either pilot project or your \$300 million request for emergency assistance?

Mr. FULGHAM. Sir, the rapid response program is a program that has been put together after the last couple of years. We have been dealing with so many different emergencies. We recognize there are two things that have to happen when you have an emergency. You have got to respond quickly, and you have to look at the cost. Purchasing goods reasonably provides for the rapid deployment of the food to the people who are most desperately in need.

Mr. REHBERG. So are you suggesting there is no difference between your definition of an emergency and the rapid response?

Mr. FULGHAM. No, there is a difference.

Mr. REHBERG. There is a difference.

Mr. FULGHAM. There is a difference.

Mr. REHBERG. In looking at the list of where regional and local purchases have occurred I see countries like Somalia, Ethiopia, Kenya, Zimbabwe, Tajikistan, Kyrzykstan, Nepal and Pakistan. How many of those countries have had more than one year of emergency food purchases at the local or the regional level?

Mr. REHBERG. Would you, please.

Mr. FULGHAM. Over the past five years, none of the emergency USAID local and regional procurements, food vouchers or cash transfers for food has extended for a period of more than one year.

Mr. REHBERG. My point is I am looking at the justification of your budget and your budget increases and I am starting to see a trend of moving away from the definition of emergency or rapid response. For all intents and purposes, to one of a decision to purchase locally in an attempt to perhaps, from my perspective, I have to justify to my taxpayers why we are taking money out of a farmer's pocket in Montana paying taxes to send over to USAID to purchase food products from somebody other than America and it is not a buy America. I have to have a justification.

I can understand the flexibility, and I can understand an emergency, but if we start seeing a developing trend towards purchasing overseas, then we are going to put the red flag up. It is not just local agricultural producers; the unions are particularly upset from the maritime industries because all of a sudden they are not seeing their ships going overseas delivering the food in the areas, and so we are starting to get nervous about a trend developing.

Mr. FULGHAM. Congressman, as a loyal American, the last thing I want to do is put our farmers out of business. I think when you look at this program, it really is for rapid response in regards to real emergencies where people could potentially die if we use the standard approach in responding to their crisis. When you look at the amount that we are requesting, I believe it is \$300 million; it is a comparatively small amount.

Mr. REHBERG. Well, it is quite an increase over the past budget bill and so it throws up a red flag as to why are we—and again, do not get me wrong. I am not suggesting we want to put any individual at risk when it comes to starvation, hunger, famine and such. What I am going to be looking particularly closely at is are we seeing that Somalia shows up one, two, three, four years in a row for emergency aid for local purchases when with a little planning on USAID's part, or the Department of Agriculture's, we just know it is going to occur and we get it in the pipeline and we do not use as an excuse rapid response or emergency.

Mr. FULGHAM. Point well taken, Congressman.

Mr. REHBERG. Could you tell me the coordination between the Department of Agriculture and USAID? In the farm bill there was an additional authorization. I still have not gotten an answer, and I did ask this question earlier from the State Department, just exactly, is the authorization a \$300 million authorization for the life of the farm bill and how you are going to coordinate or is it anticipated it is going to be a \$300 million per year authorization?

Mr. FULGHAM. The new Farm Bill authorizes the Secretary of Agriculture to implement a Local and Regional Procurement (LRP) Pilot program (including a study and final evaluation) over five years at a total cost of \$60 million. As part of our regular coordination with the U.S. Department of Agriculture (USDA), USAID shared and discussed the program criteria and implementation guidelines we developed for LRP this year. Moreover, USAID communicates regularly with USDA when providing assistance in the same country or region (e.g., Pakistan).

The \$300 million you are referring to is found in the Administration's FY 2010 budget request for State and Foreign Operations. As you know, International Disaster Assistance has typically been used to fund non-food emergency assistance, and provides the flexibility required to cover the local and regional procurement of food as well as the implementation of voucher programs when food is available, but not affordable for the vulnerable, at a community level.

On the coordination between USAID, the State Department and USDA, it has never been better. I think we have a real team effort, especially looking at food security issues throughout the world. We have been working very close on a task force to deal with some of the issues regarding food security in some of the most troubled nations in the world right now.

Mr. REHBERG. I appreciate that. If you could get back to me with the countries. Going back five fiscal years.

Mr. FULGHAM. That is a fair request, sir. I would be happy to get back to you.

Mr. REHBERG. Do you also have the data on other humanitarian food assistance by other countries? We cannot be the only ones shipping food. Or vouchers to Somalia, Ethiopia?

Mr. FULGHAM. I could not agree more but that is a discussion with the Secretary at the diplomatic level on what we are doing to try to encourage our donor colleagues to be more supportive of some of these crises that we continue to address, sometimes on our own.

Mr. REHBERG. You just do not have that information?

Mr. FULGHAM. No, sir. I do not have it right now.

[Information inserted for the record follows:]

FY 2010 BUDGET REQUEST HACFO HEARING
LOCAL AND REGIONAL PROCUREMENT COUNTRIES

The countries where we have implemented local and regional procurements over the past five years are provided in the below chart. To clarify one point, we have carried out sequential procurements (during the same fiscal year) for ongoing crises in Somalia and Ethiopia which deepened at a pace that outstripped existing pipelines. These procurements, and the Title II commodities that represent the bulk of our food assistance to these countries, undoubtedly saved lives and reduced suffering.

Country	TITLE II - Emergency Programs					Local and Regional Procurement (LRP)				
	FY05	FY06	FY07	FY08	FY09*	FY05	FY06	FY07	FY08	FY09*
Afghanistan	X	X	X	X	X					
Algeria				X	X					
Angola	X	X								
Armenia	X									
Azerbaijan	X	X								
Bangladesh	X			X						
Burkina Faso			X	X						
Burma				X						
Burundi	X	X	X	X	X					
Cameroon			X	X	X					
Central African Republic	X	X	X	X						
Chad	X	X	X	X	X					
Colombia	X	X	X	X	X					
Congo (Brazzaville)	X	X	X							
Cote d'Ivoire	X	X	X		X					

Democratic Republic of the Congo	X	X	X	X	X					
Djibouti	X	X	X	X						
DPRK	X									
East Timor	X	X	X	X						
Ecuador				X						
El Salvador	X	X	X							
Eritrea	X	X								
Ethiopia	X	X	X	X	X					XX
Gambia, The				X						
Georgia	X	X			X					
Guatemala	X	X	X							
Guinea	X	X	X							
Haiti	X	X		X	X					
Honduras	X	X	X							
Indonesia	X	X								
Iraq	X			X						
Kenya	X	X	X	X	X					X
Kyrgyzstan										X
Nepal										X
Pakistan										X
Somalia										XX
Tajikistan										X
Zimbabwe										X
*To date										
For the current USAID LRP program, the following three conditions must be satisfied:										
1. Demonstrated urgent need for food assistance;										
2. Precipitating, contributing, and/or exacerbating factors associated with the emergency must be directly related to the global food price crisis, or linked to a declared disaster; and										
3. Compelling evidence that the use of local procurement will save lives, reduce suffering, and/or serve more people than by using international procurement of Title II food aid.										

FY 2010 BUDGET REQUEST HACFO HEARING
DATA ON HUMANITARIAN FOOD ASSISTANCE BY OTHER
COUNTRIES TO SOMALIA AND ETHIOPIA

Somalia

The United States continues to lead in the humanitarian efforts in Somalia, providing significant resources for food relief, of which LRP represents about 12 percent of the U.S. contribution for 2008. The other major donors, who contribute mostly cash, include Canada, the United Kingdom, the Netherlands, Italy, Norway, Sweden and Saudi Arabia. In addition, the United Nation's Central Emergency Response Fund (CERF), the European Commission, the African Development Bank, and other multilateral sources also provided funds to the relief efforts in Somalia.

Ethiopia

The United States is Ethiopia's largest food aid donor, of which LRP represented less than two percent of the U.S. contribution in 2008. Other major donors, contributing almost exclusively cash, are Canada, Germany, Japan, Spain, the United Kingdom, Russia, Turkey and Ukraine, as well as the European Commission and the United Nations CERF.

Mr. REHBERG. Thank you, Madam Chairman.
Mrs. LOWEY. Thank you. Mr. Israel.

OPENING REMARKS OF MR. ISRAEL

Mr. ISRAEL. Thank you, Madam Chair. Mr. Fulgham, welcome. You have heard the Subcommittee's concern and interest in microfinance. I believe that there is a special nexus between microfinance and renewable energy programs throughout the world. There are sustainable business models where microfinance is assisting in the deployment of solar lanterns, solar flashlights, solar cookers and other renewable technology. Can you give me a sense of exactly what USAID is doing, the extent to which USAID is supporting microfinance programs on renewable energy?

Mr. FULGHAM. I think you are absolutely correct. In looking at our climate change strategy we are going to have to use innovation similar to this to get countries, especially where we have large economic issues, and with forestation, and farming and things of that nature, we have got to be able to bring the countryside into the game and get them to better understand why this is important for the longevity of their country.

The overall climate change strategy is going to try to get at some of those things as we work closely with countries to come up with a strategy on adaptation and implementation of these programs. We have not been as creative as we could be.

As you know, the Obama Administration is placing renewed emphasis on climate change, so now we have got to reconfigure and regear our operations to better address those issues. As we start to put together the strategies for the country, this will be an integral part of bringing especially the countryside into play and addressing this issue.

As for the work we are undertaking in this area, USAID funds a number of programs linking microfinance and renewable energy. The Agency has given a \$196,000 grant to ACCION International in Uganda to expand solar home lighting. USAID has also provided \$205,000 to FINCA, a microfinance institution, to assess the market in Uganda and Afghanistan for renewable energy services, particularly in low-density rural areas that lack access to the national electrical grid. In November 2008, the Agency hosted a workshop on microfinance programs on renewable energy, which involved Grameen Bank and other PVOs. USAID has also funded the "Energy Links PodCast" series, an online resource containing interviews and information from industry leaders.

The Agency is currently supporting two activities that focus on small and medium enterprises and microfinance institutions in the renewable energy sector. USAID is developing a toolkit and distance learning program to enable clean energy entrepreneurs to acquire business planning and technical knowledge to help them to develop bankable business plans. This program will support training classes in Senegal and Tanzania. In addition to the \$600,000 contribution from USAID, USAID's implementing partner has raised investment funds from a socially responsible investor. The primary technology focus of this activity is improved cooking stoves.

USAID also plans to work with Global Village Energy Partnership International to support rural and peri-urban clean energy Small and Medium Enterprises in Kenya, Uganda, and Tanzania. USAID anticipates spending \$200,000 on this project, which will also leverage funding from the Developing Energy Enterprise Project in East Africa program. The primary focus of this activity will be working with microfinance institutions to increase lending to borrowers in the clean energy technologies sector.

Mr. ISRAEL. Well, that is pleasing to hear. I know that you are seeking an increase of \$309 million to fight global climate change in developing countries. In your testimony you talk about funding being used for deployment of tools for Earth observation, geospatial information hubs and early warning systems. I understand that. That is pretty sophisticated and somewhat scientific. Let me share with you a more basic model that I am hopeful that USAID will pursue. I have met with some of your folks before on this.

This is a solar flashlight. You can buy one of these in the gift shop in the visitor's center. This solar flashlight is being deployed throughout the developing world. There is a model that the Subcommittee has heard me talk about repeatedly, and I will not torture them anymore by repeating it again, but there is a model in the Sunderbans in India where you have a small, sustainable microfinance program. Six women have a solar panel. They are using that to charge solar lanterns, they are renting the solar lanterns, they are lighting the village.

The Department of Defense would argue that to have stability, and security and prosperity you need a \$550 billion defense budget. In the Sunderbans we are doing it for \$35,000 with technologies like this. So I am very hopeful. This is my number one priority on this Subcommittee is working with you and other agencies to accelerate the deployment of simple technologies like this which light an entire village.

I am hopeful that we can work together on that. I have not had the opportunity to speak with you personally about it, but at first blush at least, do you think that this is consistent with USAID's mission, particularly with this ramp up in funding for climate change activities?

Mr. FULGHAM. As I said before, the status is evolving. We are looking at innovative ways to address these issues. We are clearly going to continue to look at the ecosystems and the forest land usage within these countries and we have got to look at appropriate technology as well, so it is a package. I think that once the new political leadership is onboard, these are going to be some of the things that we focus on as we look to increase the climate change budget, I hope, in the future to address a lot of these issues.

Mr. ISRAEL. My last question, one of the frustrations that I have, and I have shared this with Chairwoman Lowey, is USAID has its mission, we also have a Department of Energy that has an international assistance program that is meant to deploy technologies like this. To what extent do you actually coordinate with the Department of Energy to make sure that you are not duplicating, in fact, coordinating efforts to deploy technologies like this in the developing world?

Mr. FULGHAM. As you know, there is an interagency working group right now that is looking at these issues and there is more of a whole of government approach; there is more inclusion. As we begin to develop our new strategies and move forward in these particular areas, we are ensuring that there is not duplication in these areas. In these times of tight budgets we have to be very careful not to duplicate what we are doing with other agencies.

Mr. ISRAEL. My time has expired. As the new, as you say, political leadership shapes up, I look forward to working with them to advance the goal. Thank you very much.

Mr. FULGHAM. Look forward to working with you as well.

Mrs. LOWEY. I just want to emphasize that I have had many conversations with the Secretary about the issue of coordination because wherever we go we call it stovepipes of excellence. We are not complaining that people are not doing excellent work, but very often, in fact, Ms. Lee mentioned Ghana and we asked the Ambassador to bring together everybody, whether it was the foundations, other countries, World Bank, everybody who is doing work in that area, and they were delighted because they had an opportunity to meet each other.

They really did not even know each other. So I know this is a key priority of the Secretary—

Mr. FULGHAM. And deputy Secretary Lew.

Mrs. LOWEY [continuing]. It has been a key priority of mine, and the deputy for sure because it is essential, especially at a time with tough resources and for more effectiveness, that we coordinate the standard procedure. Mr. Crenshaw. Thank you.

OPENING REMARKS OF MR. CRENSHAW

Mr. CRENSHAW. Thank you, Madam Chairman. Welcome to you. I want to ask you a couple of questions about human trafficking. It is kind of a dirty little secret that goes on around the world, it even happens in our own country as well, and people do not talk about it very much because, frankly, it is pretty disgusting. It is just hard to believe in the 21st Century that people are being bought and sold for different activities. People just find it outrageous, but I guess it is something people do not want to talk about.

You see it on the TV, every now and then you read a report, but then it goes back. As you know, I think it was in 2000 when President Clinton was in office before I came to Congress they passed a law to try to confront all this, and part of that law, every year the Secretary of State has to file a report, the so-called Tip Report, that looks at human trafficking as it goes around the world, as well as our own country.

I understand the law allows us to sanction countries that we provide assistance to when they are not complying with the law. Do you know, what is being done at USAID to monitor that each year when that Tip Report comes out? Do we ever withhold assistance? Do we monitor that? Do we inform the countries that they are not meeting the standards? It seems to me when we will travel and I ask some leader, they will just say well, we are working on it. Can you give me some of your views on that?

Mr. FULGHAM. Yes. Sir, as the father of two daughters, this is probably one of the most reprehensible things that is happening in the world. I think that we recognize that this is happening mostly to people from vulnerable populations. It is all about political will. You have got to have countries and leadership in those countries who are willing to take the tough stance. I think our country has put in a tier process. If you reach Tier 3 then you are put on the list of no go, that your funding will stop, and that has happened to some countries.

I think we have been very vigilant with the TIP program and with the State Department in ensuring that if a country is not living up to the tier process that we are willing to intervene and make a case that they should not receive any more funding from the United States Government. Overall, you know, we are continuing to increase and monitor these programs, we are doing more outreach, we are providing housing, we are trying to do more from a counseling and sheltering perspective, and also, one of the things we have to do from a development perspective is get at the root cause of the poverty in these communities.

The more you can educate girls, the better off they are in understanding that there are economic opportunities out there and there is a better way forward for them. I think those are some of the basic things that we continue to do. We have worked very closely with international programs, the MTV program, which is a foundation, and doing lots of messaging, especially in southeast Asia and some of the problematic areas from transit to departure points. We are also trying to do a better job of forcing governments to recognize that they should not be involved in these processes.

When I was in Serbia, this was a major transit point and we put a tremendous amount of pressure on the government to shut down the transit point between Serbia and Montenegro. There were some really good efforts done by the Serbian government, but then we had trafficking in another way from Italy, so there is always a constant pressure on these governments to try and change their ways but you have to continue to be vigilant at all times. It is not going to go away easily because it is such a profitable industry.

Mr. CRENSHAW. So you do monitor the progress they are making and you actually sit down, and you do not necessarily condition the aid but you—

Mr. FULGHAM. If you go to Tier 3, your aid is cut off. Tier 2, you get a warning, you get a demarche, the USAID director in the foreign minister's office saying that if you go to Tier 3, then your aid will potentially be cut off.

Mr. CRENSHAW. Great. Well, that is very encouraging because, you know, if we have made this effort to really try to confront that. It is really encouraging to hear that you are making those kind of efforts. Thank you very much.

Mrs. LOWEY. Thank you. Mr. Chandler.

OPENING REMARKS OF MR. CHANDLER

Mr. CHANDLER. Thank you, Madam Chairman. Mr. Fulgham, good to see you. I apologize for having to step out of the room. I missed some of the questions, and I hope I will not duplicate some of the things that have been asked of you. First of all, I want to

applaud you and your fellows in the foreign service and with USAID for everything that you do. It is utterly critical to the future of our country, I believe. Of course, I think you will get general agreement on this committee as to that notion.

Our national defense, in my view, absolutely depends on what you all do. I am very pleased to see more emphasis placed on this area, on the whole idea of development and smart power, soft power, whatever you want to call it. I have a couple of questions that I think maybe have not been asked. One, I am curious about what USAID is doing in the way of developing markets. The Chair led us on a trip earlier this year to Central and South America and we were in Peru.

I think we were all very impressed by some activities in rural Peru to of course work on finding alternatives for people who had been producing coca in the past. One of the new developments, I understood, was before we would just help them with crops but nobody helped them find a market. There was not any way to get monetary reward for the efforts that they had made.

So if you could illuminate us a little bit on where that effort is going, how you are expanding it and so forth. And then the second question is a little bit different. USAID in the past has had a significant focus on preserving forests. This seems to have been broadened significantly in the fiscal year 2010 budget to include new landscapes. Can you give us a rationale behind the change in strategy there? Thank you.

Mr. FULGHAM. Okay. On the first question, I am happy to say that USAID has been involved in creating markets for the last 30, 35 years, especially on the agriculture side. I think your question is more specific in Latin America and the coca region.

Mr. CHANDLER. There seems to be a little bit of an increase in emphasis on it, it would seem to me.

Mr. FULGHAM. Yes. I think that if we are going to address unemployment and increase economic growth in these countries, we have to do a better job of creating the foundation and the infrastructure that is needed in order to promote economic growth in these particular areas. That means you need a market-based program that goes from soup to nuts basically.

You have from the time the crop goes into the ground, it comes out of the ground, it is packaged, it is marketed and then there is a market that it is going to in a particular region. That takes infrastructure from the government; it takes private sector involvement and it takes donor involvement, and you need all three of those working together. That does not come together in a year or two. As you notice, we have had significant amounts of funding going into that region and we are really just now starting to show fruit from those investments.

Now, the government is now taking over some of these activities and funding them themselves. That is when you know the development is really working in those communities. We are going to try to replicate that in Afghanistan, and in Africa, and other continents and other parts of the world as well because we see agriculture as the way to creating economic growth and job opportunities in these rural communities.

In regards to your question on preserving forests and broadening our efforts significantly, we recognize under climate change that we have to look at all avenues to diversify our programs to address the key issues that are affecting these communities that we are working in. Forestry is a huge issue for us. As you know, a lot of the countries we are working in, they are slashing, and burning and cutting down a lot of their forests, and so we are trying to provide additional advice and assistance.

We are bringing in additional officers on the science side, environmental officers. We are going to hire 40 over the next three years. Also, one of the great things that we have right now is that quite a few environmental officers who have gone off to do other things, now want to come back to the environment sector because there is additional funding. We are just looking at expanding our horizons and our ability to affect change in these communities, and we are going to bring science and technology to a lot of the thinking that we are doing in this regard.

Mrs. LOWEY. Thank you. Ms. McCollum.

OPENING REMARKS OF MS. MCCOLLUM

Ms. MCCOLLUM. Thank you. It is good to see you again.

Mr. FULGHAM. Nice to see you again as well.

Ms. MCCOLLUM. I would like to take a second to thank all the employees of USAID and recognize the bravery of those Americans, those unarmed service men and women, who represent our country so valiantly. You put yourself in harm's way to perform your missions of mercy that are vital to our national security. USAID employees take serious risks and all too often have given their lives for their country with little attention paid to the public sacrifice. So on behalf of myself, and I know other members of this committee, we thank you for your service.

Now, turning to the budget request here for fiscal year 2010, I applaud the administration for making a strong and long overdue commitment to fight hunger around the world through agricultural development. You, Mr. Rehberg, had a good conversation about relief, but this is about development focus that the President is working on. We know that agriculture is a proven strategy to reduce hunger, it raises income and it builds broad-based economic growth. It is development that works.

America has tried fighting chronic hunger with emergency assistance, as Mr. Rehberg was pointing out, and it is a flawed strategy and it has fallen short, so new President, new strategy. It is a smart investment, and I know it is going to pay huge dividends. I have another question, but part of what I would like you to talk about is how USAID plans to program the significant increases requested in the budget, and how USAID is going to fit in this whole role with the State Department on a new strategy.

Then I have another issue I would like to bring up, and this is an issue in the budget where I have to admit I am frankly very disappointed, and that is the budget with this administration, their request for the area of child survival. I believe we are missing a tremendous opportunity. As we are all aware, more than six million children under the age of five die needlessly every year from preventable, treatable diseases. Over nine million under five deaths

per year. So, you know, nine million children under age five per year.

During my eight years in Congress that would mean 50 million children have needlessly died from conditions like diarrhea, measles and pneumonia, which USAID and other partners have the experience, and you have the expertise to prevent it today if we choose to do so, if we choose to give you the tools you need to do that. Now, the impact of the global economic crisis on developing countries is expected to result in an additional—an additional—400,000 children in poor countries dying this year.

Now, we can do something if we choose to do something about it. The report released in April said the U.S. saved 1.2 million lives with PEPFAR since 2003 with billions of dollars. I want to save 1.2 million children's lives every single year. I know it is not in the President's budget, but I know he is concerned about maternal child health, so I would like you to tell us how we can work together to achieve this goal and start making a smart investment in the opportunity that we are missing in saving children's lives for literally, as the Chair and members of this committee know, for pennies. Thank you.

Mr. FULGHAM. Thank you. Those are two big questions.

Ms. MCCOLLUM. It is a big world.

Mr. FULGHAM. Let me just try to tackle the food security question. Right now we have a billion people living in poverty and hunger in the world. This number continues to rise, and we recognize that. I think the President's request to double the amount of assistance for agriculture provides the lead in trying to address that issue. When you look at agriculture as a productivity issue we have got to provide more seeds, more fertilizer and improved irrigation.

We have got to link the producers to the markets and improve infrastructure in the rural areas, provide better storage and removal of the trade barriers, as I discussed previously. The other part of the strategy, which is equally important, is that we are coordinating for the first time as a government. There is a task force that is being led by Cheryl Mills, counselor to the Secretary of State, where all the key players in the interagency, USDA, USAID, the State Department, are all coming together in order to plan out how to move forward with our new strategy.

One of the things that we have left out are the land grant institutions. We have got to get them back involved in this process. They were part of the green revolution 15, 20 years ago. We have got to get them back into the game. Also, it is private investment that is going to make a huge difference. We cannot solve this problem by government to government and funding alone.

It is going to take involvement from the private and public sectors in order for this to move forward and work. Then, I agree, we have to continue to focus on nutrition for children under two. I think by creating a larger agricultural base in these countries we can get at that, but we have to work at that from a regional perspective. Then, we need to focus greater attention on the role of women. I could not agree more. We have got to do more to support women and create opportunities for them for finance and credit, and also a role in the agricultural sector within the country.

On the child survival issue, I think the administration is looking at this from a macro perspective. We want to get at a lot of other things that are important to the overall sector. We believe that the amount of money that has been requested by the administration adequately allows us in fiscal year 2010 to maintain the momentum that has been created over the last few years.

I do not think one year makes a story. I would like to really look at this again two years from now, or three years from now and see where our numbers are. There is nobody in this room more committed to this issue than the Chair, and we have heard from her diligently about the fact that we want to see those numbers up. I really look at this budget from a holistic perspective. In the out years I think we will be able to provide more, but right now there are a lot of things crowding out some of these issues, and I think that in the out years we will be able to make up for it.

Ms. MCCOLLUM. Madam Chair.

Mrs. LOWEY. Thank you.

Ms. MCCOLLUM. Madam Chair, if I could, if the gentleman from Illinois will indulge me just for a second to talk to the committee. I think we need to look, I have been a strong supporter of PEPFAR, but I think we need to look at the outlays and what is going on with PEPFAR and the billions of dollars being spent versus the millions of dollars that could be spent to save more lives and have more children being able to enter school successful and healthy with all the school programs that the administration is working on.

So I think that this committee should really take a look at it. I know you are going to be driving for efficiencies, and I think we will be able to do that. For the record, I would like to enter a couple of pages from a report from Save the Children talking about many of the things that the acting director spoke to. Thank you, Madam Chair.

Mrs. LOWEY. Thank you. Mr. Jackson, we are delighted to accept the report for the record.

OPENING REMARKS OF MR. JACKSON

Mr. JACKSON. Thank you, Madam Chair. Let me first begin by offering an apology to the Chair and to Members of the Committee for my tardiness, and certainly to Mr. Fulgham. This morning at my son's school was a unit of discovery where he had to have his parents there to kind of share with his classmates and with his parents a little bit about himself and I just could not miss it.

I want to follow up very quickly on Ms. McCollum's question about agriculture and be a little bit more poignant. Given the President's ambitious agricultural agenda globally, does USAID have the capacity and the agricultural experts to ramp up so dramatically across so many regions in just one year? And I wanted to hear your answer, Mr. Fulgham, to that question, and I also want to raise the question, I think I am going to get them out of the way at one time, about global health.

Last week the President announced his commitment that his budget will provide a total of \$63 billion between fiscal year 2009 and 2014 for global health programs. In the announcement the fiscal year 2010 budget is highlighted as a down payment on this commitment, yet the budget only requests an increase of \$406 mil-

lion for global health and HIV and AIDS programs, and only \$106 million if the Committee approved \$300 million is ultimately approved. This represents only a 1.4 percent increase over fiscal year '09.

A major obstacle to reducing maternal mortality is the shortage of doctors, nurses, midwives, and mid-level health workers who are skilled birth attendants. In Sub-Saharan Africa and large parts of Asia, fewer than half of births are attended by a skilled birth attendant. USAID's maternal and child health strategy includes an increase of at least 100,000 in the number of community health workers and volunteers. What is USAID's strategy to reach this goal? And further, there is a broad recognition that a volunteer model for community health workers is unsustainable and leads to high levels of attrition. What measures will USAID take to ensure that these 100,000 community health workers are fairly compensated?

Mr. FULGHAM. On your first question, Mr. Jackson, earlier I talked about the rebuilding of the agency. We have depleted our agricultural staff over the last 15 years and we are now in the process of replenishing that staff. We are looking at hiring about 93 agricultural officers over the next three years. We have got about 20 in the system right now.

In our major programs we have adequate attention, but we cannot expand rapidly in various parts of the world because of our inability to get the officers in the right places at the right time. I think clearly over the next couple years you will see a significant ramp up in this area that will allow us to do more on the agricultural side. We will continue, however, to have contractors in place in countries that are in desperate need of this technical support, but eventually moving those contractors out with direct hire assistance.

Mr. JACKSON. Global health.

Mr. FULGHAM. On the global health issue, USAID will carry out its strategy to reach the goal of 100,000 additional community health workers across the 30 "MCH Priority Countries" during 2009–2013. The initial approach will be to work with the approximately 15 countries that have policies and programs that include community workers as part of their national health strategy. In these countries, USAID will help upgrade and expand these community-based programs through the in-service training of workers, improving supervision systems, providing workers with educational and other technical materials, and, in some cases, with commodities to distribute to their communities. Senegal, Nepal, Bangladesh, Ethiopia, Madagascar, Malawi, Mozambique, Uganda and the Democratic Republic of Congo, for example, have recognized that extending high-impact interventions to greater numbers of families will require community-based service delivery.

Once this approach is underway in countries with existing community-based programs, USAID will identify additional countries among the MCH Priority Countries that do not have such programs, but where need and readiness for them exists. In these countries, USAID will help governments examine the options and best practices for community-based programs, and will provide assistance in the development and roll-out of the programs, including

the training of new community health workers and the supervisory and logistic systems needed to support them.

With respect to compensation USAID supports fair compensation and incentives for Community Health Workers by helping introduce and scale up successful experiences and approaches for health worker compensation. Community Health Workers receive compensation or other meaningful incentives that result in sustainability of community-based programming in a variety of ways. Ethiopia's Health Extension Workers, for example, are directly paid by the government. In other countries, these workers receive remuneration by being allowed to keep a small mark-up on drugs and commodities they are permitted to dispense. This is the case with workers who provide community-based distribution of contraceptives in many countries. In some cases, CHWs receive support or special privileges from communities themselves. In other cases, non-financial benefits, such as free health services for themselves and family members, provide apparently adequate compensation.

Even pure volunteer models have been successful at scale in some cases: For example, Nepal's Female Community Health Volunteers—who are a key element of that country's success in being on track to both Millennium Development Goals (MDG 4 and MDG 5)—are not paid, but many have been in their positions for a decade or longer. Their compensation comes from the effectiveness of their actions and the regard they receive from their communities, along with the strong commitment and systematic support of the health system at all levels.

USAID systematically analyzes and documents these approaches and their results, shares them with governments of countries that might apply them in their own community-based programs, and helps those countries to implement, evaluate and assure success of their chosen approach.

Mr. JACKSON. I appreciate that. Let me, I wanted to raise one last question, I think I just have another minute or so. The lack of access to safe drinking water and sanitation has a significant impact on the lives of millions of people every day. Providing safe drinking water not only improves health outcomes, but it also has an economic benefit for families and communities.

Over the past few years Congress has requested that USAID fund water programs in a sustainable way. Can you give us some sense of what USAID's water strategy is? And in fiscal year 2010 the MCC has requested significant funding for water and sanitation oriented compact with Jordan. Can you give us some sense of the role in the water sector of Jordan and tell us how the MCC compacts build on USAID's prior commitment in that country?

Mr. FULGHAM. Yes, actually I can give you a little bit on that. I led the delegation to the World Water Conference in Istanbul about six weeks ago. Clearly we recognize that water is going to be one of the biggest issues we face over the next ten years. There are going to be countries that will probably run out of water before we run out of oil. And we are talking about massive populations potentially having to move to try to find that water.

I believe that there are over 260 water ways that more than two countries share in the world. So clearly this is a huge issue for us. We are ramping up our water program at USAID, and Jordan as

the example that you just gave is probably one of the more exemplary programs, but we still have problems there. It is about governance, it is about cost, it is about technology. We have been working very closely with the Jordanians.

Right now out of their twelve aquifers, ten are in trouble. We have been working with Jordan over the last 20 years on water and conservation and costing. This new compact that Jordan is putting together with the MCC will be built on USAID programming.

We are maximizing our investment which will allow us to create an environment where in Jordan they are doing the things they need to do to make the critical decisions to ensure that they have water in the future. But this is just not Jordan. We have, as I said, significant problems in the continent of Africa with water, and we have got to get back to basic programs that are identifying ways for governments to plan and strategize and come together with public-private partnerships. Once again it is not going to be just development dollars that make a difference in these countries, it is going to be the public and private sector and also donors coming together to come up with resources and strategies to affect the water in these countries.

Mrs. LOWEY. Thank you. And thank you for your time. This concludes today's hearing on the U.S. Agency's International Development Fiscal Year 2007 Budget Request. The Subcommittee on State and Foreign Operations and Related Programs stands adjourned.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Chairwoman Nita M. Lowey (#1)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

High rates of illness and death among women are rooted in the stark gender disparities that characterize women's lives throughout much of the world. These include lack of access to education, income, property, and other productive resources, and social, legal and cultural norms that limit women's control over their own bodies and lives. As you know, sexual violence and coercion against women are also being used as weapons of war in countries, such as the Democratic Republic of the Congo and Sudan.

How is USAID implementing its programs that address violence against women within conflict situations?

Answer:

USAID-supported programs to address the consequences of sexual violence for victims, their families, and communities include prevention, protection, care and treatment. Among these, community awareness activities aimed at traditional local leaders as well as women's groups, promote women's rights, increase the acceptance of rape survivors back into their communities and empower communities to protect themselves. Support and training for hospitals offering care and treatment, both medical and psychological for survivors is offered. USAID assistance in the repair

of violence-induced fistula is critical, but requires specialized surgical training as well as an increase in knowledge of and access to the operation. In conflict situations where sexual and gender based violence (SGBV) has been exacerbated by a culture of violence and impunity, weak governance and justice systems and large numbers of displaced populations, community-based programs provide support where it is most needed.

In the Democratic Republic Congo (DRC), USAID has allocated more than \$10 million to date for programs that have assisted more than 100,000 survivors. USAID and the U.S. Embassy, have taken an active role in the Thematic Sub-Group on SGBV, which seeks to raise awareness and promote coordination within the Government of the DRC and donor communities. USAID supports a more active and accountable role for the Government of the DRC, particularly the Ministry of Gender, Family, and Children. USAID is also planning a new program to prevent and respond to SGBV in the North and South Kivu provinces in the DRC that strongly emphasizes partnerships with national and local NGOs, community-based organizations (CBOs), and government institutions to deliver services that meet priority needs identified by targeted communities. Since July 2005, USAID/DRC has supported activities that address traumatic fistula resulting from rape. Program components have included fistula repair services,

training surgical teams for fistula repair and management, and strengthening the capabilities of surgical and nursing staff. The fistula program has consisted of financial and technical support to Heal Africa and Panzi Hospitals in North and South Kivu provinces.

In Sudan, USAID has collaborated with the United Nations Development Programme to address SGBV in war-torn Darfur with special attention being given to the protection of women and girls. USAID funded a project that strengthened the legal response capacities of both the government and non-government sector in the region which strengthened the support and representation provided to victims of SGBV.

Question:

Is there meaningful coordination and collaboration with other U.S. government agencies administering programs that also address violence against women, like the Office of the Global AIDS Coordinator?

Answer:

USAID is actively engaged with other USG agencies on this issue. For example, as part of the President's Emergency Plan for AIDS Relief (PEPFAR), USAID collaborates closely with the Office of the Global AIDS Coordinator (OGAC), HHS/CDC, Department of Defense (DoD) and other USG agencies to provide technical leadership on addressing gender-based violence (GBV), which is a key strategic area under the PEPFAR gender

framework. Current programming under PEPFAR includes an initiative in three Sub-Saharan African countries (Rwanda, South Africa, and Uganda) to establish and expand access to comprehensive services including the provision of post-exposure prophylaxis (PEP) for victims of sexual violence.

Question:

Is there coordination and collaboration with the Department of Defense in order to ensure that U.S. forces and personnel deployed to regions with high rates of violence against women are sensitized to the issue and offer adequate support services?

Answer:

When appropriate, USAID works closely with counterparts including the Department of Defense (DoD). Training is currently mandated at the DoD level and is provided to deployed forces and U.S. personnel. For example, all of the staff at the headquarters of Africa Command are required to complete an annual Combating Trafficking in Persons training. This training program addresses violence against women through slavery, trafficking and exploitation. Africa Command receives about \$88 million in HIV/AIDS funds for programs for service members and their families with emphasis on country specific issues in gender-based violence. In addition to the Combating Trafficking in Persons training, Africa Command is in the process of developing a mandatory Human Rights training program based on one currently used by U.S. Southern Command. This Human Rights

training is not specifically focused on gender-based violence and similar issues, but will impart knowledge on how to recognize human rights abuses and appropriately react and report in such situations.

Question:

Does USAID ensure that victims of sexual violence have full access to sexual and reproductive health services, including emergency contraception where legal?

Answer:

USAID provides a range of reproductive health services for victims of sexual violence in thirteen countries in Africa, Asia and Latin America. Typically, as in the Democratic Republic of Congo (DRC), USAID works with implementing partners to provide victims of sexual violence with access to medical care, including psycho-social counseling, family mediation, socio-economic assistance, and legal referral when appropriate. While we don't purchase the product, USAID supports programs that offer emergency contraception. USAID also supports research relating to the provision, use and effectiveness of emergency contraception in countries where it is approved.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Chairwoman Nita M. Lowey (#2)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

I applaud the Administration's substantial fiscal year 2010 request for basic education programs. As you know, no nation has ever achieved sustained economic growth without achieving near universal primary education, and adults with a primary school education earn twice as much as their uneducated counterparts around the world.

The President's budget calls for sizable increases in education spending for Afghanistan and Pakistan, two countries where we have seen a troubling, and sometimes violent, opposition to girls' education. How does the Administration plan to ensure these increases will result in Pakistani and Afghan girls receiving a quality education in safe settings?

As you know, more than half of the world's 75 million out of school children live in conflict-affected and fragile states, places where schools can provide a sense of normalcy for kids, as well as a foundation for tolerance and understanding. Can you discuss the Administration's strategy for reaching the often hard-to-reach children residing in conflict-affected and fragile states?

Answer:

To answer the first question, the Administration is committed to ensuring Pakistani and Afghan girls have the opportunity to receive a quality education in safe settings. This is a challenge that requires a coordinated effort among U.S. agencies and international partners to promote stability through a combination of appropriate military, diplomatic and development

interventions. USAID's commitment to supporting women and girls is an integral part of its overall program assistance and strategy in both Afghanistan and Pakistan. Under the Taliban, Afghan girls were not allowed to go to school; today over 6 million children are enrolled in school and 2 million of enrolled students are girls. While Afghanistan and Pakistan present different country contexts, there are some common principles that USAID applies to promote girls' education and to improve their success, which are discussed below.

1. Strengthen legitimate institutions:

- USAID established the Women's Teacher Training Institute (WTTI) in 2004 with a mandate to become the leading literacy and teaching training center in Afghanistan. In 2008, the Ministry of Education's National Literacy Center took on the work of the WTTI and will expand efforts to train and certify female village teachers in rural and remote areas and create a cadre of women trained as social organizers, village teachers, and productive skills trainers.

2. Improve secure facilities so girls feel safe:

- USAID has supported construction of boundary walls at girls' schools and the placement of latrines for girls in safe and secure locations.

3. Provide incentives for families to send girls to school and for girls to want to stay in school:

- USAID's basic education programs in Pakistan provide basic necessities such as sanitation facilities, clean water, and "take-home" food for girls and their families.
- USAID provides clean water to 190 girls' primary schools in 90 FATA villages, benefitting 420,000 girls. Enrollment in participating schools receiving clean water has doubled overall and tripled for girls.
- Improving the quality and relevance of education also provides an incentive to keep girls and young women in school.

4. Reduce cultural objections to girls education:

- To overcome cultural objections to girls mixing with unrelated men and boys, USAID supports teacher training activities targeted at increasing the number of female teachers. For example, USAID continues to support a variety of teacher training activities in 11 Afghan provinces and 30 percent of teachers benefitting from this training are women, a participation rate that will improve as the initiative expands.
- In its efforts to ensure girls and young women have access to housing close to where they attend school and therefore do not have to travel

long distances alone from home, USAID repairs or constructs hostels at schools.

- In many Muslim majority countries, USAID also works with local community leaders to persuade them to support girls' education in their community.

In response to the second question on the Administration's strategy to reach children in conflict-affected countries, USAID believes conflict-sensitive education programming is an integral component of conflict prevention and post-conflict stabilization efforts. In the medium to long term, education can mitigate fragility and promote stability in conflict and post conflict countries. Fragile/emergency settings require innovative approaches to ensure continuity of basic education. USAID has developed the "Education and Fragility Assessment Tool" and we continue to improve our efforts based on lessons from programs in countries affected by conflict, natural disaster, and other emergencies. One approach includes providing second-chance education opportunities for youth who may have missed education due to participating in or being a victim of conflict. For example, in Liberia the Accelerated Learning Program (ALP) is making it possible for drop-outs and over-aged children and youth to complete their primary education within three years. ALP has benefitted more than 16,000 Liberian

children and youth since its inception in 1998. During the 2007-2008 school year, more than 2,600 Liberian children earned a primary school certificate of completion; and nearly 800 of about 5,500 youth graduated the program.

Question:

I am pleased that the President's budget understands the importance of expanding access to basic education and includes a \$1 billion request for these important programs. Over the past decade, I have worked with USAID to focus not only on expanding access to education but also on improving the quality of that education. By focusing resources and technical capacity in countries, such as Nicaragua and Ghana, we have learned that a multi-year partnership with the country government that includes a focus on curriculum reform, teacher training, and student testing can lead to better student outcomes and stronger schools. Now, with a \$1 billion budget request for basic education, what lessons learned will be taken from these programs? In countries where USAID has instituted this multi-year planning process, what have been the largest roadblocks to success?

Answer:

Quality education implies many things: safe schools for girls, less rote and more active learning, better textbooks and teaching materials, better prepared teachers, a curriculum relevant to the communities' needs, monitoring and assessment of student learning and teacher performance; and, the use of results-based management. Only quality and relevant education will ensure the success of all learners so that they can lead better, healthier and more productive lives.

USAID's basic education programs are based on multi-year plans that correlate with each country's national education plans. Country national

education plans generally take a 5-10 year planning horizon, and the standard length of USAID planning documents is five years for most countries or three years in the case of fragile states. Multi-year plans allow USAID missions to focus resources and technical capacity on specific areas, most often curriculum reform, teacher training, and student testing. What we have found is that significant changes in educational outcomes take time – generally at least two years, to over 10 years – so a multi-year planning horizon is critical to realizing incremental results.

In addition, to achieve meaningful scale and sustainability, mission staff work in partnership with an ever-changing array of key stakeholders within each country, from ministry and donor officials, to teachers and educational administrators. So, while having a longer-term view (i.e., across projects) linked to national education plans is critical, we also must be prepared and open to new partners and windows of opportunity.

Effective educational progress requires consistent and transparent program monitoring, and modification when needed, to ensure a process of continuous learning and adaptation. One of our other key lessons learned is that this must include measurement of actual student learning, not just proxies such as enrollment and completion rates.

There are numerous roadblocks to success in our efforts to expand access to a quality basic education. These include: untrained or poorly trained teachers; poor management of the time students spend in school, resulting in a low percentage of time spent on task; capacity challenges across educational systems and within communities; poor policies; insufficient attention to tracking learning outcomes; inefficient use of resources; and, the impact that conflict, poverty, gender, ethnicity, and/or poor health and nutrition can have on students' ability to attend school, or learn if they are in school. USAID attempts to address these roadblocks by taking a holistic approach to development in each country and working in coordination with other stakeholders in support of country-owned education plans.

Another challenge to mission success is the difficulty in committing to funding levels over a 3-5 year period since funds are subject to yearly appropriations. This places constraints on multi-year planning. Multi-year planning and implementation is particularly important in education to achieve and measure even subtle changes in performance. Educational progress can take decades to realize and requires long-term vision and investments.

Question:

In many countries, schools serve as a community gathering spot and provide not only an education but also a myriad of services, including health programs, to children and their families. What steps has USAID taken to increase parent involvement in schools? What more can be done to make USAID's model schools the center of a community? How can USAID better integrate health and other development programs into the basic education initiative?

Answer:

Community involvement is a centerpiece of USAID-sponsored school reform initiatives and can take many different forms depending on the program and the country's needs. Under some programs, such as Yemen's Basic Education Support and Training program, missions make a concerted effort to engage communities and to encourage greater transparency and accountability. Parents are often organized into school management committees or parent-teachers associations. These groups can be extremely effective toward ensuring that schools are accountable to communities (e.g., that teachers show up, on time) and also that communities are adequately supporting children, including helping them with homework and reaching out to girls, orphans or other children to ensure that they re-enter or stay in school. Schools are often used as locations for immunization and feeding programs, with parents preparing the food or establishing school gardens to teach nutrition and provide extra food.

What we've also learned over the years is the importance of quality education as a way to increase access and promote parental and community involvement in the schools.

USAID, in collaboration with stakeholders, has made a concerted effort to support effective cross-sectoral programs that integrate health, economic growth, and other development programs into basic education initiatives. The Agency's education and youth programs, in particular, are building on past gains and working across sectors whenever possible to increase opportunities for education, employment, civic participation, healthy lifestyles and conflict prevention.

USAID Missions work to better integrate development programs at the country level and support country-owned education sector plans which are designed to build synergies among education, food security, health and other sector policies, with a view to establishing human resources across sectors needed for growth. USAID encourages a cross-sectoral approach to development and poverty reduction, taking into account the specific context of each country and aiming at long-term sustainability.

This approach requires country specific analysis to identify the most effective modalities by which aid in education may specifically contribute to development results across sectors on a country level. In line with principles

of the Paris Declaration, education should form a crucial element in the design of country specific inter-sectoral development plans.

Nearly 300 million school age children and youth currently do not have access to quality education so that they can become productive and healthy adults. Many have missed out on educational opportunities entirely. Our goal is to provide children and youth with quality and relevant basic education and services that prepare them to be healthy, engaged, and productive citizens and that requires making sure that we have appropriate mechanisms and resources.

Question:

USAID has implemented this initiative in a bilateral manner. In the past year, many have noted the success of the World Bank's Fast Track Initiative and are calling for a new "Global Fund for Education", mirrored on, and learning from, the success of the Global Fund to Fight AIDS, Tuberculosis and Malaria. Will the United States be taking a leadership role in establishing such a multilateral fund? How would the U.S. government technical expertise and model school initiative be integrated into such a global effort?

Answer:

The U.S. fully supports working multilaterally, including on basic education programming. We work with other donors and partner countries to improve coordination of assistance in support of country-driven education strategies and to close gaps in education financing, data, policy and capacity. While most of the United States' contribution to reducing the global

education deficit is made through bilateral support, the United States is looking at several ways to expand our multilateral cooperation, including participation in multilateral funds. Our participation will be informed by lessons from an in-process evaluation of the Fast Track Initiative and from other global funds.

We remain committed to the goal of increasing access to quality basic education, especially for at risk and hard to reach children and leading by example to encourage donors and host countries to demonstrate results.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Chairwoman Nita M. Lowey (#3)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

Economic development generally and food security specifically will not be achieved without strong higher education systems in developing countries. There is great interest in the US and the Africa higher education communities in building African capacity so those nations can solve their own development challenges. The FY 2009 Omnibus provided \$133 million for higher education. What are the plans for spending the FY 2009 allocation for higher education and what is the U.S. government's long term vision and strategy to assist the higher education sector, particularly in Africa?

Answer:

USAID recognizes that economic and social development cannot be achieved in any developing country without a strong higher education system. The goal of USAID's work in higher education is to improve the human and institutional capacity of higher education institutions to effectively contribute to their country's economic, political and social development. USAID achieves this goal through programs, policies and institutional relationships that strengthen and engage higher education institutions so that they can provide: policy analysis; applied research; and training, degree, and extension programs in technical sectors of critical

importance to country development such as teacher training, vocational training matched to labor market needs, public and business administration, health, agriculture, information communication technology, natural resource management, science and engineering.

The FY 2009 allocation, in partnership with resources from the private sector and foundations, will be used to continue to strengthen the capacity of higher education institutions worldwide to meet their own development challenges. Of the approximately \$146 million to be managed by USAID for higher education programs in FY2009, about 44 percent is slated for programs in Asia, 22 percent for Middle East programs, 9 percent for Latin America and the Caribbean, 7 percent for Europe and Eurasia and 2 percent for Africa.

In Africa, USAID will be using the FY 2009 allocation by working with businesses, foundations, non-governmental organizations, public sector agencies and higher education institutions to train youth in skills matched to employer needs, and to strengthen Africa's human and institutional capacity in key areas such as agriculture, economic growth, health, microfinance and private enterprise development and teacher education. In Sub-Saharan Africa, the Agency is working through partnerships to improve the links

between tertiary education and economic growth so that tertiary institutions meet community and marketplace needs.

In future years, USAID would like to increase support to higher education institutions in Africa, especially by linking goals and programs in other sectors such as economic growth and agriculture with higher education capacity building and partnership. Increasingly the agency will also look at how higher education supports the entire education continuum and workforce development within a country. USAID will also continue to support partnerships between higher education institutions in the U.S. and developing countries, including those in Africa, and programs that support improving institutional development and reform for higher education in host countries such as scholarship opportunities, especially for conflict-affected countries or regions such as Afghanistan, Pakistan, and West Bank/Gaza. Indeed, providing alternative options such as distance learning and scholarships to other countries can greatly increase opportunities for women in such settings. For example, over 730 female students have received scholarships to pursue graduate degrees in Pakistan and the United States.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Chairwoman Nita M. Lowey (#4)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

In FY 2008 and 09, the USAID spent nearly \$45 million on microbicides development. USAID sustains strong partnerships with public and private organizations working on microbicides development, including trials in developing countries where its experience is extensive, and is particularly well positioned to facilitate introduction of microbicides once they are approved.

How will you ensure that there are adequate processes for external review and consultation at USAID on microbicide program priorities and strategies to ensure strategic, well-coordinated allocation of resources?

Answer:

The U.S. Agency for International Development (USAID) is committed to the development of safe, effective and acceptable microbicides for the prevention of HIV and other sexually transmitted infections. USAID seeks to maintain a rigorous and transparent internal and external scientific review process of its microbicide development activities and is committed to external review for all large clinical trials. Activities that align with USAID priorities and contribute to the unique mandate of work in low-income settings are proposed by implementing partners and approved by a

biomedical review panel on an annual basis. Prior to submission of these proposals, each activity is thoroughly vetted by the respective cooperating agency's internal and external review mechanisms. Each January, USAID convenes its microbicide development partners, including implementing partners, other United States Government (USG) agencies and donor organizations, to discuss progress of ongoing and planned activities, strategic directions and cooperation amongst different organizations. The document *Scientific Review of Microbicide Research and Development Supported by USAID* outlines in detail the review processes and coordination efforts, which can be accessed through:

http://www.usaid.gov/our_work/global_health/pop/techareas/research/microbicide_research.pdf.

Additionally, USAID and the implementing partners it supports, are active participants in scientific meetings attended by representatives from across the microbicide development field, including multiple USG agencies as well as universities, large foundations and private organizations. These meetings provide a valuable forum for critical examination and interaction between stakeholders on technical issues, programmatic priorities and strategic coordination.

Question:

Federal coordination of scientific research and clinical testing of microbicides, including pipeline prioritization, is essential to ensure best use of resources and avoid duplication of effort. Would you support development of a strategic work plan for microbicide development that details USAID's plans for "next-generation" product development and prioritization? Congress has requested this review in the past, but to date the required strategic planning has not been undertaken.

Answer:

To ensure coordination of federally sponsored microbicide research and development, USAID is in frequent and extensive consultation with other USG agencies, including the National Institutes of Health (NIH), Centers for Disease Control and Prevention, and Food and Drug Administration. This coordination allows the strategic implementation of all preclinical and clinical research, including the prioritization of candidates in the product pipeline. USAID also partners with other USG agencies in developing the *U.S. Government Strategic Plan for Microbicide Development* and has recently submitted materials to the NIH Office of AIDS Research, which is updating this plan for 2009. These efforts ensure the best use of Federal resources and avoid duplication of effort.

USAID fully supports the development of a strategic work plan for next-generation product development and prioritization. Indeed, USAID and a variety of other stakeholders have collaborated with the Alliance for

Microbicide Development to complete *The Microbicide Development Strategy*, a framework for future activities in the microbicide field, which can be accessed at: <http://www.microbicide.org>.

In response to Congressional requests, the USAID five-year (2006-2010) strategy for microbicide development was articulated in the *USAID Health Research Report to Congress* of May 2006 and updated in the *Report* of September 2008. In 2008, USAID also submitted through the Office of the Global AIDS Coordinator a Report to Congress titled *Strategies to Support the Introduction, Distribution, and use of Safe and Effective Vaccines and Microbicides*. For 2009, Congress has requested a strategic work plan for microbicide development with special regard to plans for next-generation products. This plan is now in preparation.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Chairwoman Nita M. Lowey (#6)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

We are facing a global environmental crisis: up to 30 percent of mammal, bird and amphibian species are threatened with extinction; within 20 years half the world's population could be living in water-stressed countries; fish stocks are collapsing worldwide, putting at risk the over 1 billion people who depend on fish as their primary source of protein; and we're still losing 13 million hectares of forest annually. The Millennium Ecosystem Assessment stated the long-term success of meeting all of the MDGs depends on environmental sustainability. Additionally, many of these species and resources support global goods and services such as pharmaceuticals and commercially traded products. While we applaud your emphasis on climate, the USG climate response will not reverse many of the alarming trends we are seeing in biodiversity loss and degradation, much of which is driven by issues not related to climate.

Question:

Given all this, why is there so little mention of environmental sustainability or biodiversity conservation in the international affairs budget?

Answer:

The international affairs budget request covers many high priority programs, including environmental sustainability and biodiversity. Biodiversity remains a distinct budget and program area, despite expanded initiatives in related areas, such as climate change and food security. USAID continues to emphasize biodiversity and environmental sustainability, and values the coordination of the Agency's

environment portfolio with governance, livelihood and other development objectives.

Question:

Why has the USAID biodiversity earmark, which for relatively little money has accomplished so many effective programs, been basically flatlined in the request?

Answer:

USAID appreciates the recognition of the effectiveness of our biodiversity programs, and we agree with this assessment. The President's FY 2010 biodiversity request represents an increase of 47 percent over the FY 2009 request – from \$125 million to \$184 million.

In addition to the Agency's direct biodiversity activities, USAID's natural resources management and climate change programs will increase the impact of our biodiversity efforts and foster conservation of vital habitat by addressing some key underlying causes for biodiversity loss. Conversely, many of USAID's biodiversity activities will support the objectives of our climate change and natural resources management programs. For example, biodiversity activities involving forest conservation will contribute to carbon sequestration and mitigating severe weather events. This type of integration will increase the cumulative results of all of the Agency's programs.

Question:

In the past, USAID had a significant focus on preserving forests and this seems to have been broadened significantly in the FY 2010 budget to include new landscapes. Can you provide the rationale behind the change in strategy?

Answer:

USAID sees this as a growth rather than a change of strategy. Sustainable management and conservation of forests remains as a fundamental, major, and expanding set of activities. The term new landscapes recognizes that forests alone do not define the dynamic continuum of environmental regions. Sustainable landscapes investments are included in the budget under climate change because they are explicitly designed to deliver emissions reductions and increased sequestration across the dynamic continuum of the landscape, through actions such as reducing deforestation and forest degradation, promoting sustainable forest management, increasing carbon storage through enhanced forest cover, tree planting and agroforestry, and increasing carbon storage in the soils through promotion of soil conservation and other sustainable agriculture practices. USAID's approach will focus on building national government capacity to sustainably plan and manage land uses, promote policy reform to create enabling conditions for landscape-level transformation, and pilot innovative approaches that bring private carbon market finance to achieve community-level development outcomes.

Finally, USAID sees a synergistic relationship between sustainable landscapes and climate change adaptation. Better management of natural resources will lead to more regular and sustained water supply, diversified food sources, alternative income opportunities, and more productive and drought tolerant agriculture. All of these outcomes will be essential to help communities to adapt and be more resilient to a future that in many locations may include changed rainfall patterns, higher temperatures, and more frequent and intense droughts and floods. A more sustainable landscape and a more diversified economy should reduce dislocations and potential societal conflicts that may result from such climate change impacts.

Question:

The request includes funding for a new program area – adaptation. Can you explain what types of programs would be funded in this program category and why this is central to the climate change agenda?

Answer:

This budget represents significant expansion of successful and groundbreaking activities and the mainstreaming of climate change adaptation across USAID's programs. The climate is already changing, and many impacts of climate change will be unavoidable due to changes in the atmosphere that have already occurred. Adaptation is central to the climate change agenda because climate impacts are already being observed and developing countries have the least

capability to cope with climate variability and change, in part because their economies are concentrated in climate sensitive sectors. As noted by the State Department's Special Envoy for Climate Change, Todd Stern, adaptation to the impacts of climate change is of paramount importance to developing countries. Developing country economies are concentrated in climate sensitive sectors such as agriculture and tourism. The poorest of the poor, seeking available land to work and inhabit, often occupy low value lands that are at higher risk of disasters. Climate change will exacerbate these vulnerabilities if steps are not taken to enable developing countries and their people to understand and respond to the changing risks they face.

USAID has developed activities in the area of adaptation for several years. Climate change is a stress that will compromise the effectiveness of USAID's investments in multiple sectors, from natural resources management and agriculture to economic growth. Understanding and adapting to climate stresses is critical to the success of USAID programs in all of these sectors. USAID has developed an integrated approach to promoting climate-resilient development, which builds resilience to climate change while also promoting economic growth and protecting valued ecosystems. The approach relies on the development and refinement of several tools that embody the types of programs that USAID will undertake with additional funding that help address data collection needs. While

these tools provide access to information, there is much work to be done to improve the tools and the data provided via the tools for decision-making.

The tools include:

SERVIR Expansion: SERVIR is an existing USAID-NASA supported program that provides web-based access to environmental and hydro-meteorological data and information, including weather forecasts, fire alerts, tropical storm tracking and hazard alerts, information on red tides, and thunderstorm warnings. SERVIR hubs currently exist in Central America and East Africa. With additional funding, SERVIR hubs will be expanded to West Africa, Southern Africa, South Asia, Southeast Asia, the Pacific Islands, and South America.

Climate Mapper Tool: This tool for the SERVIR platform gives project designers access to “historical” weather data as well as “projections of climate change” for all land surfaces on Earth. It presents data from the University of East Anglia’s Climate Research Unit as well as outputs from models used in the IPCC’s Fourth Assessment Report. With additional funding, this tool will be refined to incorporate regional and local data as well as the development of tools to aid in interpretation and application of data.

Climate 1 Stop: The development of a data portal that consolidates climate data, tools, and experience from a variety of partners (e.g., donors, NGOs, academia, multilateral organizations) is extremely useful and attractive to a growing coalition of donors and users. This 1 Stop concept has been endorsed by many other donors who have shown an interest in contributing to its design and deployment.

Guidance Manuals: USAID developed an *Adaptation Guidance Manual* designed to assist USAID missions and other partners to understand, analyze, and respond to the potential impacts of climate change on development challenges, and to develop effective approaches to solving those challenges. USAID also recently finalized another manual, *Adapting to Coastal Climate Change* that provides a detailed treatment of climate concerns in coastal areas, and proposes an approach for assessing climate vulnerability, developing and implementing adaptation options, and integrating adaptations into programs and projects at the national and local levels. While the reaction to these two guidance documents has been quite positive, there is a need for additional guidance to address climate impacts on water supplies and sanitation, agriculture, and biodiversity and land-use management.

Capacity Building: With the development of all of these tools and methodologies for adaptation, there is also a growing demand for training from USAID field offices, partner organizations, and other donor aid agencies. With additional funding, USAID will offer online as well as face-to-face training courses to meet this growing demand.

The above tools and methodologies provide a strong foundation for implementing USAID's adaptation activities across key development sectors. For example:

- In agriculture, resource-conserving management practices reduce water needs, and biotechnology is opening the way towards crops that tolerate heat and drought better.
- In natural resource management, sustainable landscape management programs will enhance the amount of carbon sequestered but at the same time help store more water in ways that enhance ecosystem resilience and sustain provision of environmental services that support both biodiversity conservation and human communities.
- Infrastructure investments will be designed to withstand climate extremes, fostering resilience and helping to conserve sensitive coastal zones and the critical habitat they provide.

USAID is thus positioned to integrate climate change in its broader agenda, including biodiversity conservation programs and objectives. Our work is widely recognized as some of the best and most innovative being carried out by development agencies, and our tools and strategies are being widely sought by other development agencies. We are confident that our programs in adaptation will ensure successful outcomes of USAID's development investments, and serve as a guide for our partner countries and investing organizations, public, private, and non-governmental.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Chairwoman Nita M. Lowey (#7)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

Lack of access to safe drinking water and sanitation has a significant impact on the lives of millions of people every day. Providing safe drinking water not only improves health outcomes but it also has economic benefit to families and communities. Over the past few years, Congress has requested that USAID program its water funding in a sustainable way. Can you outline USAID's water strategy?

Answer:

U.S. water activities directly contribute to the achievement of U.S. foreign assistance goals by protecting human health, meeting basic needs in response to natural and human-made disasters, and complementing economic development, food security, environmental and other long-term development efforts. The United States is working with countries around the world to achieve water security – defined as reliable and sustainable access to an acceptable quantity and quality of water to meet human, livelihood, ecosystem, and production needs while reducing the risks from extreme hydrological events to people, the environment, and livelihoods.

To achieve water security, the United States makes direct investments in infrastructure; works to strengthen the enabling environment in developing countries through capacity building, strengthening local and regional institutions, and promoting policy and regulatory reform; seeks to raise the political will to address water and sanitation issues at the national and global level; and engages in the dissemination of best practices and proven technologies. The activities are focused on achieving three objectives as articulated in the June 2009 report to Congress on the Water for the Poor Act: 1). increasing access to safe drinking water, sanitation and hygiene; 2). improving water resource management; and 3). increasing the productivity of water resources.

From 2007 to 2008, USAID expanded its development account financing of water supply, sanitation and hygiene from \$37 million to \$93 million (a 250 percent increase) and expanded the annual results achieved from more than two million people to more than four million people receiving access to improved water services.

It is important to recognize that sustainable improvement in people's access to safe and reliable water requires parallel progress on a range of other long-term development goals, including peace and security,

transparent and accountable governance, good fiscal management, healthy, well-regulated private sector economic growth, and poverty reduction.

Question:

In FY 2010, the MCC has requested significant funding for a water and sanitation-oriented compact with Jordan. Can you outline USAID's role in the water sector in Jordan and tell us how the MCC compact builds on USAID's prior work in the country?

Answer:

USAID implements a significant water/wastewater program in Jordan that includes infrastructure projects targeting areas of critical need, as well as technical assistance to improve policies and management skills in the sector. The proposed MCC compact projects in Zarqa will apply models that USAID first developed and implemented in the Greater Amman area. Zarqa is a high-priority area for water/wastewater improvements, but the USAID Mission's main focus has been on Amman and the Agency has not had the resources to address Zarqa needs along with the other areas of high priority within our overall program in Jordan. USAID will continue to follow closely the development of the MCC compact in that country.

Question:

How are water issues being accounted for in the agriculture and food security strategy? The Green Revolution in Asia created unprecedented demand for water for irrigation and crops. How is this being accounted for in the strategy for Africa?

Answer:

Our food security assistance strategy includes emphasis on protecting the natural resource base that underpins sustained food security. Water is a key resource for the agricultural sector. USAID will seek to promote more efficient water resources management and incorporate climate considerations into water resources planning.

Especially in sub-Saharan Africa, where 96 percent of agriculture is rain-fed, improvements in the water productivity of rain-fed agriculture are vital to achieving food security. Highly variable rainfall and recurrent droughts limit the productivity of those lands, while climate change and increasing hydrologic variability may exacerbate these problems. Improved soil and water conservation practices increase rainwater infiltration and retention while increasing resilience to drought. The emerging plans would also increase attention to small scale irrigation and water harvesting in Africa.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Representative Kay Granger (#1)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

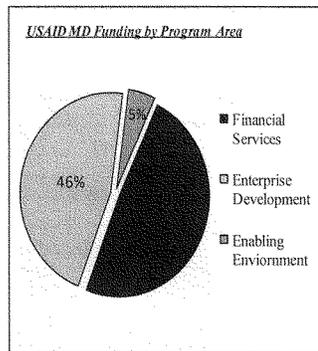
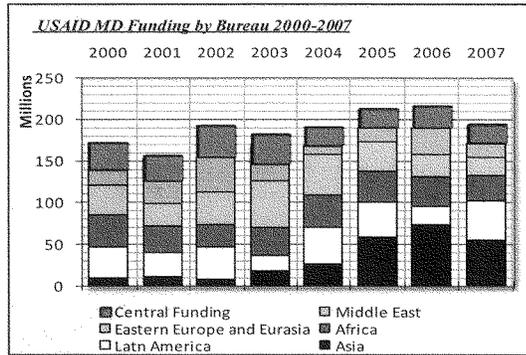
Microfinance/microenterprise: It appears that the Administration cut funds for microenterprise by \$77 million from its FY 2009 level. Please provide a chart and detailed explanation of the pipeline of funds (committed, obligated, expended) for microfinance/microenterprise.

Answer:

For over 25 years, USAID has been recognized as a leader in microenterprise development (MED). The agency's microenterprise programs play a prominent role in the United States' broader economic growth and poverty reduction agenda by extending financial, enterprise development, and regulatory products and services to microentrepreneurs.

Budget: In FY 2009, USAID requested \$103 million for spending on microenterprise. Therefore, the FY 2010 request of \$167 million is a substantial increase. Requests are based on field missions' estimates. Similar to previous years, USAID anticipates that actual FY 2009 spending will exceed the FY 2009 request in part because some qualifying activities will not be identified until operational plans are finalized following enacted appropriations.

USAID spends an average of \$200 million annually on MED programs globally. In FY 2007, the agency's MED expenditures totaled \$192 million (Asia: \$56 million, Latin America: \$47 million, Africa: \$29 million, Eastern Europe and Eurasia: \$22 million, Middle East: \$17 million, and Washington: \$21 million).



Although USAID's target in FY 2008 was \$245 million, preliminary aggregate figures indicate that USAID obligated \$259,379,997. The attached chart, "Microenterprise Funding by USAID Mission, FY 2008" captures preliminary FY 2008 MED activities and the obligated funding level for each to be finalized later this month.

Beneficiaries: The agency's microfinance activities reach roughly 6.5 million borrowers and 4.1 million savers annually. Overall, 50 percent of program beneficiaries are women.

Areas of Focus: The agency's MED interventions fall into three broad program categories:

- **Financial services:** Developing and providing financial services adapted to the needs of low-income people; especially small loans, facilities for small savings deposits, and simple payments services needed by microentrepreneurs (FY 2007: \$94 million).
- **Enabling environment:** Supporting the development of a competitive and open environment for microfinance services and microenterprise formation and growth through appropriate laws, policies, regulations, and supervisory and administrative practices (FY 2007: \$9 million).

- Enterprise development: Assisting microentrepreneurs to acquire skills and knowledge, gain access to financing and other inputs, and develop commercial relationships with other firms in order to tap into higher-value local, regional and international markets (FY 2007: \$89 million).

In compliance with the Microenterprise Results and Accountability Act of 2004, USAID publishes an annual report detailing microenterprise activities from nearly 50 operating units within USAID/Washington and the field. The report captures data from the previous fiscal year. This year's report, to be published in June 2009, will have details on FY 2008 activities.

Annex A: Institutions with Amounts of FY 2008 Funding by Bureau

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
AFR	Angola	Citizens Network for Foreign Affairs	Enterprise Development	\$419,061.00
AFR	Angola	Cooperative League of the United States	Enterprise Development	\$250,000.00
AFR	DR Congo	International Institute of Tropical Agriculture	Enterprise Development	\$1,383,979.00
AFR	DR Congo	Partners Acting Together	Financial Services/Microfinance	\$150,000.00
AFR	Ethiopia	Abt Associates (Formerly IBM)	Financial Services/Microfinance	\$500,000.00
AFR	Ethiopia	Academy for Educational Development	Enterprise Development	\$141,488.00
AFR	Ethiopia	CARE	Enterprise Development	\$132,000.00
AFR	Ethiopia	Land O'Lakes	Enterprise Development	\$892,784.00
AFR	Ethiopia	Save the Children Federation Inc.	Enterprise Development	\$2,650,000.00
AFR	Ghana	Chemionics International, Inc.	Enterprise Development	\$2,392,000.00
AFR	Ghana	TechnoServe	Enterprise Development	\$1,120,000.00
AFR	Kenya	Agreement Pending	Enterprise Development	\$700,000.00
AFR	Kenya	Development Alternatives, Inc	Policy for Financial Services/Microfinance	\$430,000.00
AFR	Kenya	Land O'Lakes, Inc.	Enterprise Development	\$1,880,000.00
AFR	Kenya	Agreement Pending	Enterprise Development	\$100,000.00
AFR	Liberia	Agreement Pending	Enterprise Development	\$200,000.00
AFR	Madagascar	DAI Development Alternatives, Inc.	Enterprise Development	\$485,000.00
AFR	Madagascar	Catholic Relief Services	Enterprise Development	\$352,000.00
AFR	Malawi	Chemionics International, Inc.	Financial Services/Microfinance	\$600,000.00
AFR	Malawi	Chemionics International, Inc.	Policy for Financial Services/Microfinance	\$100,000.00
AFR	Malawi	DAI Development Alternatives Inc.	Enterprise Development	\$98,000.00
AFR	Malawi	Land O'Lakes	Enterprise Development	\$200,000.00
AFR	Malawi	Project Concern International	Enterprise Development	\$300,000.00
AFR	Mali	Abt Associates Inc.	Enterprise Development	\$800,000.00
AFR	Mali	Trickle Up	Enterprise Development	\$150,000.00
AFR	Mozambique	Agreement Pending	Enterprise Development	\$50,000.00
AFR	Mozambique	Agreement Pending	Financial Services/Microfinance	\$1,585,140.00
AFR	Mozambique	Confederation of Business Ass'ns of Mozambique	Policy for Financial Services/Microfinance	\$141,010.00
AFR	Namibia	Project HOPE	Financial Services/Microfinance	\$129,990.00
AFR	Nigeria	Abt Associates Inc.	Enterprise Development	\$675,000.00
AFR	Nigeria	Academy for Educational Development	Enterprise Development	\$750,000.00
AFR	Nigeria	Agreement Pending	Policy for Enterprise Development	\$750,000.00
AFR	Nigeria	Chemionics International, Inc.	Enterprise Development	\$750,000.00
AFR	Nigeria	Microenterprise Support	Enterprise Development	\$750,000.00

Microenterprise Funding by USAID Mission, FY 2008

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
AFR	Rwanda	ACDI/VOCA	Enterprise Development	\$100,000.00
AFR	Rwanda	International Resources Group	Enterprise Development	\$50,000.00
AFR	Senegal	Counterpart International	Enterprise Development	\$22,700.00
AFR	Senegal	International Resource Group	Enterprise Development	\$1,600,000.00
AFR	Sierra Leone	ACDI/VOCA	Financial Services/Microfinance	\$60,000.00
AFR	South Africa	Corporate Council on Africa	Enterprise Development	\$600,000.00
AFR	Sudan	Academy for Educational Development	Financial Services/Microfinance	\$4,616,000.00
AFR	Tanzania	ACDI/VOCA	Enterprise Development	\$816,348.00
AFR	Tanzania	Africare/Ugalla Community Conservation Project	Enterprise Development	\$166,000.00
AFR	Tanzania	AMF African Wildlife Foundation	Enterprise Development	\$200,000.00
AFR	Tanzania	Catholic Relief Services	Enterprise Development	\$50,000.00
AFR	Tanzania	Enterprise Works	Enterprise Development	\$150,000.00
AFR	Tanzania	Fintrac, Inc.	Enterprise Development	\$370,000.00
AFR	Tanzania	Microenterprise Support	Enterprise Development	\$217,652.00
AFR	Tanzania	Microenterprise Support	Policy for Enterprise Development	\$30,000.00
AFR	Uganda	Agreement Pending	Enterprise Development	\$23,000.00
AFR	Uganda	Associates in Rural Development	Enterprise Development	\$1,050,000.00
AFR	Uganda	Heifer Project International	Enterprise Development	\$500,000.00
AFR	USAID/East Africa	Catholic Relief Services	Enterprise Development	\$85,755.00
AFR	Zambia	Cooperative League of the United States	Enterprise Development	\$600,000.00
AFR	Zambia	Cooperative League of the United States	Enterprise Development	\$140,000.00
ASIA	Afghanistan	Academy for Educational Development	Financial Services/Microfinance	\$39,732,000.00
ASIA	Afghanistan	Development Alternatives, Inc.	Enterprise Development	\$16,014,278.00
ASIA	Afghanistan	UN HABITAT	Enterprise Development	\$3,770,960.00
ASIA	Afghanistan	UN HABITAT	Financial Services/Microfinance	\$2,262,588.00
ASIA	Cambodia	Development Alternatives Inc	Enterprise Development	\$5,000,000.00
ASIA	Cambodia	Development Alternatives Inc	Enterprise Development	\$1,301,565.00
ASIA	East Timor	Development Alternatives	Enterprise Development	\$750,000.00
ASIA	East Timor	Development Alternatives	Enterprise Development	\$250,000.00
ASIA	India	ACDI/VOCA	Enterprise Development	\$195,000.00
ASIA	India	World Vision Inc.	Financial Services/Microfinance	\$805,000.00
ASIA	Indonesia	Development Alternatives Inc./SENADA	Policy for Financial Services/Microfinance	\$780,000.00
ASIA	Indonesia	Development Alternatives, Inc./AMARTA	Enterprise Development	\$800,000.00
ASIA	Kazakhstan	CAMFA II Central Asian Microfinance Alliance	Enterprise Development	\$223,000.00
ASIA	Kazakhstan	Pragma/BEI	Policy for Enterprise Development	\$82,000.00

Microenterprise Funding by USAID Mission, FY 2008

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
ASIA	Kazakhstan	Pragmat/Kazakhstan Small Business Dev. Project	Enterprise Development	\$490,500.00
ASIA	Kyrgyzstan	CAMFA II Central Asian Microfinance Alliance	Financial Services/Microfinance	\$448,000.00
ASIA	Kyrgyzstan	Chemomics Int'l/Land Reform and Dev. Project	Enterprise Development	\$80,554.00
ASIA	Kyrgyzstan	Chemomics Int'l/Land Reform and Dev. Project	Policy for Enterprise Development	\$8,950.00
ASIA	Kyrgyzstan	Pragmat/BEI	Enterprise Development	\$200,000.00
ASIA	Kyrgyzstan	Winrock International	Enterprise Development	\$81,200.00
ASIA	Mongolia	Chemomics International Inc.	Enterprise Development	\$1,425,000.00
ASIA	Mongolia	Mercy Corps International	Enterprise Development	\$2,000,000.00
ASIA	Nepal	Agreement Pending	Financial Services/Microfinance	\$2,500,000.00
ASIA	Nepal	WE World Education Incorporated	Financial Services/Microfinance	\$322,000.00
ASIA	Nepal	Winrock International	Enterprise Development	\$1,250,000.00
ASIA	Pakistan	KB Khushhalbank	Financial Services/Microfinance	\$1,500,000.00
ASIA	Pakistan	SAS Shorebank International Ltd	Financial Services/Microfinance	\$1,000,000.00
ASIA	Philippines	Chemomics International, Inc.	Financial Services/Microfinance	\$648,765.00
ASIA	Philippines	Microenterprise Support	Financial Services/Microfinance	\$51,235.00
ASIA	RDM/A	PACT	Enterprise Development	\$860,000.00
ASIA	RDM/A	The Bridge Fund	Enterprise Development	\$134,000.00
ASIA	RDM/A	Tibet Poverty Alleviation Fund	Enterprise Development	\$300,000.00
ASIA	RDM/A	TMI The Mountain Institute	Enterprise Development	\$350,000.00
ASIA	RDM/A	Winrock	Enterprise Development	\$190,000.00
ASIA	Tajikistan	CAMFA II Central Asian Microfinance Alliance	Policy for Financial Services/Microfinance	\$25,100.00
ASIA	Tajikistan	Chemomics Int'l/Land Reform and Dev. Project	Enterprise Development	\$118,526.00
ASIA	Tajikistan	Chemomics Int'l/Land Reform and Dev. Project	Policy for Enterprise Development	\$13,170.00
ASIA	Tajikistan	Development Alternatives, Inc./AgLinks	Enterprise Development	\$503,113.00
ASIA	Tajikistan	Pragmat/BEI	Policy for Enterprise Development	\$92,500.00
ASIA	Tajikistan	Winrock International	Enterprise Development	\$190,000.00
ASIA	Uzbekistan	Development Alternatives, Inc./AgLinks	Enterprise Development	\$323,100.00
DCHA	DG	Handicap International	Enterprise Development	\$518,750.00
DCHA	DG	Mercy Corps	Enterprise Development	\$210,000.00
DCHA	DCHA	ACDI/VOCA	Enterprise Development	\$420,300.00
DCHA	PVC ASHA	Cooperative Housing Foundation	Enterprise Development	\$303,180.00
DCHA	PVC ASHA	National Coop. Business Ass'n/Comms. Coop. Int'l	Enterprise Development	\$58,713.00
DCHA	PVC ASHA	National Cooperative Business Association	Enterprise Development	\$17,500.00
DCHA	PVC ASHA	Americas Assn. of Coop./Mutual Insurance Societies	Enterprise Development	\$664,864.00
DCHA	PVC ASHA	Americas Assn. of Coop./Mutual Insurance Societies	Policy for Financial Services/Microfinance	\$45,000.00

Microenterprise Funding by USAID Mission, FY 2008

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
DCHA	PVC ASHA	World Council of Credit Unions, Inc.	Enterprise Development	\$359,642.00
DCHA	PVC ASHA	World Council of Credit Unions, Inc.	Financial Services/Microfinance	\$155,806.00
DCHA	PVC ASHA	World Council of Credit Unions, Inc.	Policy for Financial Services/Microfinance	\$32,927.00
EE	Albania	Agreement Pending	Enterprise Development	\$970,000.00
EE	Albania	Development Alternatives Inc. - AAC project	Enterprise Development	\$630,000.00
EE	Armenia	European Bank for Reconstruction & Development	Enterprise Development	\$300,000.00
EE	Armenia	Emerging Markets	Enterprise Development	\$400,000.00
EE	Armenia	Nathan Associates	Enterprise Development	\$1,100,000.00
EE	Azerbaijan	ACD/AVOCA	Financial Services/Microfinance	\$500,000.00
EE	Azerbaijan	Chemonics International Inc.	Enterprise Development	\$2,696,000.00
EE	Azerbaijan	Chemonics International Inc.	Policy for Enterprise Development	\$1,024,406.00
EE	Belarus	Eurasia Foundation	Policy for Enterprise Development	\$50,000.00
EE	Belarus	International Organization for Migration	Enterprise Development	\$76,500.00
EE	Bosnia	Chemonics International, Inc.	Policy for Enterprise Development	\$2,900,000.00
EE	Croatia	DAI Development Alternatives Inc.	Enterprise Development	\$90,000.00
EE	EE Bureau	SEGURA	Enterprise Development	\$160,000.00
EE	Georgia	Chemonics International, Inc	Enterprise Development	\$23,200.00
EE	Georgia	Chemonics International, Inc	Enterprise Development	\$48,092.00
EE	Georgia	Chemonics International, Inc	Policy for Enterprise Development	\$4,308.00
EE	Georgia	Chemonics International, Inc	Policy for Financial Services/Microfinance	\$1,041,670.00
EE	Georgia	Community Habitat Finance International	Enterprise Development	\$25,000.00
EE	Georgia	International Executive Service Corps	Enterprise Development	\$1,289,830.00
EE	Georgia	International Executive Service Corps	Financial Services/Microfinance	\$25,000.00
EE	Georgia	Winrock International	Enterprise Development	\$475,000.00
EE	Kosovo	Academy for Educational Development	Enterprise Development	\$1,500,000.00
EE	Kosovo	Agreement Pending	Enterprise Development	\$700,000.00
EE	Kosovo	BearingPoint, Inc.	Enterprise Development	\$200,000.00
EE	Kosovo	Booz Allen Hamilton, Inc.	Enterprise Development	\$2,900,000.00
EE	Kosovo	International Organization for Migration	Enterprise Development	\$100,000.00
EE	Kosovo	International Research and Exchange Board	Enterprise Development	\$475,000.00
EE	Kosovo	Mercy Corps	Enterprise Development	\$400,000.00
EE	Macedonia	ARD Inc.	Enterprise Development	\$378,000.00
EE	Macedonia	Booz Allen Hamilton	Policy for Enterprise Development	\$228,000.00
EE	Macedonia	CARANA Corp.	Enterprise Development	\$129,000.00
EE	Macedonia	CARANA Corp.	Financial Services/Microfinance	\$71,000.00
EE	Macedonia	Microenterprise Support	Policy for Enterprise Development	\$111,590.00

Microenterprise Funding by USAID Mission, FY 2008

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
EE	Macedonia	World Learning for International Development	Policy for Enterprise Development	\$400,000.00
EE	Moldova	Chemomics International Inc.	Enterprise Development	\$185,999.00
EE	Moldova	Citizens Network for Foreign Affairs	Enterprise Development	\$223,000.00
EE	Moldova	Development Alternatives, Inc./Nathan Group	Policy for Enterprise Development	\$625,000.00
EE	Moldova	International Research and Exchange Board	Enterprise Development	\$380,000.00
EE	Moldova	United Nations Development Programme	Enterprise Development	\$186,001.00
EE	Montenegro	Academy for Educational Development	Enterprise Development	\$1,000,000.00
EE	Russia	ACD/VOCA	Financial Services/Microfinance	\$1,100,000.00
EE	Russia	International Rescue Committee	Enterprise Development	\$1,059,963.00
EE	Russia	Bearing Point	Policy for Financial Services/Microfinance	\$202,000.00
EE	Serbia	Booz Allen Hamilton	Enterprise Development	\$600,000.00
EE	Serbia	DAI Development Alternatives Inc.	Enterprise Development	\$3,781,000.00
EE	Serbia	Abt Associates Inc.	Enterprise Development	\$294,400.00
EE	Ukraine	BAH Booz Allen Hamilton	Enterprise Development	\$37,000.00
EE	Ukraine	Chemomics-LED	Enterprise Development	\$75,146.00
EE	Ukraine	Commercial Law Center/Emerging Markets Group, Ltd.	Policy for Financial Services/Microfinance	\$262,019.00
EE	Ukraine	Eurasia Foundation	Enterprise Development	\$461,700.00
EE	Ukraine	Eurasia Foundation	Enterprise Development	\$78,300.00
EE	Ukraine	Financial Markets International Inc.	Policy for Financial Services/Microfinance	\$450,000.00
EE	Ukraine	International Organization for Migration	Enterprise Development	\$60,000.00
EE	Ukraine	Pragma Corporation	Financial Services/Microfinance	\$750,000.00
EGAT	MD	ACD/VOCA	Enterprise Development	\$750,000.00
EGAT	MD	Booz Allen Hamilton	Policy for Enterprise Development	\$350,000.00
EGAT	MD	Center for Institutional Reform and the Informal Sector	Financial Services/Microfinance	\$350,000.00
EGAT	MD	Center for Institutional Reform and the Informal Sector	Policy for Enterprise Development	\$90,000.00
EGAT	MD	Center for Institutional Reform and the Informal Sector	Policy for Financial Services/Microfinance	\$79,878.00
EGAT	MD	Consultative Group to Assist the Poorest	Policy for Financial Services/Microfinance	\$300,000.00
EGAT	MD	Institute for Liberty and Democracy	Policy for Enterprise Development	\$3,379,000.00
EGAT	MD	Microenterprise Support	Enterprise Development	\$412,795.00
EGAT	MD	Microenterprise Support	Financial Services/Microfinance	\$687,982.00
EGAT	MD	Microenterprise Support	Policy for Enterprise Development	\$137,598.00
EGAT	MD	Microenterprise Support	Policy for Financial Services/Microfinance	\$137,588.00
EGAT	MD	The QED Group, LLC	Financial Services/Microfinance	\$2,285,363.00
EGAT	MD	The QED Group, LLC	Policy for Enterprise Development	\$1,002,000.00
EGAT	MD	The QED Group, LLC	Policy for Financial Services/Microfinance	\$2,582,443.00

Microenterprise Funding by USAID Mission, FY 2008

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
EGAT	NRM	Academy for Educational Development	Enterprise Development	\$100,000.00
EGAT	NRM	Associates in Rural Development	Enterprise Development	\$341,000.00
EGAT	NRM	Development Alternatives, Inc.	Enterprise Development	\$43,000.00
EGAT	NRM	Microenterprise Support	Enterprise Development	\$186,000.00
EGAT	NRM	Wildlife Conservation Society	Enterprise Development	\$50,000.00
EGAT	NRM	Wildlife Conservation Society	Enterprise Services/Microfinance	\$115,000.00
EGAT	NRM	World Wildlife Fund	Enterprise Development	\$175,000.00
EGAT	WID	Agreement Pending	Enterprise Development	\$39,680.06
EGAT	WID	Development & Training Services, Inc.	Policy for Enterprise Development	\$144,686.66
GH	PRH	Abt Associates (Formerly IBM)	Financial Services/Microfinance	\$1,370,000.00
LAC	Bolivia	ACD/VOCA	Enterprise Development	\$1,750,327.00
LAC	Bolivia	Adventist Development and Relief Agency	Enterprise Development	\$68,878.00
LAC	Bolivia	CARE	Enterprise Development	\$209,048.00
LAC	Bolivia	Chemronics International Inc.	Enterprise Development	\$2,132,538.00
LAC	Bolivia	Conservation International	Enterprise Development	\$185,840.00
LAC	Bolivia	Food for the Hungry International	Enterprise Development	\$378,300.00
LAC	Bolivia	Fundacion para el Desarrollo de Tecnologia Agropecuaria	Enterprise Development	\$206,000.00
LAC	Bolivia	Save the Children Federation Inc.	Enterprise Development	\$204,050.00
LAC	Bolivia	World Council of Credit Unions	Financial Services/Microfinance	\$784,000.00
LAC	Brazil	TransFair USA	Enterprise Development	\$200,000.00
LAC	Colombia	Associates in Rural Development, Inc./ADAM	Enterprise Development	\$27,643,000.00
LAC	Colombia	Associates in Rural Development, Inc./ADAM	Financial Services/Microfinance	\$2,147,224.00
LAC	Colombia	Associates in Rural Development/MIDAS Program	Enterprise Development	\$4,119,375.00
LAC	Colombia	Associates in Rural Development/MIDAS Program	Financial Services/Microfinance	\$1,800,000.00
LAC	Colombia	Associates in Rural Development/MIDAS Program	Enterprise Development	\$470,000.00
LAC	Colombia	PADF Panamerican Development Foundation	Policy for Financial Services/Microfinance	\$3,752,401.00
LAC	CRP	North-South Institute Inc.	Enterprise Development	\$106,000.00
LAC	Ecuador	ACD/VOCA Academy for Edu. Dev. Joint Venture	Enterprise Development	\$1,806,000.00
LAC	Ecuador	Carana	Enterprise Development	\$373,000.00
LAC	Ei Salvador	Aid to Artisans	Enterprise Development	\$405,000.00
LAC	Ei Salvador	FINTRAC	Enterprise Development	\$1,831,349.00
LAC	Guatemala	Catholic Relief Services	Enterprise Development	\$53,712.00
LAC	Guatemala	Save the Children Federation Inc.	Enterprise Development	\$26,602.00
LAC	Guatemala	Save the Children Federation Inc.	Financial Services/Microfinance	\$17,725.00
LAC	Guatemala	SHARE	Enterprise Development	\$274,267.00

Microenterprise Funding by USAID Mission, FY 2008

BUREAU	MISSION	INSTITUTION	FUNCTION	OBLIGATION AMOUNT
LAC	Guyana	Carana Corporation	Enterprise Development	\$245,000.00
LAC	Guyana	Carana Corporation	Policy for Enterprise Development	\$10,000.00
LAC	Haiti	DAI/MSME	Financial Services/Microfinance	\$2,354,000.00
LAC	Jamaica	Citizens Development Corps	Enterprise Development	\$400,000.00
LAC	Jamaica	Management Systems International Inc.	Enterprise Development	\$699,000.00
LAC	Jamaica	Microenterprise Support	Enterprise Development	\$266,000.00
LAC	Jamaica	USDA Forest Service International Programs	Enterprise Development	\$200,000.00
LAC	Mexico	Abt Associates Inc.	Enterprise Services/Microfinance	\$225,878.00
LAC	Mexico	Development Alternatives, Inc.	Financial Services/Microfinance	\$1,961,366.00
LAC	Mexico	Microenterprise Support	Financial Services/Microfinance	\$367,756.00
LAC	Mexico	Microenterprise Support	Financial Services/Microfinance	\$400,000.00
LAC	Nicaragua	Catholic Relief Services	Financial Services/Microfinance	\$240,367.00
LAC	Panama	IRG/TETRA TECH JV International Resources Group	Enterprise Development	\$401,201.00
LAC	Paraguay	Chemotronics International, Inc.	Enterprise Development	\$700,000.00
LAC	Peru	Agreement Pending	Enterprise Development	\$4,700,000.00
ME	Egypt	Chemotronics International, Inc.	Financial Services/Microfinance	\$2,268,000.00
ME	Egypt	First Microfinance Foundation	Financial Services/Microfinance	\$1,115,000.00
ME	Iraq	Louis Berger Group / The Services Group Joint Venture	Financial Services/Microfinance	\$6,250,000.00
ME	Jordan	AECOM International Development	Enterprise Development	\$100,000.00
ME	Lebanon	Academy for Educational Development	Enterprise Development	\$4,494,932.00
ME	Lebanon	Relief International	Enterprise Development	\$990,000.00
ME	Lebanon	Relief International	Financial Services/Microfinance	\$530,000.00
ME	West Bank /Gaza	Academy for Educational Development	Enterprise Development	\$2,000,000.00
ME	West Bank /Gaza	Academy for Educational Development	Financial Services/Microfinance	\$4,750,000.00
ME	West Bank /Gaza	Carana Corporation	Enterprise Development	\$3,000,000.00
TOTAL FY 2008 FUNDING				\$259,379,997

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Representative Kay Granger (#2)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

USAID Staffing: The FY10 request includes \$256.7 million to hire 350 additional officers and annualize the cost of positions previously funded.

- a. How far along will this budget move USAID toward your stated goal of doubling the number of Foreign Service officers by 2012?

Answer:

Development Leadership Initiative (DLI) hiring of 120 Foreign Service Officers (FSOs) in 2008, 300 FSOs in 2009, as well as an additional 350 FSOs in 2010 will bring the Agency to an increase of 770 FSOs. This number represents approximately 64 percent of the 1200 needed to double the number of FSOs by 2012.

Question:

- b. What type of recruiting efforts are you conducting to fill the positions already funded?

Answer:

USAID posts open and continuous announcements of available positions at both the junior-level and mid-level. In addition, recruiters target specific universities and colleges to ensure diversity among applicants.

Question:

- c. Are you finding the expertise needed to meet all the requirements of managing USAID's diverse development portfolio?

Answer:

The response to USAID's vacancy announcements is excellent. The process is highly competitive and is accordingly yielding highly qualified candidates with diverse backgrounds in all positions and at both the junior-level and mid-level.

Question:

- d. We have heard there is a huge discrepancy between Foreign Service and military training. For example, an ambassador might receive two to three weeks of training over the course of his career, whereas a military officer equivalent might receive two to three years of training. What type of training are you providing your new staff?

Answer:

Training for DLI Foreign Service Officers can be broken into six categories:

- 1) **DLI orientation:** New staff receive a general overview of the Agency, with representatives of each office of the Agency allocated one to two hours for a presentation. The orientation is provided over the course of several weeks.
- 2) **On-the-job training:** Junior Officers work with supervisors and coaches to establish appropriate job rotations that will provide them opportunities to learn the Agency's systems and procedures.
- 3) **Foreign Language Training:** To be tenured into the Foreign Service, all FSOs must attain an FSI rating of 3/3 in a foreign language. New staff who do not possess such language ability are trained at the Foreign Service Institute or through commercial language schools.
- 4) **Core Training:** USAID also offers worldwide instructor led and distance learning courses for FSOs, Civil Service employees, and resident contract staff to acquire essential skills needed to carry out development activities and to adhere to U.S. Government regulations as they perform their duties. Core training includes: Programming Foreign Assistance, Project Design and Management, Global Development Alliance, Working Across Cultures, Equal Employment Opportunity, Security Overseas Seminar, Acquisition and Assistance for Cognizant Technical Officers, and Supervision Seminar.

- 5) **Bureau Technical Training:** Pillar and geographic bureaus offer sector specific training, ranging from Health Officer to Economic Growth Officer technical skills development. The duration and delivery of this training varies greatly depending on the needs of the trainees.
- 6) **Management and Leadership training:** FSOs receive required supervisory training; delivered online and in-classroom, as they assume supervisory responsibilities. Over the course of the FSO's career; from junior level to Senior Foreign Service, they receive leadership training. Resident courses are offered at the emerging leader (FS-2/3), the senior manager (FS-1), and the executive (SFS) levels.

Question:

- e. How does training provided for new hires through the development leadership initiative differ from previous training?

Answer:

USAID has used several different training models for its new officers over the years. After analyzing their relative effectiveness, the Agency has decided that the most effective training model for the DLI Junior Officer is a two year overseas mission rotational assignment, core training courses, bureau technical training, and in some cases, further development of language skills.

While the DLI training is modeled after the previous entry-level International Development Intern (IDI) program, one major difference between the two programs is that IDIs spent six to 18 months in Washington before deploying overseas. The DLI Junior Officer training program emphasizes the need to deploy overseas sooner. DLI Junior Officers are expected to spend no more than four to 12 months in Washington before deploying overseas, which includes language training. Another difference in the two training programs is that the formal course work requirements and timing is sequenced over the three-year training program under the DLI program versus more up front formal course work training under the IDI program. More of the DLI formal classroom coursework is conducted once the new employees have deployed overseas and have some on the job experience to relate to the training. USAID has added a number of additional regional course offerings overseas to accommodate this change.

Question:

- f. Is there a sufficient focus on oversight, particularly managing grants and contracts?

Answer:

DLI Officers will not manage contracts or grants in their first two years at an overseas mission. However, they will likely be mentored or supervised by an FSO who is a Contracting/Agreement Officer's Technical Representative

(COTR/AOTR). DLI Officers will complete the necessary COTR/AOTR training so they can become certified late in their 2nd year of overseas assignment, or early in their 3rd year. The recently revised COTR/AOTR course is a combination of both distance learning and instructor led training.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Representative Kay Granger (#3a)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

Question:

Civilian Stabilization Initiative: What part of the FY 2010 CSI request will USAID implement?

Answer:

USAID will continue to: 1) support the interagency CSI deployment center; 2) manage, and train the largest percentage of interagency personnel; and 3) equip those personnel with the supplies necessary for deployment overseas.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Representative Kay Granger (#3b)
Subcommittee on Foreign Operations
House Committee on Appropriations
April 23, 2009**

Question:

Civilian Stabilization Initiative: Will USAID have a role in determining the uses of the \$40 million requested as a Stabilization Bridge fund?

Answer:

USAID and the Department of State have worked closely on the development of all aspects of the civilian response system. We expect to continue our collaboration with State through the development of criteria and methodology for the utilization of the Stabilization Bridge fund.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Congresswoman Barbara Lee (#1)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

Please describe the contemplated reorganization in detail and explain how it will achieve the stated objectives. Identify also any weaknesses or deficiencies in USAID's current or previous EEO function.

Answer:

As I stated in my testimony before the subcommittee, we are an agency that is growing by 100 percent over the next three years. We need the best workforce we can muster to meet the demands of the 21st century, and to attract them we need to be one of the best places to work in the USG. Meeting this challenge requires strengthening the organizational structure and staffing the office with employees who possess specialized skills. He or she will need a team using the newest and best strategies and approaches in the field of civil rights and diversity. The reorganization will consolidate the functions of the existing Office of Equal Opportunity Programs (EOP), add a new unit for promoting diversity, and shift the action agenda of the Agency Executive Diversity Council to the new office. The following is a more

detailed description of the planned Office of Civil Rights and Diversity (OCRD).

Beginning with the functional statement, the OCRD will implement statutory and regulatory requirements in support of USAID's equal employment opportunity programs. The Office will assist USAID in fostering a fair, equitable, and inclusive work environment free of discrimination.

Organizationally, the OCRD will have a staff of eleven employees (one more than the current staff of ten in the EOP) which will include: an Senior Executive Service (SES) Director; a Senior Foreign Service (SFS) Deputy Director (serving a two-year rotational assignment); an attorney; two administrative operations staffers; two supervisory Equal Opportunity Specialists; and four non-supervisory Equal Opportunity Specialists. The office will consist of two teams: the Diversity Management and Outreach Team will develop diversity policy and program guidance, preparation of mandated reports, special emphasis programs and commemorative observances; and the Intake and Resolution Team that will manage the informal and formal resolution of EEO workplace disputes and the Agency's Alternative Dispute Resolution (ADR) Program.

Prior Agency program assessment tools and reports, i.e. the Administrator's Customer Service Surveys and the Federal Managers' Financial Integrity Act Reports, have chronicled the need for demonstrated leadership commitment to diversity. These reports led the Agency to create an Executive Diversity Council in 2005. The Council, however, cannot take actions itself and our assessment is that it would better serve as an advisory body to a new office with the skills and resources to focus on diversity. The current EOP office has primarily focused on the EEO complaint and resolution procedure. Although it had been allocated a total of ten budgeted positions, many of these have remained unfilled. There has been frequent turnover in the Deputy position in the office, and a high level of staff turnover generally. Currently, the staff consists of the Director, one team leader (affirmative employment unit), one equal opportunity specialist (affirmative employment unit) and one administrative support assistant. The Director handles the complaint processing function in addition to the requisite manager functions.

Question

I understand that under the current arrangement, USAID's EEO Office is organized similar to the State Department's Office of Civil Rights, but is also responsible for affirmative employment programs (including liaison with affinity groups, collaborating with HR on outreach initiatives, managing the complaint of discrimination process) and managing the alternative dispute resolution program.

In addition, the EEO Director functions as the Settlement Official for complaints, and manages the reasonable accommodation program via the Disability Review Committee. Will these responsibilities be retained by the Director under the proposed EEO reorganization?

Answer

Among his or her other duties, the new Director of the Office of Civil Rights and Diversity will function as the Settlement Official for complaints and will be responsible for managing the reasonable accommodation program via the Disability Review Committee.

Question

What is the diversity profile of employees hired at USAID, over a five year period? Please include the statistical break-down of executives, managers, administrative, and all other workers employed by USAID.

Answer

The attached tables show the diversity profiles of employees hired at USAID since 2004.

- Table 1 is a summary of USAID direct hire employees¹ hired in each year from 2004 through 2008 by race/national origin and gender.
- Tables 2 through 6 are USAID workforce profiles for direct hire employees by appointment and grade levels and race/national origin and gender for each year.

¹ Direct Hire employees include those in the Civil Service (General Schedule or GS and Senior Executive Service or SES employees) and Foreign Service (Foreign Service or FS and Senior Foreign Service or FE), and employees who hold Executive (Ex) and Administratively Determined (AD) appointments.

TABLE 9
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
2008 NEW HIRES
 (CIVIL SERVICE AND FOREIGN SERVICE)

	Total	White		Black		Hispanic		Asian American		Native American	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SES	3	46.7	0.0	33.3	0.0	1.1	0.0	0.0	0.0	0.0	0.0
AD	15	5	7	3	1	0	0	0	1	0	0
GS-13	20	33.3	46.7	20.0	5.7	0.0	0.0	0.0	0.7	0.0	0.0
GS-14	20	60.0	20.0	10.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-13	20	7	7	6	5	0	0	0	1	0	0
GS-12	19	35.0	36.0	30.0	10.0	0.0	0.0	0.0	3.0	0.0	0.0
GS-11	25	20.0	0.0	60.0	40.0	0.0	0.0	0.0	20.0	0.0	0.0
GS-10	15	1	14	10	1	3	0	0	1	4	0
GS-09	10	0	5	11	2	0	0	0	0	0	0
GS-08	5	6.7	20.0	71.3	13.3	40.0	0.0	0.0	6.7	0.0	13.3
GS-07	5	1	0	10.0	0	0	0	0	0	0	0
GS-06	1	0	0	2	1	0	0	0	0	0	0
GS-05	2	20.0	40.0	40.0	20.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-04	1	0.0	0.0	100.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-03	1	0	0	0	0	0	0	0	0	0	0
GS-02	1	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-01	1	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total GSE	148	46	44	64	13	32	1	0	3	11	0
FE-CM	0	27.0	23.7	43.1	0.0	22.0	0.7	0.0	2.0	7.4	0.0
FE-IC	0	0	0	0	0	0	0	0	0	0	0
FE-MC	0	0	0	0	0	0	0	0	0	0	0
FE-DC	1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-01	7	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	100.0	0.0
FS-02	10	71.4	0.0	28.6	28.6	0.0	0.0	0.0	0.0	0.0	0.0
FS-03	6	60.0	10.0	30.0	0.0	30.0	0.0	0.0	0.0	0.0	0.0
FS-04	2	1.5	0.5	0.0	1.5	0.0	0.0	0.0	0.0	0.0	0.0
FS-05	0	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-06	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-06	100	28.0	44.0	28.0	5.0	6.0	2.0	7.0	2.0	6.0	0.0
FS-07	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total FS	128	41	50	37	9	10	2	7	2	7	0
Grand Total:	276	81	94	101	22	42	3	7	5	18	0
2008 National Civilian Labor Force (NCLF)	100.0	30.0	33.7	25.4	4.3	5.7	0.2	0.2	1.3	1.7	0.3

NOTE: We included U.S. direct hire workforce employment types (EX, AD, SES, GS, GM, FE-CM/MC/DC/FS, FSL), recalls, and the Office of the Inspector General new hires.

TABLE 2
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
2004 NEW HIRES
 (CIVIL SERVICE AND FOREIGN SERVICE)

	Total		White		Total Minorities		Black		Hispanic		Asian American		Native American	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
EX	2	0	0	0	0	0	0	0	0	0	0	0	0	0
SES	4	2	105.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	12	60.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AD	4	2	33.3	25.0	41.7	0	0	0	12.7	8.1	16.7	0	0	0
%	19	9	5	5	3	2	2	0	0	0	0	0	0	0
GS-15	47.4	26.3	26.3	15.8	16.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	27	11	7	9	4	4	2	0	2	1	2	1	0	0
GS-14	40.7	25.9	33.3	0.0	14.8	7.4	0.0	7.4	3.7	0.0	0.0	0.0	0.0	0.0
%	24	20.8	33.3	45.8	8.3	29.2	0.0	4.2	0.0	4.2	0.0	0.0	0.0	0.0
GS-13	10	3	5	2	1	1	0	0	0	0	2	1	0	0
%	50.0	19.0	60.0	20.0	10.0	0.0	0.0	0.0	0.0	0.0	20.0	10.0	0.0	0.0
GS-12	10	3	5	2	1	1	0	0	0	0	0	0	0	0
%	50.0	19.0	60.0	20.0	10.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-11	30.0	10.0	60.0	0.0	20.0	0.0	0.0	0.0	10.0	0.0	30.0	0.0	0.0	0.0
%	45	10	22	16	8	1	0	4	4	0	3	0	0	0
GS-10	20.8	45.8	33.3	0.0	16.7	2.1	0.0	8.3	6.3	0.0	0.0	0.0	0.0	0.0
%	4	2	1	1	1	0	0	0	0	0	0	0	0	0
GS-09	60.0	29.2	29.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	4	0	2	0	2	0	0	0	0	0	0	0	0	0
GS-08	9	6	18	2	10	1	0	1	0	0	2	0	0	0
%	26	15.4	23.1	61.5	17.7	38.5	3.8	0.0	3.8	17.7	0.0	0.0	0.0	0.0
GS-07	1	0	1	0	1	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-06	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FEC-05	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FEC-04	3	0	1	0	1	0	0	0	0	0	0	0	0	0
%	70.0	0	25.0	0	25.0	0	0	0	0	0	0	0	0	0
FEC-03	2	0	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	8	7	1	0	0	0	0	0	0	0	0	0	0	0
FS-02	87.5	12.5	0	0	0	0	0	0	0	0	0	0	0	0
%	4	2	1	0	0	0	0	0	0	0	0	0	0	0
FS-01	44.4	22.2	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	3	2	0	0	1	0	0	0	0	0	0	0	0	0
FS-00	66.7	0.0	33.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	81	25	14	2	2	1	0	3	0	3	0	0	0	0
FS-04	4.0	16.1	23.0	3.3	3.3	0	0	0	0	0	0	0	0	0
%	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FS-05	0.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	18	9	4	0	3	1	0	0	0	0	0	0	0	0
FS-06	50.0	27.8	22.2	0.0	16.7	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	1	1	0	0	0	0	0	0	0	0	0	0	0	0
FS-07	1	0	0	0	0	0	0	0	0	0	0	0	0	0
%	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total:	104	86	102	17	41	11	5	13	15	5	13	15	0	0
%	39.4	23.9	34.7	6.8	13.9	3.7	1.7	4.4	8.1	3.7	4.4	8.1	0.0	0.0
2005 National Children's Labor Force (NCLF) %	39.9	33.7	28.8	4.8	9.7	6.2	4.5	1.8	3.7	1.8	3.7	4.5	0.0	0.0
Unemployed %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOTE: We included U.S. direct hire workforce employment types (EX, AD, SES, GS, OMI, FE-CAMCOC/FS, FS-1), interns, and the Office of the Inspector General new hires.

TABLE 3
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
2005 NEW HIRES
 (CIVIL SERVICE AND FOREIGN SERVICE)

	Total	White		Total Minorities		Black		Hispanic		Asian American		Native American	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
SES	1	0	1	0	0	0	0	0	0	0	0	0	0
%		0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AD	24	13	8	3	3	0	0	1	2	0	0	0	0
%		54.2	33.3	12.5	0.0	0.0	0.0	4.2	6.3	0.0	0.0	0.0	0.0
GS-15	45	26	17	4	4	2	2	0	0	0	0	0	0
%		57.8	37.6	4.4	4.4	2.2	2.2	0.0	0.0	0.0	0.0	0.0	0.0
GS-14	26	9	7	10	1	3	0	0	0	3	3	0	0
%		34.6	26.3	38.5	3.8	11.5	0.0	0.0	0.0	11.5	11.5	0.0	0.0
GS-13	20	4	5	11	5	3	5	2	0	0	1	0	0
%		26.0	25.0	58.0	15.0	28.0	10.0	0.0	0.0	0.0	5.0	0.0	0.0
GS-12	13	8	5	7	5	4	3	0	0	0	0	0	0
%		15.4	7.7	76.9	30.8	38.5	0.0	0.0	0.0	0.0	7.7	0.0	0.0
GS-11	9	4	0	5	0	4	0	1	1	0	0	0	0
%		44.4	0.0	55.6	0.0	44.4	0.0	11.1	11.1	0.0	0.0	0.0	0.0
GS-09	9	1	1	7	4	2	2	0	0	0	1	0	0
%		11.1	11.1	77.8	44.4	22.2	22.2	0.0	0.0	0.0	11.1	0.0	0.0
GS-08	3	0	0	3	0	2	0	0	1	0	0	0	0
%		0.0	0.0	100.0	0.0	66.7	0.0	33.3	33.3	0.0	0.0	0.0	0.0
GS-07	13	3	5	5	3	2	3	0	0	0	0	0	0
%		23.1	38.5	38.5	14.4	4.4	4.4	0.0	0.0	0.0	0.0	0.0	0.0
GS-06	1	0	0	1	0	0	0	0	0	0	0	0	0
%		0.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-DM	0	0	0	0	0	0	0	0	0	0	0	0	0
%		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-DMC	0	0	0	0	0	0	0	0	0	0	0	0	0
%		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-OC	0	0	0	0	0	0	0	0	0	0	0	0	0
%		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-01	54	24	24	6	6	4	4	0	0	0	0	0	0
%		44.4	38.5	16.7	16.7	3.7	3.7	0.0	0.0	3.7	7.4	1.9	0.0
FS-02	45	19	20	6	6	1	2	0	1	0	2	0	0
%		42.2	44.4	13.3	2.2	4.4	2.2	0.0	2.2	0.0	4.4	0.0	0.0
FS-03	11	3	5	3	0	1	1	1	1	0	0	0	0
%		27.3	48.5	27.3	0.0	9.1	9.1	9.1	9.1	0.0	0.0	0.0	0.0
FS-04	73	37	36	7	7	5	5	6.3	1.4	1.4	6.8	0.0	0.0
%		47.9	24.7	27.4	5.5	5.5	5.5	6.3	1.4	1.4	6.8	0.0	0.0
FS-06	33	16	12	6	1	2	2	0	0	1	2	0	0
%		45.5	36.4	18.2	1.4	2.7	2.7	0.0	0.0	3.0	2.7	0.0	0.0
Total	380	168	151	101	25	34	10	7	19	7	19	1	0
%		41.8	31.8	26.6	6.6	8.9	2.6	1.8	5.0	1.8	5.0	0.3	0.0
2005 National Civilian Labor Force (NCLF)	100.0	38.9	33.7	36.4	4.6	8.7	6.2	4.2	1.3	3.7	0.3	0.3	0.0

NOTE: We included U.S. direct-hire workforce employment types (EX, AD, SES, GS, GM, FE-DM, FE-DMC, FE-OC, FS, L), recalls, and the Office of the Inspector General new hires.

TABLE 4
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
2006 NEW HIRES
 (CIVIL SERVICE AND FOREIGN SERVICE)

	Total		White		Total Minorities		Black		Hispanic		Asian American		Native American	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
EX	2	0	0	0	0	0	0	0	0	0	0	0	0	0
SES	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
%	33.3	66.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AD	3	1	0	0	0	0	0	0	0	0	0	0	0	0
%	50.0	16.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-15	1	0	0	0	0	0	0	0	0	0	0	0	0	0
%	50.0	14.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-14	3	1	0	0	3	1	3	1	0	0	0	0	0	0
%	42.9	14.3	0.0	0.0	42.9	14.3	42.9	14.3	0.0	0.0	0.0	0.0	0.0	0.0
GS-13	2	1	0	0	2	1	2	1	0	0	0	0	0	0
%	22.2	11.1	0.0	0.0	11.1	4.4	11.1	4.4	0.0	0.0	0.0	0.0	0.0	0.0
GS-12	1	0	0	0	1	0	1	0	0	0	0	0	0	0
%	27.3	0.0	0.0	0.0	63.6	18.2	63.6	18.2	0.0	0.0	0.0	0.0	0.0	0.0
GS-11	2	3	0	0	2	3	2	3	0	0	0	0	0	0
%	18.2	27.3	0.0	0.0	54.5	9.1	18.2	27.3	0.0	0.0	0.0	0.0	0.0	0.0
GS-09	0	4	0	0	0	4	0	4	0	0	0	0	0	0
%	0.0	96.7	0.0	0.0	0.0	18.2	0.0	18.2	0.0	0.0	0.0	0.0	0.0	0.0
GS-08	4	1	0	0	4	1	4	1	0	0	0	0	0	0
%	0.0	25.0	0.0	0.0	75.0	25.0	75.0	25.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-07	1	0	0	0	0	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-04	1	0	0	0	0	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-01	0	0	0	0	0	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-02	0	0	0	0	0	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0
%	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-01	2	0	0	0	2	0	2	0	0	0	0	0	0	0
%	45.8	0.0	0.0	0.0	13.6	0.0	13.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-02	38	10	17	11	11	11	11	11	17	17	2	6	0	0
%	28.3	44.7	28.9	2.6	2.6	2.6	2.6	2.6	2.5	5.3	16.8	0.0	0.0	0.0
FS-03	10	4	3	1	0	0	0	0	1	1	0	0	0	0
%	48.0	30.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	0.0	0.0	0.0	0.0	0.0
FS-04	16	4	4	0	0	0	0	0	0	0	0	0	0	0
%	44.4	44.4	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-05	2	1	0	0	0	0	0	0	0	0	0	0	0	0
%	50.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-06	8	3	2	2	3	0	1	1	0	0	1	0	0	0
%	37.5	25.0	0.0	0.0	12.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
100% Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
2006 National Civilian Labor Force (NCLF) %	38.9	33.7	26.4	4.1	4.1	6.2	4.5	4.5	1.1	1.1	1.1	1.1	1.1	0.3

NOTE: We included U.S. direct-hire workforce employment types (EX, AD, SES, GS, GM, FE-C/M/N/O/C, FS, FS L), recalls, and the Office of the Inspector General new hires.

TABLE 5
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
2007 NEW HIRES
 (CIVIL SERVICE AND FOREIGN SERVICE)

	Total	White		Total Minorities		Black		Hispanic		Asian American		Native American	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
EX	2	1	1	0	0	0	0	0	0	0	0	0	0
SES	4	2	2	2	2	0	2	0	0	0	0	0	0
%	10	50.0	50.0	50.0	50.0	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-15	15	8	7	4	11	0	10	0	0	0	0	0	0
%	37.5	40.0	35.0	26.7	36.7	0.0	33.3	0.0	0.0	0.0	0.0	0.0	0.0
GS-14	12	4	8	3	9	0	3	0	0	0	0	0	0
%	30.0	20.0	40.0	20.0	22.5	0.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0
GS-13	13	4	9	7	6	0	7	0	0	0	0	0	0
%	32.5	20.0	36.4	33.3	20.0	0.0	22.5	0.0	0.0	0.0	0.0	0.0	0.0
GS-12	12	4	8	2	10	0	2	0	0	0	0	0	0
%	30.0	20.0	36.4	22.2	33.3	0.0	16.7	0.0	0.0	0.0	0.0	0.0	0.0
GS-11	20	3	17	3	17	0	3	0	0	0	0	0	0
%	50.0	32.5	61.5	50.0	50.0	0.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0
GS-10	10	0	10	0	10	0	0	0	0	0	0	0	0
%	25.0	0.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-09	7	0	7	0	7	0	0	0	0	0	0	0	0
%	17.5	0.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-08	7	0	7	0	7	0	0	0	0	0	0	0	0
%	17.5	0.0	100.0	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GS-07	8	3	5	2	6	1	5	0	0	0	0	0	0
%	20.0	37.5	37.5	25.0	33.3	12.5	62.5	0.0	0.0	0.0	0.0	0.0	0.0
GS-06	2	2	0	0	0	0	0	0	0	0	0	0	0
%	5.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-CM	1	0	1	0	0	0	0	0	0	0	0	0	0
%	2.5	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-NC	1	0	1	0	0	0	0	0	0	0	0	0	0
%	2.5	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FE-OC	1	0	1	0	0	0	0	0	0	0	0	0	0
%	2.5	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-01	23	10	13	2	21	0	21	0	0	0	0	0	0
%	57.5	43.5	49.6	57.7	67.5	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-02	17	8	9	4	13	0	13	0	0	0	0	0	0
%	42.5	30.8	35.3	33.3	41.3	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-03	2	1	1	0	1	0	1	0	0	0	0	0	0
%	5.0	50.0	50.0	0.0	14.3	0.0	50.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-04	36	17	19	1	35	0	35	0	0	0	0	0	0
%	90.0	63.6	68.0	14.3	85.7	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-05	1	0	1	0	0	0	0	0	0	0	0	0	0
%	2.5	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-06	13	5	8	1	12	0	12	0	0	0	0	0	0
%	32.5	38.5	53.8	7.7	85.7	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0
FS-07	1	0	1	0	0	0	0	0	0	0	0	0	0
%	2.5	0.0	100.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total:	220	82	138	59	161	7	154	0	0	4	11	2	0
%	100.0	37.3	63.7	27.3	73.0	3.2	69.5	0.0	0.0	1.8	5.0	0.9	0.0
2000 National Origin		35.4	32.7	25.4	4.8	5.7	4.3	1.9	5.7	1.9	5.7	0.3	0.3
2007 updated to include as of 12/31/07		100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

NOTE: The includes U.S. direct-hire workforce employment types (EX, AD, SES, GS, SM, FC, NM, OC, FS, FS L), retail, and the Office of the Inspector General new hires.

TABLE 1
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
NEW HIRES (2004 THRU 2008)
 (CIVIL SERVICE AND FOREIGN SERVICE)

	Total	White		Total Minorities		Black		Hispanic		Asian American		Native American	
		Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
2004 %	294	104 35.4	88 29.9	102 34.7	17 5.8	41 13.9	11 3.7	5 1.7	13 4.4	15 5.1	0 0.0	0 0.0	
2005 %	380	158 41.6	121 31.8	101 26.6	23 6.1	34 8.9	10 2.6	7 1.8	7 1.8	19 5.0	1 0.3	0 0.0	
2006 %	210	76 36.2	71 33.8	63 30.0	14 6.7	17 8.1	7 3.3	4 1.9	7 3.3	14 6.7	0 0.0	0 0.0	
2007 %	220	82 37.3	88 40.0	50 22.7	7 3.2	26 11.8	0 0.0	0 0.0	4 1.8	11 5.0	2 0.9	0 0.0	
2008 %	276	81 29.3	94 34.1	101 36.6	22 8.0	43 15.6	3 1.1	7 2.5	5 1.8	18 6.5	0 0.0	3 1.1	
Total %	1380	501 36.3	462 33.5	417 30.2	83 6.0	161 11.7	31 2.2	23 1.7	36 2.6	77 5.6	3 0.2	3 0.2	
2000 National Civilian Labor Force (NCLF) %	100.0	38.0	33.7	25.4	4.8	5.7	6.2	4.5	1.9	1.7	0.3	0.3	

USAID/EOP-1008

NOTE: We included U.S. direct-hire workforce employment types (EX, AD, SES, GS, GM, FE-CM/MC/OC, FS, FS L), recalls, and the Office of the Inspector General new hires.

**Questions for the Record Submitted to
Acting Administrator Alonzo Fulgham by
Congresswoman Betty McCollum
Subcommittee on State, Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

On a global basis, and increasingly even in emerging countries, chronic disease now accounts for a much greater percentage of the disease burden than does infectious disease. Has USAID tracked this trend and can you share with the Subcommittee any data and your impressions? Has USAID given consideration to adjustments in its assistance programs in view of this exceedingly worrisome trend?

Answer:

USAID tracks long-term health trends, including the global burden of chronic disease. The World Health Organization projects statistics by cause of death in a way that highlights the remaining large burden of infectious diseases and maternal and child health problems being addressed in the current USAID health programs. In the table, below, these trends can be seen by comparing two of their analyses, where the data given for Sub-Saharan African countries are representative of USAID priority countries for health programs. These figures estimate disease burden in terms of mortality.

Projected Deaths by Cause, All Ages, 2005		
Cause	Low Income Countries	Sub-Sahara African Countries
Communicable Diseases, Maternal and Perinatal Conditions, and Nutritional Deficiencies	48%	70%
Non-communicable Conditions, including cancers, diabetes mellitus, cardiovascular disease, chronic respiratory disease, and other chronic diseases	43%	23%
Injuries	9%	7%
TOTAL	100%	100%

Source: World Health Organization, *Preventing Chronic Diseases: A Vital Investment*, 2005, Special Analyses.

While we are tracking these trends in countries where USAID has health programs, considerations for adjusting our assistance programs to address chronic diseases are outweighed by the need to complete the unfinished agenda on maternal and child health and infectious diseases. USAID does not have sufficient resources to take on both the emerging challenges of providing health care for people with chronic illnesses and address the unmet needs of maternal, newborn, and child survival, tuberculosis, malaria and other infectious diseases.

We believe that building the components of a country's health system to address a variety of chronic and infectious diseases is the best strategy. We also believe that this strategy has the greatest potential for maximizing the impact of available health resources and will be more effective than approaching chronic illnesses disease-by-disease.

WEDNESDAY, MAY 13, 2009.

U.S. DEPARTMENT OF STATE

WITNESS

JACOB LEW, DEPUTY SECRETARY OF STATE

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State, Foreign Operations and Related Programs will come to order. Today's hearing will examine the President's fiscal year 2010 budget request for international affairs. And I am pleased to welcome Deputy Secretary of State Jack Lew, who is well known to us from his previous work as the Director of OMB during the Clinton administration. And in light of the foreign policy challenges facing our country, many of which require tremendous resources, Secretary Clinton was quite wise in selecting you as one of her deputies. And looking at the fiscal year 2010 request for the 150 account, I can see that you are already having a significant impact. Because we recently had a hearing with Secretary Clinton on Iraq, Afghanistan, Pakistan and the Middle East, I would like to focus on the details of the 2010 budget request for this hearing and take advantage of the expertise we have in today's witness.

Mr. Secretary, the President's budget seeks an unprecedented \$53.9 billion for the 150 account, including \$52 billion within this subcommittee's jurisdiction. And before anyone complains about the size of the increase I want to make it clear, let me note, that most of it simply is to regularize the supplemental funding for Iraq, Afghanistan, Pakistan, the West Bank, Gaza and humanitarian assistance. Total supplemental funding combined with the fiscal year 2009 appropriations reflect an increase in 2010 of about \$4 billion or 8 percent which is consistent with increases sought by former President Bush.

President Obama, through honest and transparent budgeting, has declared up front the true costs and importance of our foreign policy. He is investing in diplomacy and development as our first line of defense by providing resources to create a 21st century State Department and USAID instead of relying on our overstretched military to run our foreign policy and implementing foreign aid programs. Our investments today in this approach will yield great dividends over time, and because as we all know, diplomacy and development generally are less expensive and more effective methods than military operations to achieve sustainable peace and security. In fact, the major increases in the international affairs budget are not for program expenses, they are for what I would call people expenses. With adjustments for supplemental funding, the President's request seeks a 30 percent increase for both the diplomatic and consular programs account and USAID operating expenses—

which funds the operations of the State Department, including personnel, security and training at our embassies and USAID development personnel and security costs.

I applaud you, Secretary Clinton and the President for following through on your pledges to rebuild State and USAID. However, we do need a comprehensive strategy for spending these resources to achieve specific goals. I hope you can provide insight on why the majority of the proposed new positions will be domestic deployments instead of overseas given our understanding that the greatest needs lie in our embassies and missions abroad.

For example, how have you integrated the new hires for which you seek funding into your global staffing plans, how will you accommodate these new State Department and USAID employees and already crowded embassies, and how long will it take you to recruit, hire and train these new employees for deployment? Are appropriate human resource policies in place to ensure the best people for the job are hired? I am particularly concerned that you are seeking significant and much needed increases for USAID which does not have a management team in place.

I fear that if nominations for USAID administrators and assistant administrator positions are not forthcoming, Congress' willingness and ability to provide the resources you seek will be compromised. Additionally, the administration needs to clarify the role of the civilian stabilization initiative and how it will interface with the operations of the rest of the State Department and USAID programs and personnel. Do you envision any differences in the concept than what was developed by the previous administration?

Mr. Secretary, turning to the assistance programs there are relatively few major programmatic increases in the President's budget. The key increases on development assistance are to scale up basic education, expand agriculture and food security assistance and grow climate change initiatives. I continue to believe that access to a quality education is one of our most important tools for channelling young people in conflict-prone regions toward a more productive path. And I am very pleased that Secretary Clinton has continued her commitment to basic education. And I look forward to our continued partnership on this issue. Additionally, in light of the economic crisis and the impact on food security, I understand your emphasis on agriculture. And while the grim news on global warming certainly warrants a more focused approach to stem carbon emissions and facilitate eco-friendly solutions to the world's energy needs, I hope you can provide greater detail on the mechanisms and modalities for programming these increased resources.

I am particularly concerned that there seems to be no budget detail on the \$500 million requested for the Clean Technology Fund. I would note to my colleagues that the increases in the ESF account are largely to fund the programs in Afghanistan, Pakistan, Iraq, West Bank, Gaza. There is also a nominal increase in global health with the exception of malaria programs which are increased by \$200 million. And while global HIV/AIDS funds have steadily increased over the past decade when many other aspects of the international affairs budget were cut or flat lined as we have seen with the H1N1 outbreak, health needs cannot be deferred.

Mr. Lew, you, the Secretary, your colleagues of the State Department, face a daunting set of challenges. But you have inherited a committed and skilled workforce, you have a Secretary and a President that have inspired millions around the world. You have my personal commitment and the commitment, I hope of all of us in Congress, to help you succeed.

Mrs. LOWEY. Before I turn to you for your remarks, I would like to turn to Ms. Granger for any comments she may have. Ms. Granger.

OPENING STATEMENT OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you, Madam Chair. I want to thank Deputy Secretary Lew for appearing today to explain the administration's fiscal year 2010 priorities. The subcommittee has only begun to receive the details of this budget request. And I hope the Deputy Secretary and his staff will work quickly to provide the full budget justification so that we can better understand the items requested prior to us marking up the bill. We received some high level descriptions of the request. We note the accounts in the State foreign operations bill total \$52 billion, a 42 percent increase over the fiscal year 2009 regular appropriation, excluding emergency appropriations. This large increase will bolster staffing, as the Chair has mentioned, for the State Department and USAID, support administration priorities like food security, climate change and global health, and continue support for civilian efforts to fight the war against terrorism, particularly in Iraq, Afghanistan and Pakistan. The administration has described this international affairs budget request as a smart power budget, one that balances diplomacy, development and defense in the advance of our national security objectives. I have long supported the concept of smart power, and I hope the Deputy Secretary will explain how the State Department and USAID plan to implement the amounts requested to support the diplomatic and development goals of this administration.

Maintaining an appropriate level of highly trained staff is critical. It demonstrates smart power. And this committee has supported hiring efforts begun by the previous administration. I look forward to an update from the Deputy Secretary on the progress that has been made thus far to hire and deploy new foreign service officers. And I look forward to hearing about the new hiring expected for fiscal year 2010 and beyond.

In closing, I should note that I am pleased the administration is following through with support for the Merida initiative. The \$450 million request is an important investment in Mexico's war against drug cartels on our southern border. The Deputy Secretary and I spoke about how essential it is that the funds are provided quickly to the Mexican government. I thank him for the work he has done to expedite the funds already appropriated. I look forward to working with you and hearing from you. Thank you.

Mrs. LOWEY. Deputy Secretary Lew, your full written statement will be placed in the record. Feel free to summarize your oral statement so we can leave enough time to get everyone's questions. Proceed as you wish.

OPENING STATEMENT OF MR. LEW

Mr. LEW. Thank you very much, Madam Chair, Ranking Member. I appreciate the warm welcome and look forward to working with you and the members of this committee both today and as we go forward. It is my honor to be here to present President Obama's international affairs budget request for 2010. And I will take advantage of putting my statement in the record to summarize the major principles and priorities in the budget so that we can leave most of the time for questions. At a top line level of \$53.9 billion, the request represents a 9 percent increase over the 2009 funding levels. This budget provides the detail of what we mean when we talk about smart power, and it provides the resources for the administration to pursue its foreign policy goals. The United States faces diffuse and complex threats, including terrorism, climate change, pandemic disease, extreme poverty and global criminal networks.

Key to our security and prosperity is a stable and secure world, and we cannot achieve that through military means alone. It requires American leadership that promotes our values, builds strong partnerships and improves the lives of others. That is what President Obama and Secretary Clinton call smart power; harnessing the tools of diplomacy development and defense to help build a more peaceful and prosperous world. By reducing the risk that global poverty and instability will ultimately lead to conflict. Smart power will save us both dollars and lives in the long-run. We understand the economic conditions at home make this a very difficult moment to ask the American people to support even a modest increase in spending overseas. At the same time the American people understand that our future security depends on resolving current conflicts and avoiding future ones. When Secretaries Gates and Clinton testified together recently, they made a powerful case that investments in diplomacy and development, two of the pillars of our smart power strategy, are as vital to our national security as investments in defense, the third pillar. Smart power starts with people. That is why our budget puts an emphasis on increasing the size of the foreign service, ultimately achieving a 25 percent increase in state foreign service officers over the next four years.

But I want to address special attention to the urgent need to rebuild the U.S. Agency for International Development. We are looking to USAID to take on some of the most difficult tasks in some of the world's most challenging environments. But with its ranks thinned to just over 1,000 foreign service officers worldwide, USAID does not have the manpower it needs, which is why this budget includes a 45 percent increase in USAID operations and puts USAID on a path to doubling its foreign service officers by 2012. All of our goals; conflict prevention, poverty reduction, food security, global health, climate change, come back to having the right people with the right training and the skills to get the job done.

This budget also provides the resources to pursue critical missions in conflict areas that occupy much of our attention these days; Afghanistan, Pakistan and Iraq. Our fiscal year 2010 request seeks \$2.79 billion in nonmilitary assistance for Afghanistan and

\$1.3 billion in nonmilitary assistance for Pakistan, substantial resources that must be coordinated and deployed effectively. Following the administration's strategic review, State and USAID are implementing a comprehensive civilian program which is fully coordinated with our military and other key agencies, such as the Department of Agriculture and the Department of Justice, to bolster both security and development.

At the same time, it is important to step back from these conflict areas to see clearly our broader objectives. We make investments to promote long-term development and human security both from the top down and bottom up strengthening the ability of governments to meet the basic needs of their populations, and at the same time, partnering with citizens and civic groups to build human capacity and reduce extreme poverty. Children need a basic education that provides skills to pursue opportunities rather than hatred.

Parents need jobs to reject the appeal of extremists who too often offer the only way to support a family, and for many survival requires minimal access to basic health care. Overall 56 percent of our assistance request is targeted to development programs with special emphasis on economic development, good governance, global health, food security, education and global climate change.

For example, our budget request includes \$7.6 billion for a global health initiative, which continues the fight against HIV/AIDS, malaria and tuberculosis and expands it to address maternal and child health, neglected diseases, family planning and basic health infrastructure. It commits \$3.4 billion to a food security initiative aimed at addressing the root causes of food shortages by more than doubling the resources devoted to agricultural production and productivity.

And on the climate front it seeks \$581 million to help developing countries most vulnerable to the impacts of climate change adapt by becoming more climate resilient and developing clean energy alternatives. Our budget also invests in the strategic, bilateral and multilateral partnerships that are critical to global security, stability and prosperity. We focus on states that can or must be partners in regional peace and prosperity. And tipping point states where the potential for conflict and instability present regional and global threats. And we leverage our multilateral partners who represent both a force multiplier and a cost effective means for addressing global challenges.

We are strengthening global security capabilities knowing that when our allies and partners can defend their territory and borders against external and internal threats we are more secure. Our strategy seeks to forge partnerships among states to help build global security and capacity in a number of areas, including peacekeeping, police training, counternarcotics, nonproliferation and combating nuclear terrorism.

Finally, we provide the resources, over \$4.1 billion to respond to humanitarian needs. Our humanitarian assistance programs that provide relief when we see human suffering are a fundamental expression of our values. At the same time leading with our values often strengthens our ties with other people. Our humanitarian efforts in the aftermath of the earthquake in Pakistan actually began

to turn the sentiment amongst many Pakistani citizens away from extremists and led them to see the United States as a political force for good in their lives. At this very moment we are taking steps to make sure that the United States is in the forefront of efforts to address the needs of people who are seeking safe haven as the government of Pakistan takes military action against extremists. There is a real possibility that in addition to the 500,000 already internally displaced another 1 million persons could need assistance.

The challenge, in part, is providing funding and we are taking steps to make certain that we are able to help there. But even more challenging will be gaining access. And our very capable ambassador to Islamabad is coordinating with international organizations, NGOs and the government of Pakistan to determine how we can assist more effectively. Securing the resources to promote our goals is an important first step towards restoring American global leadership, but resources alone are not enough. We know we have to be better managers of our resources as well, especially in these difficult economic times.

I hope my appearance before you today signals the Secretary's seriousness and determination that the Department be a responsible steward of taxpayer dollars. It is the first time the position of Deputy Secretary of State for Management and Resources has been filled, and in only a few short months, our reform agenda is already robust. Even as we undertake the reviews and seek the necessary input to define our new approach, you have already seen signs of how we are going to work differently. In Afghanistan and Pakistan, we are bringing all agencies together under a shared set of objectives allowing us to benefit from the range of expertise available across the U.S. Government, maximizing resources through greater coordination and integration and recruiting rapidly to meet a critical and time sensitive mission.

In food security and global health, the State Department is leading whole of government efforts creating inventories of programs, identifying gaps in our current programming and coordinating among agencies to develop a shared strategy. All of these examples highlight the need to develop broader mechanisms to manage by country and by function so that all foreign assistance programs are coordinated and resources can be allocated to achieve objectives most effectively and so that programs can be operated most efficiently. Accountability for results is another principle that will guide our reform efforts. We are keenly aware that with increased resources comes the obligation to demonstrate that we are making an important difference.

Finally, we know that we need to be a more effective donor. Our people in the field must have the means to leverage opportunities, to build strong partnerships with responsible governments, and to support development progress by empowering partners to have more of a say in how aid resources are targeted in their countries. We look forward to consulting closely with you and other stakeholders as we consider these questions and others in the coming weeks and months ahead. I thank you for the opportunity to appear today and look forward to answering your questions. The President and Secretary's agenda is an ambitious one, yet with the

right resources and good counsel, we are confident that we can meet these challenges. We look forward to working closely, and I welcome the opportunity to answer your questions.

Mrs. LOWEY. Thank you very much.

[The information follows:]

TESTIMONY BEFORE HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON STATE/FOREIGN OPERATIONS

MAY 13, 2009

DEPUTY SECRETARY OF STATE JACOB J. LEW

DEPARTMENT OF STATE

Fiscal 2010 State-Foreign Operations Appropriations

Introduction: A New American Leadership

Madam Chairwoman, Representative Granger, members of the subcommittee, it is an honor to appear before you today to discuss the principles and priorities that underlie President Obama's international affairs budget request for 2010. During our first months in office, the Obama Administration has launched an ambitious foreign policy agenda, recognizing, as the President has said, that the challenges of our time will not wait for sequencing. The United States confronts what may well be the most complex array of threats in our history -- Iraq, Afghanistan, and Pakistan, terrorism, climate change, pandemic disease, extreme poverty, nuclear proliferation, and global criminal networks.

American leadership remains essential. But we cannot meet these threats alone. Nor can we use only one set of tools. Tackling these challenges successfully -- and seizing the opportunity to help build a more peaceful and prosperous world -- requires robust partnerships, greater capacity, and stronger institutions. It also means that we must invest more in the programs and people with the skills and capabilities to address these complex challenges.

This approach is what Secretary of State Clinton has called "smart power." As she has explained, only through the appropriate use of smart power -- harnessing the tools of diplomacy, development *and* defense -- will we succeed. These three pillars of smart power are essential to prevent and deter conflict and emerging threats.

The resources in this budget fund the operational elements required to support two pillars of our smart-power strategy -- diplomacy and development. We know that the key to our security and prosperity is a stable and secure world. And we also know that our power does not just come from our military might, but from our values, our capacity to form strong partnerships, and our ability to improve the lives of others so we do not pay the price of global poverty, instability, and ultimately, conflict. This budget represents a fraction of what our government spends each year on what has traditionally been defined as national security, reflecting the cost-effectiveness of prevention through diplomacy and development.

That is why the Secretary of Defense has come to Congress and asked that more resources be devoted to foreign affairs. As Secretary Gates said in his recent testimony with Secretary Clinton, "I believe that the challenges confronting our nation cannot be dealt with by military means alone. They instead require whole-of-government approaches -- but that can only be done if the State Department is given resources befitting the scope of its mission across the globe. This is particularly important in Afghanistan and Pakistan, where our ability to provide resources beyond military power will be the decisive factor." Or, as Senators Kerry and Lugar noted in their successful bipartisan effort to fully fund international affairs in the Budget Resolution, "From pandemics to climate change to failed states, this century's security challenges demand a new level of commitment to diplomacy and development. With this relatively small investment, we are making significant strides toward restoring America's leadership role in the world."

This budget -- a total of \$53.9 billion, of which \$48.6 billion is for the State Department and USAID -- is a 9 percent increase over the total FY 2009 funding level, including supplemental appropriations. It reflects the Obama Administration's commitment to fiscal discipline and transparency by shifting funding for predictable and recurring programs, previously funded in emergency supplemental appropriations, into the FY 2010 request.

We understand that this is a difficult moment to ask the American people to support even a modest increase in spending overseas. At the same time, the American people understand that our future security depends on avoiding future conflicts that will force us to pay a terrible cost in lives and dollars. Humanitarian objectives are also security requirements. Children need basic education to pursue opportunities rather than hatred; parents need jobs to reject the appeal of extremists who often seem to offer the only way to support their families; and for many, survival requires minimal access to basic health care services. With this request, we seek to strengthen America's position of global leadership -- ensuring that we remain a force for peace and prosperity in the world, advancing our own security even as we expand the circle of dignity and opportunity for people left outside of it.

Five Smart Power Funding Objectives

First, we must build the civilian capacity within the Department of State and USAID necessary for 21st Century missions.

Our diplomatic and development missions have evolved. Foreign and civil service personnel deploy alongside the military in Afghanistan and Iraq, reaching far beyond embassy walls to connect with citizens and communities whose support we enlist to suppress insurgency and drive out enemies like the Taliban and al-Qaeda. They build the capacity of fledgling political parties, ministries, and trade associations. They help create the conditions for economic growth and democratic progress, and lay the groundwork for expanded access to health, education, and other basic needs. And they build the alliances necessary to use smart power, including multilateral engagement and private sector

collaboration. Our diplomatic and development teams are increasingly posted in situations that resemble military conditions rather than traditional diplomatic assignments. We simply cannot spread our workforce thinner and thinner without increasing the risk that while we address a current hotspot we are missing an opportunity to prevent the next crisis or engage in such a way as to build new and capable partners.

The FY 2010 budget requests \$283 million to support adding over 740 new Foreign Service personnel at the Department of State, a significant step toward achieving a 25 percent increase in State Foreign Service personnel over four years. I want to call special attention, however, to our efforts to rebuild USAID, where, as many of you have noted, human resources have significantly eroded over the past decade, even as we have ramped up development activities and our expectations of our lead development institution. The FY 2010 request includes a 45 percent increase in USAID operations to support adding an additional 350 new permanent USAID Foreign Service Officers and related capital improvements under the Agency's Development Leadership Initiative. The FY 2010 budget puts the USAID on a path to double its Foreign Service officers by 2012. The budget also would provide the resources needed to train the expanded workforces of both State and USAID with the language, diplomatic, development and managerial skills necessary for their mission, and allow us to increase civilian presence and leadership in places like Afghanistan, Pakistan, and Iraq.

We must not only expand our reach but improve our management and oversight capacity. We see contract reform as a critical component of that effort. In FY 1990, USAID employed nearly 3,500 permanent direct hires administering \$5 billion a year in assistance. As of FY 2008, USAID employed about 2,200 permanent direct hires administering \$13.2 billion in assistance. USAID's ability to provide strategic direction and appropriate oversight is clearly challenged at this level. This diminished workforce has resulted in contracting out more and more programs and activities, bundling activities under large mechanisms, and in many cases, higher overall costs.

The only way to reverse this trend is to increase the core of foreign and civil service staff whose full time and sole responsibility is to serve their mission. Foreign and civil service officers on the ground need to be developing objectives, working with locally based organizations, providing oversight, and making decisions about how resources are utilized. We have announced our intent to double foreign assistance by 2015. This can only be accomplished if we have the people on board to drive the program.

The State Department has long needed greater capacity to respond quickly to stabilize situations at times of conflict or crisis. These situations may be caused by political or natural disasters, but they share a common need for a rapid civilian response. Our military men and women are often called upon to respond to situations for which they were not trained and where a civilian presence would be more effective. The military has done an extraordinary job, but it cannot -- and should not -- handle these situations alone. In order to build the capacity to deploy civilians rapidly, we are requesting \$363 million for the Civilian Stabilization Initiative. This will expand our total response team to over four thousand persons and greatly increases our ability to prevent and respond to conflict

with an immediately deployable civilian counterpart to the U.S. military, ready and able to help stabilize countries in the transition from war to peace.

Included in that request is \$40 million for a Stabilization Bridge Fund, which will provide the Civilian Responders immediate resources for critical transition and stabilization programs to reduce the need for long-term deployments of military forces or peacekeepers. Separately, we also request \$76 million for a Rapid Response Fund to help stabilize turmoil in new and fragile democracies, such as what we saw during Kenya's most recent election, where a quick infusion of resources can help reconcile competing interests and support the will of the people.

In order to increase personnel and conflict response capacity, we also need the tools and infrastructure to enable our overseas personnel to do their jobs. The FY 2010 budget includes \$2.095 billion to construct safe, secure, functional new embassies; a strengthened American presence in critical emerging areas; and expanded and secure global classified and unclassified information technology networks. These resources also support efforts to improve the efficiency of diplomatic and development operations, including modernizing antiquated software systems; integrating State and USAID information technology; participating in e-government initiatives that promote transparency, accountability and citizen engagement; upgrading reporting and financial management systems, and consolidating State and USAID administrative platforms.

Smart power means using all of the tools available to reach out to the world, and the FY 2010 budget requests \$1.13 billion for public diplomacy and educational and cultural exchanges, providing the resources required to engage and influence people around the world, advance understanding of our country's principles and values, and facilitate the formation of strategic partnerships through the exchange of people and ideas. These programs connect people to people -- exchanging knowledge, information, and expertise, and bring people together around shared values. Public diplomacy programs often help build the sustainable relationships with local communities that become foundations of our development programs. And in a world in which 60 percent of the population is under the age of 30, our youth programs are among the most critical investments we can make. Extracurricular programs, educational opportunities, and exchanges help divert at-risk youth away from the influence of violent actors, and the use of innovative new media greatly expands our reach into this critical population.

Second, we must promote long-term development and human security -- both from the top-down and bottom-up.

Americans have seen first-hand the threats that emerge from ungoverned spaces -- the dangers that can take root with poverty, political oppression, and disenfranchisement. Elevating development alongside diplomacy as an equal pillar of our foreign policy is not only a moral commitment, but a national security imperative. Our superb military can stem conflict, but it cannot lay the foundations of long-term economic growth, good governance, and human capacity that will result in sustainable peace and prosperity. In the long run, the more effective we are at development, the less we will be forced to turn to defense.

Our “top-down” development strategy must strengthen the ability of governments to support just and capable institutions that meet the basic needs of their populations; and the enabling environment for broad-based, equitable economic growth, including access to the global economy.

Our “bottom-up” development strategy partners with citizens and civic groups to build human capacity, ultimately spurring the power of individuals and societies to innovate, cooperate, and solve problems -- both locally and globally. Overall, 56 percent of our assistance request is targeted to development programs, with special emphasis on economic development and good governance, global health, food security, education, and global climate change.

As Secretary Clinton has said, “We believe that extreme poverty poses a grave threat to global security and certainly to prosperity.” Development experts have predicted that 50 million more people could end up living in poverty this year. A sharp increase in global poverty has the potential to spark new humanitarian crises, erode gains from a wide range of U.S. taxpayer investments in development, reverse progress toward achieving the Millennium Development goals, and destabilize countries that are our partners. Many responsible countries cannot raise funds to support safety nets, restore financial markets, or serve the poor.

These burdens will disproportionately fall on women and children, who are the most marginalized in many populations and who constitute the great majority of poor around the globe. Raising the status of women and their families -- and supporting their participation in the political, economic and social spheres of society -- is a key ingredient of our development goals. Moreover, investing in women is one of the most effective development tools for poverty alleviation and a country’s general prosperity. It remains a simple fact that no country can hope to get ahead if half of its citizens are left behind. In recognition of this imperative, the Secretary has consolidated activities that were spread across the State Department in an Office of Global Women’s Issues to ensure that our foreign policy programs, including our development initiatives, reflect the needs and perspectives of women and girls.

Economic Development & Good Governance: The FY 2010 request demonstrates the Administration’s strong commitment to fighting poverty, both because it is important for our national security interests, but also to further American values. Funding for economic growth and democratic progress, both critical to achieving sustainable development and accountable governance, are up significantly over last year’s level: \$4.7 billion -- a 16 percent increase over FY 2009 -- is requested to drive economic growth; and \$2.8 billion -- a nine percent increase over FY 2009 -- is requested for assistance to strengthen democracy and good governance worldwide.

Support for economic growth and governance is particularly critical in Africa and each is up by more than 30 percent over the current year: economic growth in Africa grows from \$891 million in FY 2009 to a request of \$1.175 billion, and governance from \$265 million to \$347 million. Funding is targeted to development needs and economic opportunity and governance programs critical to the success of the investments we have

made through the Millennium Challenge Corporation and the President's Emergency Plan for AIDS Relief.

Food Security: The President announced at the G20 meeting in London that we will seek to double U.S. financial support for agricultural development in developing countries in order to, in his words, "give people the tools they need to lift themselves out of poverty." The FY 2010 request makes good on this commitment by including \$1.36 billion, an increase of 62 percent from last year, including the FY 2009 Spring Supplemental Request, to address the root causes of food insecurity by increasing agricultural production and productivity. Our strategy meets short-term needs and builds long-term foundations to reduce food insecurity by improving production, increasing rural household incomes, improving the nutritional status of children, and reducing reliance on international food aid. Another \$1.99 billion will be used to provide food aid, of which \$300 million will support emergency food security interventions such as cash voucher and cash transfer programs and the local and regional purchase of food.

Education: Our request for basic education expands the United States' leadership in global efforts to help all girls and boys access quality basic education. The FY 2010 request ramps up support for basic education to nearly \$1 billion, an increase of 26 percent over the current year, to expand access to schooling, improve educational quality, increase emphasis on educational results, and provide alternatives to extremist ideology. The request expands focus to include at-risk and out-of-school youth, and programs are coordinated with partner countries, other donors, and multilateral institutions, including the Education For All Fast-Track Initiative, to reduce the global education deficit.

Global Climate Change: Since taking office, President Obama and Secretary Clinton have made it clear that the United States is fully engaged and committed to meeting the challenges of climate change. The Obama Administration is bringing significant resources to the table -- almost a \$1 billion overall U.S. Government increase, including funds requested by the Treasury Department, signifying robust and ambitious measures by the Obama Administration to combat climate change and help put the world on a pathway to a low carbon future.

Within the State and USAID budget, the FY 2010 request includes \$309 million of additional international climate change assistance, added to an FY 2009 base of \$272 million for a total of \$581 million. These funds will help developing countries most vulnerable to the impacts of climate change adapt and become more climate-resilient and also assist them in pursuing low carbon economies through the development of clean energy alternatives. Further, we will support international programs aimed at reducing emissions from the energy sector, industry, and urban areas and encourage sustainable water and land use, including deforestation, which accounts for about 17 percent of global greenhouse gas emission.

Global Health: The United States continues to lead on global health in HIV/AIDS, TB, and malaria, and we are now taking the next steps that will save the lives of millions more women, children and families in the developing world. The FY 2010 budget request includes \$7.6 billion for global health programs for the Global Health and Child

Survival (GHCS) Account. This request is part of a six-year, \$63 billion effort to launch, alongside our existing commitments and partners, an integrated approach to increase resources for maternal and child health, family planning and neglected tropical diseases with the potential to enhance dramatically quality of life, exponentially increase the number of lives saved, and break the cycle of poverty and disease.

To combat HIV/AIDS, this budget provides a \$100 million increase for HIV/AIDS bilateral programs over FY 2009 enacted and demonstrates this Administration's commitment to continuing the fight against HIV/AIDS as the centerpiece of its global health agenda. In FY 2010, HIV/AIDS funding is almost 75% of the GHCS funding. In addition, a total of \$585 million is requested to support the malaria initiative to reduce malaria deaths by 50 percent in each of 15 priority countries; and the \$525 million requested for maternal and child health and \$475 million requested for family planning is an increase over the robust levels appropriated by Congress in FY 2009.

Third, we must enhance strategic bilateral and multilateral partnerships critical to global security, stability, and prosperity.

We must renew our diplomacy and target our development assistance to address global threats too big and complex to meet alone, helping to develop the capacity of willing partners to work with us to solve global problems. Our strategy focuses on states that can or must be partners in regional peace and prosperity and those tipping-point states whose frailties present regional and global threats. And it seeks to leverage multilateral engagement, always a force multiplier in addressing challenges of mutual concern.

Our simultaneous top-down and bottom-up approach allows us to focus on building much-needed capabilities in government institutions while at the same time reaching out directly to meet humanitarian needs of the population. As the President and Secretary have made clear, the Administration is committed to ensuring that our spending in these areas is guided by clear plans with achievable outcomes. Such assistance will not be a blank check -- we will hold ourselves and others accountable and establish clear indicators for success.

In Afghanistan, we are seeking to help develop self-reliant Afghanistan Security Forces; promoting capable, accountable and effective government at the provincial, local and national levels; ramping up quick impact civilian assistance efforts that promote licit economic opportunities to support counter-insurgency efforts; and increasing alternative development funding as part of our counter-narcotics strategy. The FY 2010 request includes significant resources for non-military assistance to Afghanistan -- \$2.79 billion - - an increase of four percent over the FY 2009 total, including the Spring Supplemental Request.

In Pakistan, we will work toward improving Pakistan's capability to fight extremists; strengthening government capacity and the rule of law; providing emergency economic relief and promoting economic growth, agriculture, infrastructure, and education as alternatives to extremist ideology; and developing a strategic communications strategy to counter terrorist propaganda. The FY 2010 request for Pakistan is \$1.6 billion, an 11

percent increase from FY 2009 and a tripling of non-military aid from \$457 million in FY 2008 to \$1.3 billion in FY 2010.

And in Iraq, our funding request advances efforts to continue our support toward greater Iraqi self reliance. The FY 2010 request of \$500 million, a decrease of 18 percent from the FY 2009 total, focuses on key areas that will help the Iraqis lay a foundation for lasting peace and stability, including strengthened institutional capacity at both the national and provincial levels, assistance to displaced Iraqis, and support to advance national reconciliation.

In the broader Middle East, we will continue to work to support greater stability and prosperity. The United States remains committed to a comprehensive and secure peace between Israel and its Arab neighbors, including a two-state solution to the Israeli-Palestinian conflict. We remain steadfast in our commitment to Israel's security. The FY 2010 request includes \$2.8 billion for Israel, a \$225 million increase from FY 2009, to support the second year of a ten-year, \$30 billion commitment to help Israel maintain its qualitative military edge. Other U.S. assistance to the countries of the region, including Egypt, Jordan and Lebanon, support this objective by fostering stability, security and the economic prosperity of our allies and mitigating the influence of extremists.

Our assistance also supports the conditions necessary for a Palestinian state to be realized while continuing to meet immediate humanitarian needs. We are seeking funds to help strengthen the Palestinian Authority's governing institutions. These steps are essential to resuming serious negotiations toward a comprehensive peace in the region and establishment of a Palestinian state that will live side-by-side with Israel in peace and security.

The FY 2010 request includes \$502 million for the West Bank and Gaza to support reforms of the security sector; improve local infrastructure; build institutional capacity; strengthen moderate voices, including in the private sector; create jobs; provide necessary humanitarian assistance; and promote initiatives in health and education. In all cases, our assistance programs in Gaza will be based on work with fully-vetted private individuals, organizations, and public international organizations, and will be carried out in a transparent, accountable manner to help ensure that aid does not end up in the hands of terrorist organizations. We will work with the Palestinian Authority and our implementing partners to follow established safeguards that will ensure that our funding is used only where, and for whom, it is intended.

Finally, in keeping with our prevention strategy, the FY 2010 request increases funding for Yemen by 83 percent, to \$55 million. We believe we must work to help keep Yemen out of failed state status. We have requested significant across-the-board development increases in education, health, and jobs creation to mitigate this threat.

Closer to home, we seek to strengthen ties with our partners in Mexico and Central and South America. Our approach is one of true collaboration, targeted to needs they identify and building the security capacity of the state while also focusing on the root causes of crime in the region, including economic inequality, the lack of educational opportunities,

corruption, impunity, and weak governmental institutions. We request \$550 million in the FY 2010 request to strengthen our efforts under the Mérida Initiative to combat narcotics and arms trafficking, gangs and organized crime in our hemisphere by strengthening law enforcement and interdiction capacity. Other regional priorities include continued support for Colombia's fight against terrorism and narcotics trafficking -- although at a reduced rate as Colombia continues assuming greater responsibility for counter-narcotics efforts. And we are meeting the President's Summit of the Americas Commitments with \$55 million for energy and climate change, \$31 million for a Caribbean Security Initiative as part of the President's Shared Security Partnership to compliment Mérida, and \$10 million for an education partnership for at-risk youth.

Together with the review of our strategy in Haiti, and on the heels of the Secretary's visit, we are requesting significant funding for Haiti to strengthen its democracy, reduce poverty, protect the environment, and expand counter-narcotics programs. In the security sector, U.S. programs will focus on recruiting, training and equipping Haiti's police, and on stabilizing urban hot zones that until recently were incubators of gang warfare and political violence. On economic growth, we will focus on developing the country's finance sector, helping the government create a regulatory environment favorable to investors, and growing the capacity of the country's agriculture industry.

In Africa, the imperative to counter the threats of AIDS, Malaria, and other major obstacles to health and prosperity remains compelling. The global economic crisis has hit Africa harder than expected, with food insecurity exacerbated by low commodity export revenues and dwindling remittances and investment flows. These factors have threatened social unrest and political instability, particularly in the form of coups. Our response is designed to promote economic growth and support good governance in order to create greater opportunities, as well as to address issues such as food insecurity, with significant resources targeted to those countries in Africa that have the potential to become regional bread baskets. We also seek to buttress the continent against the erosion of the hard-won gains in political stability and democratic progress, particularly in Kenya and Liberia. Finally, our request is targeted to help resolve and prevent destabilizing conflicts, especially in Sudan, Somalia, and the Democratic Republic of the Congo. African entrepreneurs and civil society leaders have begun to reorient their societies toward growth and better governance. With our support and partnership, we can save lives, prevent instability and extremism from advancing, and put Africa back on the road to a prosperous future.

Many countries of East Asia and the Pacific have, in the course of a generation, lifted themselves out of poverty and become models for economic prosperity and political diversity. Our goals for the region include ensuring peace, consolidating democratic gains, and fostering continued economic reforms to reach the region's poorest citizens. Our programs in the Philippines and our work in North Korea help to reduce the risk of terrorism and nuclear proliferation which threaten the United States and the region. On the democracy front, Secretary Clinton announced the launch of a U.S.-Indonesian Comprehensive Partnership during her trip to Jakarta in February. This partnership seeks to support the successful transformation of the world's third largest democracy into a

stable, democratic and moderate voice, and a beacon of promise around the world. Finally, our programs in Burma, Cambodia, and Vietnam not only foster a more vibrant civil society, but put in place the building blocks for prosperity and wellbeing for vulnerable populations by investing in public health, education, and broad-based economic development.

In Europe, we are seeking to support policies geared to promote a continent whole, free and at peace. That includes supporting democratic reformers in Georgia, Ukraine and Moldova. For Russia, our request seeks to support the efforts of those in Russia promoting democratic reform while cooperating with the government in areas of common interest. For Southeast Europe, ensuring the success of newly-independent Kosovo is a top priority, followed closely by the need to facilitate progress on reform in Serbia and prevent ethnic-based crises that would prevent implementation of the Dayton Accords in Bosnia and Herzegovina. In addition, the request restores full U.S. support for the Organization for Security and Cooperation in Europe (OSCE) budget, preventing further operating shortfalls. Providing full financial support to the OSCE is in keeping with the Administration's emphasis on revitalizing multilateral engagement, which includes active participation on our part, as well as a commitment to paying our dues on time and in full.

In all of these areas -- from Iraq and Afghanistan to the Balkans -- our objectives and investments are greatly enhanced when pursued in partnership with the international community. Many of our foreign policy challenges rely on coalitions of like-minded partners, forged within our international institutions. And as demonstrated through our support for U.N. peacekeeping activities, the dollars we contribute to these fora leverage significant returns.

Therefore, success lies in maintaining U.S. leadership in the international community. Responsible global leadership means meeting our financial commitments to international institutions, even as we work with them to institute reforms to strengthen their efficacy. The Administration's budget requests \$4.1 billion for assessed contributions to multilateral organizations and peacekeeping assessments, demonstrating our resolve to work together with members of the international community in the pursuit of common goals. Our overall request meets U.S. financial commitments to the United Nations and other international organizations that support a wide range of U.S. national security, foreign policy, and economic goals, including full funding of all 2010 scheduled payments to the Multilateral Development Banks, and a portion of outstanding arrears.

Fourth, we must strengthen global security capabilities.

One of the most basic responsibilities of government is to provide security and order to its people. Our allies and partners must be able to defend their territory and borders against both external and internal attacks. That is why our strategy seeks to forge partnerships among states to help build global security capacity in a host of areas, including peacekeeping, police training, non-proliferation, and combating nuclear terrorism. Notable examples include our Cooperative Threat Reduction Program with Russia; the Global Initiative to Combat Nuclear Terrorism, which brings together 75

partner countries; and the Proliferation Security Initiative, a global effort that aims to stop trafficking of weapons of mass destruction supported by over 90 countries.

The FY 2010 request also includes \$90 million to launch a new multi-year effort to help address the wide array of threats posed by terrorist organizations. The Shared Security Partnership will allow the United States to forge strategic partnerships with allies to confront common global extremist threats, building on previous law enforcement and counter-terrorist efforts to create a regional and global information-sharing and coordination infrastructure.

This budget also continues funding for the Global Peace Operations Initiative (GPOI), which builds and maintains the capacity and effectiveness of peace operations worldwide. GPOI is on track to complete its global target of training 75,000 peacekeepers, and is shifting its focus from the direct training of peacekeepers to building sustainable, indigenous capacity. Funding will also enhance the ability of our partners to address counterterrorism threats through the Trans-Sahara Counterterrorism Partnership and the East Africa Regional Strategic Initiative programs; reform military forces in the aftermath of conflict into professional military forces with respect for the rule of law, including those in Southern Sudan, Liberia, the Democratic Republic of the Congo, and Somalia; and address critical regional coastal and border security problems in Africa.

Finally, our resource request for nonproliferation, anti-terrorism, and demining activities is up 17 percent, including increases to expand the terrorist interdiction watchlist system and efforts to destroy conventional weapons stockpiles.

Fifth, we must maintain the resources to respond to urgent humanitarian needs.

The U.S. remains the leader in responding to the most vulnerable populations, providing basic life-sustaining support in the face of disasters; and protection of refugees, conflict victims, and internally displaced persons overseas. Our humanitarian assistance programs are the most fundamental expression of our values, from responding to the devastating impacts of the cyclone in Burma to the victims of conflict and instability in Darfur, Zimbabwe, and now Sri Lanka and Pakistan. We have also seen that leading with these values has a multiplier effect. It was our humanitarian assistance in the aftermath of the earthquake in Pakistan that began to turn the sentiments of Pakistani citizens away from extremists, and to see the United States as a force for good in their lives. And we know that the deep human suffering -- the lack of access to the most basic of needs -- can feed instability and further conflict.

Our request aims to budget fully for expected requirements for refugees, rather than continuing to rely on supplemental appropriations. The request includes \$4.1 billion in refugee, disaster, displaced persons and emergency food assistance, which is part of our comprehensive U.S. food security efforts. In addition to basic needs, these resources assist refugees with voluntary repatriation, local integration, or permanent resettlement in a third country, and provide critical humanitarian relief, rehabilitation, and reconstruction in countries around the world affected by natural and man-made disasters.

Conclusion: Managing for Success

Securing the resources to promote our goals is an important step toward restoring American global leadership. But resources are not enough. With leadership comes responsibility, and especially in these difficult economic times, we must be better managers of our resources. Congress has been at the forefront of identifying ways to improve our assistance policies and practice, and we thank you for your leadership and welcome your ongoing consultation.

I hope that the simple fact that I am here before you today is a sign of our commitment to greater fiscal discipline and efficiency in international affairs. One of Secretary Clinton's first orders of business was to fill for the first time the position of Deputy Secretary of State for Management and Resources. This reflected her seriousness and determination that the Department must be a responsible steward of taxpayer dollars and maximize resources for greatest effect.

Among my first duties has been to undertake a comprehensive review of our foreign assistance programs. Secretary Clinton has asked me to make recommendations on new ways to speed the cause of development in nations left behind by poverty, to use foreign aid to buttress our foreign policy aims, and to bring the full power of our resources to bear. This effort is well underway, and we look forward to working with you as it evolves.

At that same time, we are already *acting* on some of the principles that will help guide our new approach to foreign assistance. We are learning from real-world experiences what works and what does not. We are also rethinking where to focus our attention to best advance our nation's security.

In particular, let me highlight the importance of an integrated approach to development to our efforts in Afghanistan and Pakistan. To get our policies right toward these two critically important countries, we must deploy our resources for maximum impact.

Both the State Department and USAID are building upon the Administration's overall strategic review to craft and implement a comprehensive effort that focuses on ways that civilian agencies -- State, USAID, working together the Department of Agriculture and others -- can bolster both security *and* development. We recognize that over the long haul, we will not have one without the other. Different agencies have different tools and different strengths. We are working to unite them behind a common mission.

You can see a similar focus on unity of effort in an entirely different initiative -- the Administration's efforts to develop a new food security strategy to dramatically reduce global hunger and poverty. The State Department is leading a whole-of-government process to design and implement this new strategy. We are creating an inventory of each agency's programs, identifying gaps in our current programming, and coordinating among all agencies to develop a shared strategy.

Both of these efforts underscore the need to develop basic mechanisms that allow us to integrate our strengths -- acting as a sort of diplomatic force multiplier under a shared

mission. State and USAID account for about 70 percent of official U.S. development assistance; we are just two of the nearly 20 U.S. agencies involved in providing foreign aid. We must care more about strategy, unity and results than we do about turf. We must be able to look at a country, a function, or an objective, and be able to identify everything that the *U.S. government* is doing in that area -- not just State. To meet the challenges of a world being bound closer together, we need a government that is working closer together.

Similarly, we must speak with one voice. Our partners abroad have sometimes received mixed messages from the array of agencies working in international affairs, each of which has its own rules of engagement. Our ability to get results on the ground will depend on our ability to field coordinated teams, both in Washington and around the globe. This is why we are so urgently focused on better coordination of U.S. efforts in Afghanistan and Pakistan, and it is why we are reviewing options about how best to develop systems and incentives to strengthen coordination across our foreign affairs programs.

Let me also mention another key principle behind our reform efforts: accountability. We must demand results. That means defining specific strategic priorities; developing and validating ways to measure performance with OMB, Congress, and other key stakeholders; and making budget and program-management decisions on the basis of results -- or lack thereof.

Finally, we are mindful that in an age of economic crisis and foreign challenges, the United States must be a more effective donor. Development progress is best achieved when priorities are determined and implemented by responsible partners, and aid levels are sustained, predictable, and coordinated with other donors. We must continue to strive for our assistance to be demand-driven, giving our people in the field the means to leverage opportunities and enhancing our ability to partner with responsible governments.

This is an ambitious agenda, but Secretary Clinton and I are looking forward to the challenges. With the right resources and your good counsel, we are confident that we can rise to meet the moment. We look forward to consulting closely with the Congress and other stakeholders as we continue to move ahead in the coming weeks and months. And I look forward to our discussion today. Thank you again for having me here today, and thank you for your time.

Biography



Jacob J. Lew

Deputy Secretary of State

MANAGEMENT AND RESOURCES

Term of Appointment: 01/29/2009 to present

Mr. Jack Lew is Deputy Secretary of State for Management and Resources, serving as Chief Operating Officer of the Department and as alter ego to Secretary Clinton. Appointed by President Obama, he was confirmed by the U.S. Senate on January 28, 2009 and sworn in by Secretary Clinton the next day.

Mr. Lew was managing director and chief operating officer of Citi Alternative Investments (CAI) until January 2009. At CAI, he was responsible for operations, technology, finance, human resources, legal and regional coordination; chaired the CAI Operating Committee; and served as a member of the CAI Management Committee. Prior to joining CAI in January 2008, he was managing director and chief operating officer of Citi Global Wealth Management.

From 2001 to 2006, Mr. Lew was executive vice president and chief operating officer of New York University, where he was responsible for budget, finance, and operations. He was also a professor of public administration.

Mr. Lew served in President Clinton's cabinet as the Director of the Office of Management and Budget (OMB). From 1998 to 2001, he led the Administration budget team and served as a member of the National Security Council. During his tenure at OMB, the U.S. budget operated at a surplus for three consecutive years. Earlier, Mr. Lew served as OMB's Deputy Director and was a member of the negotiating team that reached a bi-partisan agreement to balance the budget. As Special Assistant to President Clinton from 1993 to 1994, Mr. Lew helped design Americorps, the national service program.

From 1988 to 1993, Mr. Lew was a partner at the Washington law firm Van Ness, Feldman, specializing in issues related to power plant development.

Mr. Lew began his career in Washington in 1973 as a legislative aide. From 1979 to 1987, he was a principal domestic policy advisor to House Speaker Thomas P. O'Neill, Jr, where he served at the House Democratic Steering and Policy Committee as Assistant Director and then Executive Director. There he was responsible for domestic and economic issues including Social Security, Medicare, budget, tax, trade, appropriations, and energy issues

From 2004 through 2008, Mr. Lew served on the Corporation for National and Community Service Board and chaired its Management, Administration, and Governance Committee. Prior to assuming his current position, he co-chaired the Advisory Board for City Year New York and was on the boards of the Kaiser Family Foundation, the Center on Budget and Policy Priorities, the Brookings Institution Hamilton Project and the Tobin Project. He is a member of the Council on Foreign Relations, the National Academy of Social Insurance and of the bar in Massachusetts and the District of Columbia.

Mr. Lew received his A.B. degree *magna cum laude* from Harvard and his J.D. degree from Georgetown University.

Mrs. LOWEY. We appreciate your wisdom and we appreciate your coming before this committee. And I will begin by asking some questions and then I will proceed from side to side giving each member 5 minutes. As you know, this subcommittee has supported efforts to strengthen USAID's capacity over the past 2 years. In my judgment, USAID is the key agency with the responsibility for implementing most of our foreign assistance programs, and I agree with the Secretary's objective of strengthening the agency. And I also agree wholeheartedly with, and we have had many discussions about, her focus on coordination, accountability. I have had this experience wherever we have been that people from one program don't know what the other is doing.

And so to go there and coordinate and to demand coordination will really bring about greater effectiveness. However, I find it difficult to comprehend that 5 months into the administration we still do not have any political leadership at USAID. There is no AID administrator, there are no political appointments for any of the assistant administrative positions. And as I noted, I think there is really a danger that unless a management team is in place to administer these resources, not that you are not very capable, that Congress may be reluctant to provide such significant resources. Can you tell us where the process is in terms of appointing a USAID administrator and why this is taking so long?

Mr. LEW. Madam Chairwoman, the process of selecting cabinet and subcabinet level officials in the government is, as you know, a very difficult one and a very time consuming one. The administration began a bit ahead of other administrations. We have now found ourselves in the same situation that other administrations have found themselves in at this point. I don't think we are particularly behind the past trends, but it is frustrating that we are not able to have our full team on the field. The process of selecting names, clearing names, bringing them forward for confirmation, has been very time consuming. I think the State Department is actually ahead of most other agencies at this point. Unfortunately, we have not been successful in moving as quickly on filling the key positions at USAID. There are a number of very good names that are in the process of review. And no one will be happier than the Secretary and myself when we reach the point where names are put forward for these positions.

But I don't want to leave the impression that in the absence of leadership at the Agency itself that there has not been a good deal of attention paid to USAID. I can say that I personally have been putting an awful lot of my time and attention into paying attention to the kinds of management issues that when we have an USAID administrator I won't need to pay as much attention to. The Secretary has been involved as well. As we have planned for the Afghanistan effort USAID is at the core of it, and we have drawn on USAID at every level to be part of the strategic planning process and to implement effectively. As we review the priority areas, like food assistance and health care, USAID is at the center of it. So USAID is very much a part of the administration's efforts. We will all be happy when we have fully confirmed leadership in place.

Mrs. LOWEY. Well, I guess I expected that answer. However, I think it is important to note for the record that we eagerly await

leadership at USAID because I know that your responsibilities are widespread. And we both agree that having that leadership in place will be very helpful.

Mr. LEW. I could not agree more.

Mrs. LOWEY. And perhaps you can comment on the MCC. How close are we to having a CEO at the MCC?

Mr. LEW. It is really largely the same answer. There are very good names in the review process. But again, I want to emphasize that Secretary Clinton is chairman of the MCC board and is engaged actively with the MCC as the person responsible for coordinating the foreign assistance programs. I have engaged actively with the MCC. And I think that contrary to the expectations that many had that we would not treat the MCC as a core program, we have very much been treating it as a core program and want very much to be able to help move it forward.

Mrs. LOWEY. Good luck in that appointment as well. Lastly, the fiscal year 2010 request includes funding to hire an additional 350 foreign service officers at USAID, 1,181 foreign service and civil service positions at the Department of State. This is in addition to the substantial increases this committee provided for staffing in the fiscal year 2008 emergency supplemental and in the regular bill for fiscal year 2009. Of the over 1,500 new positions in the fiscal year 2010 request, how many do you project will be posted overseas, how many domestically, can you explain the increased staffing, particularly for security related positions.

Mr. LEW. Let me answer the question first in principle and then with some numbers. Our goal is to assign as many foreign service officers overseas as we can. There are domestic postings that support the efforts of foreign service officers overseas, so we will never be all overseas. There will be some balance. In the initial year of appointment, there are language training activities that have to be a domestic posting before someone is assigned overseas. So looking ahead, we see that there are roughly 180 positions that will be in hard language and other training at the Foreign Service Institute. We have a number of positions that are going to be coordinating with the Department of Defense, so there are about 20 positions that are detailed to DOD. And we have over 500 positions that are intended to be overseas right away. So the mix of domestic and overseas will be much more heavily weighted towards overseas as we get deeper into the training and deployment process.

Mrs. LOWEY. My red light is on. Ms. Granger.

Ms. GRANGER. I understand that the President's budget proposes removing language prohibiting or restricting funds for the Palestinians. These provisions are intended to prevent U.S. dollars from falling into the hands of terrorists. In the hearing with Secretary Clinton we had a great deal of discussion about the prohibition on funds going to Hamas which the administration included in its supplemental request. Now the administration seems to be reversing course. Is there a reason why the administration has requested that safeguards on funds going to Palestinians should be removed in the fiscal year 2010 bill.

Mr. LEW. I am not aware of any provision that reverses the restrictions in this area. There has been some evolution of the proposal, for the provision that was in the supplemental appropriation

amended something that was put on in the Omnibus, and there may be something that is out of synchronization in terms of time. But I am not aware of any policy difference. And if there is something that hasn't caught up in time we will work with you to reconcile that. Our position is very clear that we want to be in a position to support a responsible Palestinian Authority that is working to build stability, both in financial and security areas. We want there to be room for a government to form so that it can draw as broadly as possible to create stronger support for moderate leadership and drive a wedge in the support that extremists have. And we are very comfortable with the resolution in the supplemental which we frankly thought clarified the original intent.

Ms. GRANGER. Okay. We will follow up on that and see if there is a conflict. I also want to ask you about Merida. We have visited and we understand the problem with Mexico. I want to make sure that we are on track to provide Mexico with the helicopters funded in 2009 by the end of this calendar year.

Mr. LEW. We are on track. I actually just checked the other day to make sure that we are on track. And in general, the Merida money to Mexico has not moved as quickly as we would like, and we have been paying quite a lot of attention to why things are stuck in the pipeline. Some of the issues have to do with the fact that Mexico had not previously been a recipient of military assistance, and there was a fair amount of process they had to go through. That is finished now. There are now agreements in many areas to provide equipment where they are locked into place with deadlines, including for the helicopters.

Ms. GRANGER. Good. Let's make sure that happens also with the Black Hawks that are coming up. And then your fiscal year 2010 request includes \$450 million. We have not seen full details on what is in that request. Can you explain a little bit about the equipment and the programming that is being requested?

Mr. LEW. The intention in the Merida funding was to continue with the program. And frankly, the addition that we made that stood out the most was adding the Black Hawk helicopters back in. That was in the supplemental. But that was the major addition. So I think that the approach on Merida is to give the Mexican police and military the equipment they need to mount an effective effort to stop the drug trafficking and crime. We want to work with the government of Mexico as we go along, and if their needs evolve, to work with them to evolve with them. So the precise details for the equipment that will be provided in the \$450 million I would like to get back to you on.

Ms. GRANGER. I understand. Thank you. Thank you Madam Chair.

Mrs. LOWEY. I just want to note that the President's request does delete all the policy language, I believe, that is carried in our bill, not just the one that you referenced. So all of that language is in there. And I think we are in agreement with the administration, as you mentioned, that the additional language which we added, plus the other policy language that we have included, does define our positions, our mutual positions, very clearly.

Mr. LEW. Going back to my former life at OMB, if I recall quickly, White House budgets always remove the language that is

added, and that doesn't represent a changed policy, but it is an executive privilege issue. On the policy here, there has been no change and we remain anxious to work with the committee to make sure that there is no ambiguity about that.

Mrs. LOWEY. Thank you. Mr. Jackson.

Mr. JACKSON. Thank you, Chairwoman Lowey. I want to begin by welcoming Deputy Secretary Lew to our subcommittee and thank him for his testimony. Deputy Secretary, I read with great interest your testimony, at least the version I received last night. The version I have been presented today is several pages short.

Mr. LEW. I didn't think you would want me to read the whole thing.

OPENING REMARKS OF MR. JACKSON

Mr. JACKSON. It is actually not even here. It stops on page 4, and I think there are more pages that should be added. But during my tenure on the subcommittee, I have championed the countries in Sub-Saharan Africa and the larger African Diaspora. I fought not only to provide these fragile countries with emergency humanitarian assistance, but also with the resources for long-term sustainable growth. I noticed and appreciate the administration's effort in its fiscal year 2010 request for migration and refugee assistance in that account to incorporate recent supplemental funding into the core budget requests. Aside from funding a much more accurate reflection of the ongoing needs of the program, I think this will help mitigate the operational challenges that arise from relying on supplementals to fund regular programming. However I noticed that if the President's pending fiscal year 2009 supplemental request for MRA is approved by Congress, the fiscal year 2010 request would be slightly below the fiscal year 2009 appropriations.

In view of the unmet humanitarian needs of many refugees and internally displaced persons—our ongoing special responsibility to displaced Iraqis and new humanitarian concerns in places like Sri Lanka and Pakistan—I am wondering how can the U.S. meet our current fiscal needs at the fiscal year 2010 request level. I would like to hear your thoughts on that.

And in the interest of time, let me state also my next question. I noticed that our voluntary contributions to peacekeeping operations were decreased by around 25 percent. I know that the funds that were requested in fiscal year 2010 will support several missions in Sub-Saharan Africa, including Somalia, South Sudan, the DRC and Liberia. Since most of these missions have been ongoing for some time and will probably continue, why do we reduce our voluntary contributions to peacekeeping operations by 25 percent since we also decreased our assessed contributions to peacekeeping? Are there any missions that we might be neglecting? Thank you, Secretary Lew, and thank you, Madam Chair.

Mr. LEW. Mr. Jackson, on the question of the funding level for refugee assistance, we very much have tried to take a look at the full year and include the resources that are likely to be needed. I should make the point here as in other areas that contingency planning is always subject to risk so you never have full knowledge of what will actually occur. So we would reserve the right if there are emergencies, even though we have planned ahead, to come

back and work with you. In terms of the number that we put in here, there are several areas that in 2009 were quite intensive in terms of demands for resources in Gaza and Georgia and Lebanon. And the change of the reduced needs in those areas we think provides a sufficient cushion that we are now funding at an historical level that will enable us to meet the expected needs around the world. As the year develops if that turns out to be an underestimate, we would work with you on it.

But it is our best estimate that given the reduction in needs in some parts of the world, there is a cushion to meet the needs in other parts of the world. On the peacekeeping numbers, an overview that I would like to give is that we both, in the supplemental and this budget, have taken very seriously the need for the United States to fully meet its commitments to all peacekeeping accounts. The supplemental clears up arrears—this budget keeps us current and even takes a first step towards helping to deal with the problem that our fiscal year doesn't match up with the fiscal year of international institutions—and will synchronize our payments a little bit more closely to the needs of the international institutions' fiscal years.

In terms of the specific numbers that you asked about, we are assuming that in the case of Somalia, that there will be a switch at least for the logistical support to be handled through assessed peacekeeping. We sent the notification to the committee last week on that. We know there is a variety of views on that issue and look forward to discussing that with you. We also note that the Liberia mission is scheduled to be completed and that will result in a lower level. So we think that the numbers that we have put in the budget will cover both the assessed and the voluntary requirements.

Mr. JACKSON. Just a very quick follow-up if I might. The Liberian operation, for example, is scheduled to be completed, but the request from the Liberians themselves and the request of neighboring countries and other countries that have participated in the operations are also making the case that they would like to expand the mission to keep the stability in Liberia. And so it just appears, from my perspective, that reducing the voluntary contribution and the assessed contribution, that we are making some assumptions based upon dates that we think are approaching, but they may not necessarily be mission worthy or what the reality is on the ground. I thank the Chair for yielding me the time.

Mr. LEW. Madam Chair, can I just add one further response. The supplemental level was actually kind of a high water mark level because we were kind of clearing out some arrearages. And we would not need to maintain funding at the 2009 level, including the supplemental level in order to maintain our activities. So I think it may exaggerate the difference. And we would be delighted to work with you, Mr. Jackson, to kind of go through the numbers and make sure that we are fully accommodating what is likely to be the requirement in Liberia.

Mr. JACKSON. Thank you.

Mrs. LOWEY. Thank you. Mr. Crenshaw.

Mr. CRENSHAW. Thank you Madam Chair. Welcome. The Chair mentioned MCC. I was encouraged to hear what you had to say. I have been a big supporter of that. You talked about smart power.

I think it is smart aid where we require folks to talk about economic freedom and human rights and things like that. I was encouraged to see the request of \$1.4 billion a sizable increase from last year. But since there is no CEO yet, I am a little concerned, and I think I heard you correctly say that you are trying to make that happen. Because my question is, do you see the MCC continuing to be an independent agency or right now you mentioned the Secretary is overseeing things, and I think that is good, but you don't plan to move toward, away from the independent agency aspect and have it thrown in with all the foreign assistance, do you?

Mr. LEW. I think that we view all of the different assistance programs as having important attributes that make them distinct from one another. But we also see there being a critical need to coordinate amongst them in a way that, frankly, they haven't been in the past. There are far too few countries where all of the different streams of U.S. aid are fully coordinated. And that leads to duplication of effort, redundancy of capacity and not necessarily putting the U.S. Government forward in the best possible light. So I think in general, while we very much appreciate that there are differences in MCC with its five-year compacts, its very clear benchmarks, and its very unique characteristics. But on the ground, MCC has to draw on USAID for much of the work that it does, just as PEPFAR draws on USAID for much of the work that it does. We would like for that collaboration to be much more thoughtful and organic than it is.

Right now, we are in a situation where it could work in one place, it might not work in another place. And when I ask for examples of where everything is coordinated, I am pointed to precious few countries where everything is coordinated. I don't know that it requires a change in the law to accomplish what I am talking about. But if you think about the role of the ambassador and the DCM, if you think of them as a CEO with a range of programs that they oversee, there ought to be full knowledge by the ambassador and the DCM of all of the programs going on.

And if one of the programs is undertaking an activity in an area where another is already present, a flag ought to go up and say let's do this together, let's not build two separate facilities that do the same thing, let's not duplicate effort, let's not send a confused message as to what the program of the Government of the United States is.

I also think it is important that in all respects we think of our foreign assistance programs as being part of our foreign policy, an expression of our foreign policy. As we have gone through the very difficult discussions regarding the MCC compacts with certain countries where there are frankly problems, it has been very important to coordinate what is done through the MCC and what is done through our diplomatic channels so that we are supporting each other as opposed to working at cross-purposes. And I think that in that kind of nuanced way of managing, one can respect that each program has some very important characteristics that make them different from one another, but that doesn't stop us from coordinating them to run an effective cross-governmental program.

Mr. CRENSHAW. But you don't see any changes in the way—I mean, this is the fifth year they can have 5-year compacts. It is a pivotal year.

Mr. LEW. I think that we do have some changes in mind. The MCC has proposed that the single compact versus a multiple compact issue is a serious concern that they have. And we support the notion of having multiple compacts. I think the whole question of 5-year funding is something that we need to work with the Congress on. If somebody had asked me 10 years ago would Congress lock up money for 5 years for a program like MCC, I wouldn't have believed it possible. But in fact, the commitment was made and there was the patience to stick with MCC long enough to give the program a chance to get the pipeline out into the field. I think we are now at the point where we all together have to evaluate the results, we are very pleased with the way MCC has been working and embrace the mission of MCC wholeheartedly.

Mr. CRENSHAW. One thing, the time is almost up, but it is unique in the way the funding is planned out over several years. Most of the foreign assistance gets appropriately spent. And so the MCC money is always a target for folks to say, well, I know that is committed, but it is really not spent so why don't we take that money and put it somewhere else. Do you have any ideas about how we can do a better job of making sure that when we enter in a compact and say this is what we are going to spend over a 3 to 5-year period that people don't grab the money each year.

Mr. LEW. I think the risk of multi-year money is one that is perennial. I think it is the right way to think about an awful lot of issues and we would love to work on multi-year programs and other areas as well. It is not always in the best interest of achieving long-term objectives to have year-to-year decisions. At the same time, I fully understand that the appropriations process is an annual process. I think MCC has survived through its kind of early years with the tolerance that it takes time to get the pipeline fully flowing. I think that the challenge will be for MCC to show results, and if it can show results, we can work together on multi-year funding.

Mr. CRENSHAW. Thank you. Thank you, Madam Chairman.

Mrs. LOWEY. Thank you. Mr. Schiff.

OPENING REMARKS OF MR. SCHIFF

Mr. SCHIFF. Thank you, Madam Chair. Mr. Deputy, good to see you. I know we did not reach a meeting of the minds last week on the issue of coalition government. And I want to reiterate my concerns about that. In the event there is a coalition government that is formed, I think we will need to revisit many of the issues that we discussed, and I am just going to leave it at that. I do want to ask you about three countries this morning: Egypt, Yemen and Somalia. Last week you may have seen a pretty powerful editorial in the Washington Post taking issue with unrestricted FMF, financing or other financial assistance to Egypt without any discussion of the promotion of democracy in Egypt.

And while I don't agree with the incompetent and condescending way that the previous administration sought to promote democracy in Egypt or elsewhere in the Arab world, the failure to impose de-

mocracy by diktat should not lead to total abandonment of a policy that seeks to bring more democratic rule to hundreds of millions of people through a process of candid engagement with current regimes, support for growth of independent civil society in the Arab world, support for media and unwillingness to continue turning a blind eye to gross violations of human rights.

Poll after poll of Arabs taken in the last decade have shown that American support for authoritarian regimes is often at the heart of anti-American attitudes in the region. So my question, with respect to Egypt, is what will we be doing to promote democratic reforms in Egypt, notwithstanding the statements of the Secretary of Defense. And with respect to Somalia and Yemen over the weekend, General Petraeus told Chris Wallace we see tentacles of al Qaeda that connect to al Qaeda in the Arabian Peninsula in Yemen, the elements of al Shabaab in Somalia, elements in North Central Africa, and that strive to reach all the way, of course, into Europe and the U.S. My principal concern is over Somalia and Yemen. And is there anything in the State Department's budget or plans to try to create institutions in Somalia in particular, but also in Yemen, that will prevent either place from becoming the next Afghanistan?

Mr. LEW. Thank you, Mr. Schiff. Let me start, if I could, on your first observation because I actually think we may have not reached agreement on words, but we have a meeting of the minds. We agree with you wholeheartedly in the case of U.S. support for the Palestinian Authority that we should not be supporting organizations or individuals who have ties to terrorist organizations. And we want to make sure that as we implement any appropriation bill that is enacted that we make sure that there is no ambiguity about that. Sometimes it is hard to draft the words, but I think there is actually an agreement on the principle.

On Egypt, the U.S. funding for Egypt has been a source of some tension in the relationship with Egypt over the last few years. And the combination of the reduced level coming down and the earmark that went from \$50 million to \$20 million for democracy was I don't think contributing to our ability to actually move Egypt forward on a democracy agenda. That doesn't mean that we don't want to support democracy activities. We do very much remain committed to promoting democracy in Egypt, and we understand the shortcomings that exist there. I think that in the conversations that the Secretary had when she was in Egypt, and the conversations that I have had with representatives of the government of Egypt, there has been an enormous appreciation that what we have said is we want to work together on identifying funding objectives which meet with our kind of bilateral approval.

It is kind of not saying—we are not saying we won't be promoting democracy activities, we are saying we want to have a conversation with them and engage with them in a somewhat different way. Egypt is an important ally. They have important challenges in this area. We know that we need to work with them. I think that they know they need to work with us. And we have tried to use the very small change in the way the aid is structured to create a relationship where you can have more influence and make more progress.

Mr. SCHIFF. If I can just say, if there is time for you to respond on Yemen and Somalia, I agree with that approach, and I think that we haven't been very effective in our democracy assistance funding in Egypt, and that there may very well be room for us to work with the Egyptians on supporting organizations and democracy, promoting institutions that aren't flash points in our relationship with Egypt. So I don't think we have gone about it necessarily the best way. And I think there is room to work with Egyptians on a better approach. But I want to make sure we are not abandoning an approach, because I think it is fundamental to the concern that many in the Arab world have about the United States.

Mr. LEW. If I might briefly just address the question you raised on Somalia and Yemen. In Somalia, we have a significant effort in the peacekeeping area. And we have put some \$28 million into economic support funds that can be used for precisely the purposes that you inquired about: Reconciliation efforts, training government civic leaders and supporting initiatives that facilitate dialogue in civil society.

I don't think we disagree about the risk that is present in Yemen or Somalia. And we are very attentive to the fact that we have to keep our eye on areas of instability which could become the next challenge. Yet Yemen requires our attention as well and I'm happy to continue the conversation about Yemen.

Mr. SCHIFF. Thank you Madam Chair.

Mrs. LOWEY. Mr. Kirk.

OPENING REMARKS OF MR. KIRK

Mr. KIRK. Thank you, Madam Chairwoman. I would note that when you left OMB, our assistance to the West Bank totaled \$211 million. And this year will be four times that at \$865 million. So I share my colleague from California's very deep concerns about the direction you are going. And I want to ask a very specific question. In November of 2007, the AID inspector general released a report entitled the Audit and Adequacy of USAID's Anti-Terrorism Vetting Procedures. The inspector general concluded the following: AID's procedures, policies and controls are not adequate to reasonably ensure against providing assistance to terrorists. These policies or procedures do not require the vetting of potential or current AID partners.

Further, the sufficient management controls have not been developed to reasonably prevent aid from being inadvertently provided to terrorists. To decrease the risks of inadvertently providing funding and material support to terrorist entities AID should issue guidance on a worldwide anti-terrorist vetting program. In June 2008, the inspector general released its own report viewing the State Department's counterterrorism vetting procedures. They concluded procedures for counterterrorism vetting and whether vetting is conducted at all vary widely through the department.

Different lists are consulted by different offices and few offices have negotiated special arrangements to conduct vetting at the terrorist screening center. The inefficiencies and potential vulnerabilities in these arrangements have been apparent both at the interagency and department level, but the interagency efforts so far fail to establish governmentwide sets of standards and proce-

dures for counterterrorism vetting prior to awarding government assistance.

In response to the 2007 report, AID developed a partner vetting system. I personally visited that office in Crystal City at the terrorist screening center. The final rule for the partner vetting system was published January 2, but left implementation to the new administration.

Mr. KIRK [continuing]. Given the conclusions and recommendations reached by two IG reports and the very large provision of assistance now proposed for Pakistan, Afghanistan, Lebanon, Egypt, and especially the West Bank and Gaza, will you commit to implementing the partner vetting system for the State Department and USAID assistance.

Mr. LEW. Mr. Kirk, in terms of current practices on vetting of NGOs, you know there is a vetting process in place where NGOs are checked against multiple terrorist lists.

Mr. KIRK. Can I just tell you the current system is one that the IGs decry? The new system that I am asking.

Mr. LEW. And I am going to answer your question. The rules that you are asking about were presented for our review soon after we arrived and we asked a number of questions about them. Most prominently was why did it apply to NGOs exclusively, why did it not apply to contractors. And frankly I couldn't be satisfied that there was a good rationale for saying that there was a difference that made a difference, and I asked USAID to go back and redraft a regulation that would be applied across the board.

That has been sent to OMB. It is in the rulemaking process now, and it is on a template to become final.

Mr. KIRK. Good. I support that you are actually going to expand—

Mr. LEW. I thought it was a mistake to issue a rule that went halfway and create confusion, when in just a few weeks we would be able to implement a rule that starts out in an even-handed way.

Mr. KIRK. Great. I hope that there are no exceptions.

Mr. LEW. I am not aware of exceptions. There obviously are many safeguards—

Mr. KIRK. The international NGO system hates this program, and so I would hope that you would not provide any out, given the very large increase and the fact that we may be, under language proposed by the administration, providing a taxpayer subsidy to Hamas-controlled ministries, the PA, this actually will protect the administration more than if there were—

Mr. LEW. Since all of my interventions have been to expand, not narrow the coverage, I know that it was broader than it was in January because it covers contractors. I will go back and check on that question as to whether any exceptions were in there.

Mrs. LOWEY. I just want say that I appreciate—you will get an additional minute—but I just want to say I appreciate the gentleman bringing up this issue because, as you said, it certainly is applicable in Pakistan and Afghanistan, and the administration has been extremely cooperative and understanding. We have to strengthen the requirements. There are chances that someone could get through a hole, but I think if we are all in agreement

that this is critical, we can certainly perfect the system. And I wanted to thank the administration, and now you can go back.

Mr. KIRK. I take what you said as very good news.

We have not received the formal budget justification for the Department. Our budgeting brief says that you will be requesting \$62 million for public diplomacy, including 20 new positions. I am concerned that we haven't identified the Chinese speakers in that list of where we will be going.

Also, last year we funded six new American presence posts for public diplomacy in China that cost about \$1.5 million each in China. And Secretary Rice outlined a vision for 10 of these posts throughout China in the largest cities where we don't have a consulate.

In the budgeting brief we have no mention of American presence posts. For example, here is a list of cities with no American presence whatsoever: In Xinxiang, 8.5 million people; Tianjin, 8.2; Chongqing, 7.5; Nanjing, 7; Dandong, 6.5; Hengshui, 6.3. So these are all plus five million metropolitan jurisdictions.

Are we going to fund the American presence posts plans of the Department or are we going to let these cities go.

Mr. LEW. Well, first in terms of when the details are going to be forthcoming, our plan is to get the detailed budget justification up in about 2 weeks, which I am told is actually ahead of past schedules, which given that it is a transition year is something that we feel pretty good about. So I apologize it is not here yet, but we are trying to get it to you as soon as possible.

In terms of the American presence posts we are looking at the issue, and, you know, understand that it will require some engagement with the government of China to work through what would be acceptable posts. We are aware that they have a desire to have some additional offices in the United States and look forward to engaging in a conversation with them where their interests and our interests can all be worked through.

Mr. KIRK. I just say that these cities alone, which would be six cities, is over 40 million people where there is no U.S. Diplomatic presence.

Mr. LEW. I understand the issue, and I think that as we work through these issues with the Chinese there will be some places where presence is more likely to be possible than others, and we will get back to you as we proceed.

Mr. KIRK. Thank you. I see. Thank you, Madam Chair.

Mrs. LOWEY. Thank you. In terms of the resources I would just say that your input is helpful, and if we could justify positions in every place where we would like positions, I am not sure where that would take us, Mr. Kirk. So I look forward to working with you and certainly the State Department in evaluating your requests and see what we can do to be helpful.

Ms. Lee.

OPENING REMARKS OF MS. LEE

Ms. LEE. Thank you, Madam Chair. Thank you very much, Mr. Secretary. Thank you for being here and congratulations. We certainly have a lot of work to do.

Mr. LEW. Yes, we do.

Ms. LEE. War, poverty, genocide, disease, climate change, but I am very pleased to see that President Obama has pledged to double foreign assistance by 2015. It really begins to put us on the right track toward reaching some of our goals. So congratulations to you for being in the position to make sure that much of this happens.

Before I ask you a couple of questions on the budget, let me just mention, and I mentioned this to the Secretary in terms of an inquiry with regard to a constituent of mine, Tristan Anderson, who was seriously injured when he was struck in the head by a tear gas canister in Israel and by Israeli soldiers while he was engaging in a nonviolent demonstration. So we will be following up, writing a more detailed letter because I am hoping the State Department is monitoring the full investigation of this very, very terrible incident.

On the budget, let me ask about the Global Fund first of all. It has always been a key component in our response to the HIV/AIDS pandemic, TB and malaria, and in a very short period of time we really achieved significant results putting over 2 million people on AIDS treatment, 5 million are being treated for TB, and 70 million bed nets have been distributed to prevent malaria, and of course we have been a generous donor to the fund, but the anticipated contribution I think it is \$900 million in the fiscal year 2009 budget. That will have to be significantly increased if we expect to fully fund all of the grants and meet the dramatically increased needs anticipated for 2010.

And so I am not sure in terms of this budget, it looks like we are flat lining our contribution to the Global Fund, and I am wondering could you clarify that, especially given the need to actually increase it.

Next, let me just congratulate you and our administration for the new Global Health Initiative. I think that it is a major step in the right direction in terms of looking at how we address our smart power agenda. I am concerned, though, that the \$51 billion allocated to PEPFAR and malaria over the next 6 years could fall short, if I am reading this right, at the funding pace which we authorized, and that was about \$48 billion over the next 5 years.

So I would like to get some clarification on how we are addressing the Global Fund and PEPFAR and I want to make sure that we are not—or we shouldn't—anticipate a decline in resources for these very important and productive and noble efforts that we are engaged in.

Mr. LEW. Thank you for those questions. I think that by any estimation you know PEPFAR and the Global Fund have just done an enormous amount in a very short period of time to tackle a terrible disease—three terrible diseases with extraordinary impact. The President and the administration continue to support very strongly the funding of those programs, and as you noted, we have expanded the concept to have a broader global health focus.

In terms of the Global Fund itself, we actually requested a higher funding level than has been requested previously, and overall we think we have funded both the U.S. and the Global Fund programs so that they can meet the need. There is obviously some interplay between the two, and we know that in the past there has been back and forth between Congress and the administration on this

and we look forward to continuing that conversation as we go through the year.

On the global health program more broadly, the focus on the three diseases in PEPFAR, HIV/AIDS, tuberculosis and malaria, has been enormously valuable in terms of just tackling a problem that 8 years ago had no solution and now giving 2 million people treatment that is life saving. You know, we need to find the means to extend that kind of focus to a number of other areas where we know very well how to improve health and life extending outcomes, actually more easily and less expensively than in those other areas.

Our focus is on basic health issues, things like maternal and child health and the neglected tropical diseases, diarrheal illness which takes the lives of so many children, things that are very easy when you have a health presence to treat them and can be done in a coordinated way.

In terms of the funding level overall, the President committed to funding the PEPFAR program at \$50 billion over 5 years. He has actually increased it to 51 in his budget and it is over 6 years. We think that that is a funding level that will enable us to keep pace. There are many issues about the projected requirements to keep pace with the current program and, as I think you know, there is a statutorily required strategic review of the program which our new administrator, who is going to be running the PEPFAR program when he is confirmed, will take on as a first order of business.

Ms. LEE. Madam Chair, may I just quickly follow up? With regard to PEPFAR, I want to make sure that we are talking about a minimum of at least \$4.8 billion a year for PEPFAR. The numbers, I am not sure, I know you have \$51 billion over the next 6 years, which falls short for the funding pace for PEPFAR alone.

And then secondly, yes, the administration has requested more than previous administrations for the Global Fund, but that is part of the reason we are behind and there are grants now that are pending that won't be funded if, in fact, we don't significantly increase that \$900 million.

Mr. LEW. We believe the funding level that the administration put in meets the needs of the program. If there are shortfalls that you see, we would be happy to discuss those with you.

Ms. LEE. Thank you very much, Madam Chair. I would like to follow up with you on that.

Mrs. LOWEY. Thank you, Ms. Lee, and I just want to thank Mr. Lew as well for suggesting that there has been a conversation and that there will continue to be a conversation. As you know, in the supplemental we put an additional \$100 million for the Global Fund, and as for the question of balancing all the tremendous needs we have, certainly we want to continue to see aggressive action with HIV/AIDS and the Global Fund and PEPFAR, et cetera, and how that balances with food security and agriculture and education. It is worthy of additional conversation, as you said. So I thank you for your input.

Mr. Rehberg.

Mr. REHBERG. Thank you, Madam Chair. Being new to the subcommittee, I am trying to create a timeline on food security and the definition of emergency purchases of local and regional com-

modities. I notice in your presentation you have an appropriation request of an additional \$300 million. Could you work through with me what you mean by famine prevention? Is that an emergency in the minds of those within the State Department? And the authority was originally granted in the pilot project and in the farm bill of 2008, and I see a study is going to be published after 4 years.

Work through with me a little bit, and the reason I come from this direction is that I fear a little bit of a shifting of intent or responsibility on the part of those of us from agricultural States. I have to defend my votes on foreign assistance, and let me make a statement then. You refute it if you should or can or wish to, and that is we are taking taxpayer dollars from agricultural producers in Montana to send over to Africa to buy food product, commodities from the European Union.

Mr. LEW. Congressman, the thrust of our Food Security Initiative is to be able to develop in the long term sustainable food production systems so that the need for emergency assistance in the long run will be reduced. It is ultimately not a solution to the problems in those poorest countries of the world for us to either export commodities or for them to be purchased locally. Ultimately, they need to develop sustainable agricultural systems that can meet their own needs.

Mr. REHBERG. And I clearly understand that, and you know, there is no way I could justify as a fiscal conservative the expense of the transportation of commodities from America over to a famine area, except that it is the taxpayer dollar that is being used to purchase the commodities in America to send to the area as opposed to taking the taxpayers' dollar and sending it over to a competitor to buy the product somewhere else to give for the food security.

Mr. LEW. Over the past number of years there has been an evolution of the commodity program from a U.S. Export program to a mix of U.S. Exports and local purchases. It has actually had beneficial effects in terms of being able to stabilize markets around the world and provide the commodities that are actually needed in the recipient countries.

When I was in my last tour of duty at the Office of Management and Budget, there were more than a few circumstances when commodity exports that we were proposing didn't meet the needs of the country we were sending them to, and there was food that they didn't eat and didn't know what to do with.

Mr. REHBERG. Is that because we don't produce that food product in America or it was a purchasing problem?

Mr. LEW. I think that the challenge we have is to make sure that we are providing commodities that are needed at levels that meet the demand, get delivered to the people when they need it, and that as much as possible don't cause instability in the markets that we are seeking to help.

Mr. REHBERG. I can understand that in the emergency standpoint, but in an ongoing food security program it seems like somebody ought to be smart enough to get the product in the hands of people that they want purchasing from us so that we are not only teaching them to farm, which we all support, but also undercutting ourselves financially locally because it is our economic development

in the farm States. It definitely is a shift that I see. I recognize it from—

Mr. LEW. Well, I think that it is a mistake to characterize these as emergency and nonemergency programs because these are really all emergency programs, and the need that we have is to meet the timeliness requirements, the appropriateness of the commodities, and as much as possible support the local production markets so we don't end up providing assistance but destroying the local agricultural market.

There is a place for U.S. products in there. I don't mean to be suggesting that it is all or nothing, but I think that the fact that the program has become a mix, that is not a new policy.

Mr. REHBERG. Could your agency provide information to me of the changing mix?

Mr. LEW. Sure, I would be happy to.

Mr. REHBERG. Whether it was 90/10 and now it is 60/40 or 50/50 or 30/70.

Mr. LEW. Yes, I will. I want to underscore that the really important focus of the Food Security Initiative that we are undertaking is really in the area of promoting self-sufficiency, and the big increase in the budget here is in the area of promoting education and extension of technologies and farming practices, which is kind of neutral in the sense that it is not exporting or providing goods but helping to create a sustainable—

Mr. REHBERG. Real quickly then. Do you read the authorizing legislation in the farm bill that you are taking the \$300 million figure for your appropriation request as \$300 million per year in authorization or \$300 million total over the course of the farm bill's authorization?

Mr. LEW. I will have to get back to you on that, Congressman.

Mr. REHBERG. Okay. Thank you.

Mr. LEW. Thank you.

Mrs. LOWEY. Thank you.

Ms. McCollum.

OPENING REMARKS OF MS. MCCOLLUM

Ms. MCCOLLUM. Thank you. Mr. Lew, I would like to congratulate the administration on its budget request. I support the smart power strategy that you described in your testimony. I look forward to working with the administration on our shared priorities, global health, climate change and agricultural development. Congratulations.

Mr. LEW. Thank you.

Ms. MCCOLLUM. I was also encouraged to hear the strong statement from you in support of Middle East peace, a two-state solution to the Israeli-Palestinian conflict. Resolving the Israeli-Palestinian conflict is an urgent national security priority of the United States, but I have serious concerns about the new Israeli Government's failure to embrace the creation of an independent Palestinian state.

This budget commits billions of taxpayer dollars to Israel and hundreds of millions to the Palestinians in pursuit of mutual peace and security. The American people are making a serious investment in peace. However, U.S. support must be matched by account-

ability, and it is time for both the Palestinians and Israelis to be accountable for removing obstacles to peace.

One of those obstacles to peace and security is the government of Israel's continued support for the expansion of settlements and the failure to prevent the establishment of illegal outposts on Palestinian land. This land must one day be included as part of a future Palestinian state.

Since 1967, homes have been built for 470,000 Israelis in the West Bank and East Jerusalem. In the past 3 years Israel has built over 5,000 homes in the West Bank settlements and another 500 bids for houses were issued.

Continued settlement expansion will only lead to one conclusion, a one-state solution, and this is an unacceptable solution. The continued expansion of settlements not only undermines the peace process but it undermines U.S. national security. In fact, the settlement expansion also undermines Israeli security and America's investment in Israeli security, and I would like to quote Vice President Biden in his speech to AIPAC recently.

Quote, Israel has to work for a two-state solution, not build more settlements, dismantle existing outposts, and allow Palestinians freedom of movement, end of quote.

Now, I strongly support the Vice President's statement. So I would like to ask you to help me to understand clearly where the administration's position is. Does the U.S. Government oppose Israeli Government policy of settlement expansion in the West Bank and East Jerusalem? Can you assure me that none of the \$2.8 billion in funds provided to Israel through the foreign military financing would be used to enable or facilitate the expansion or maintenance of settlements? And since settlement expansion is contrary to U.S. policy and undermines national security interests, what is our government doing to hold our partner Israel accountable if they choose to continue their policy of settlement expansion? And as you can tell I feel a sense of urgency to push for peace.

Mr. LEW. Congresswoman, the administration and the President have, I think, taken a very clear position that we strongly support a two-state solution and that we feel that it is urgent for the United States to engage actively in the process. The President and Secretary Clinton have appointed Senator Mitchell as a Special Envoy and he has been traveling in the region, meeting with the parties. He has been working closely with the President and Secretary as they plan and prepare for meetings with heads of state from the region which are going to be held in the coming weeks.

I think that the time is now for all the parties in the region to come forward and engage in this conversation constructively, and we have made clear that we want to be active and supportive of the process both diplomatically and through our financial support.

I think that it is not the appropriate moment for me to be putting forward new administration statements on this issue. It is obviously a set of policies that are critically important in the coming weeks, months, and years ahead, and we very much hope that we reach a level of engagement that can break a logjam here.

We are at a moment in history where in some ways there is remarkable commonality of interest among so many of the parties. There is a shared concern about the threat posed by Iran in the

region and the world. There is a shared concern about the spread of extremism around the region and the world.

I think we have to move into these conversations so that the President and Secretary are able to pursue in each of their conversations, as effectively and aggressively as possible, the efforts to bring the parties to be able to have a constructive dialogue.

Ms. MCCOLLUM. Well, I thank you for your really diplomatic answer, and Madam Chair, I strongly support what this committee has been focusing on to make sure that we support Senator Mitchell in a unity government and that we remove obstacles for people who want peace to be part of that government, but at the same time guarantee that we are not funding Hamas. But along with the dollars that we are providing in that area, we need to be having a frank discussion with a great ally in Israel, a country which shines brightly with democracy in that area, that we also have taxpayers who are very concerned about illegal outposts and expansion, and we as representatives of the people are starting to hear very loudly and clearly from people that we represent from all faiths, from all walks of life who support peace that the settlements are an obstacle and that we have to stand strongly for a two-state solution, and they are very concerned about lack of support that they are hearing from the new Israeli Government.

Thank you.

Mrs. LOWEY. Just briefly let me say that in addition to being a diplomatic response, I thought that Secretary Lew did reflect the observations of this delegation when we were in Israel, the West Bank, and Egypt just recently. And it was clear to all of us that there was a commonality of interests that was new. There was concern on the part of Egypt, Saudi Arabia, UAE, and others about the danger, the threat of Iran to the region, and it was also clear to me that Bibi Netanyahu was in the process of evaluating the position of Israel before he came.

In our meeting, which was very cordial, very pleasant, there was no clear answer to any of the questions that were posed and it was fairly clear to us that they were having and he was very specific about saying in the next few weeks that he and his cabinet were going to reevaluate their positions before they come to the United States.

So I would hope that the conversations between Israel, between Bibi Netanyahu and others who may be part of it, between, I am not sure, I assume Abu Mazen will be coming and Salam Fayyad will be coming, and I hope that all the parties can work together.

I think there is a real commitment on the part of the majority of the Israelis and certainly on the part of the Palestinians to a two-state solution. I am less optimistic in a unity government and a power sharing government, although we have placed many conditions in the legislation in response to Senator Mitchell's request for flexibility, I think Senator Mitchell, Abu Mazen, and the Israelis and most of us who were there have real questions about the reality of a unity government or power sharing government. But, however, that is certainly on the table. It is certainly going to be discussed, but I think there is agreement that this is a hypothetical.

So let me say this. In my lifetime, having worked on this issue and been to the region many times, I hope that the administration, the President, the Secretary of State, Senator Mitchell, can bring the parties together and we can have two-state solution and seek peace.

So I personally want to thank you and the administration for the commitment to this goal and hopefully again we can see it in our lifetime. And I thank you.

Ms. MCCOLLUM. Well, Madam Chair, being Irish and having traveled to Northern Ireland when the peace process was started, I am very confident in Mr. Mitchell, but what he does is he holds everybody accountable. Thank you.

Mrs. LOWEY. Thank you, and I told Senator Mitchell that compared to the issues in Afghanistan and Pakistan, I think he has a much easier job. So we all wish him good luck.

Mr. LEW. No shortage of hard problems.

Mrs. LOWEY. Thank you very much. I think we have votes in, what, about 10 minutes or so. So perhaps we can continue this discussion until the bells go off, and again I thank you for appearing before us.

I want to focus for a few minutes on the Civilian Stabilization Initiative because the fiscal year 2010 budget requests \$323.3 million for the Civilian Stabilization Initiative, or CSI, and in fiscal years 2008, 2009, this committee appropriated a total of \$150 million in support of CSI, \$95 million to the Department of State, \$55 million to USAID. Your request reverses this pattern of joint funding to State and USAID by requesting all CSI operations funding under the Department of State. Furthermore, the budget recommends the lead in language that was carried in the last 2 years requiring that there be coordination between State and USAID.

Let me just say I don't understand this at all, and so I would like to know, number one, what is the justification for the decision to request all CSI funding through the Department of State? I will give you a couple of questions and then you can just respond. I know you will remember them all.

Mr. LEW. I am jotting them down.

Mrs. LOWEY. Why does the request delete language carried the last 2 years in the bill requiring consultation between the Department and USAID and the elimination of direct funding and the deletion of the consultation requirement? I would like to know what role will USAID have in the decision making process. And your budget request more than doubles the funding for this initiative. What evidence is there that this capability is effective and is being utilized, especially without USAID being involved, and are there examples of successful deployments and, if so, what are they?

Let me just say in addition, the request includes \$76 million to USAID's Office of Transition Initiatives for a rapid response fund. So I would like to know how these resources would be used, and how would the Department and USAID determine whether OTI will be deployed to a post-conflict situation or whether the CSI would be deployed?

So as you can see, I think the coordination between State and USAID is absolutely essential. So I don't understand this request at all.

Mr. LEW. Well, let me start by maybe taking a step back and saying that while efforts have been made to date to build a civilian stabilization program, they are so early in implementation that we do not have a capacity that is large enough to deal with the very enormous demands that we see in the world today and expect to see in the years ahead. So we start out with a deep commitment that for the State Department to take back the responsibilities that have over the past number of years kind of moved over to the Defense Department, it is absolutely critical that the State Department have the capacity to quickly deploy people with the right skills to areas of either crisis or where there are stabilization needs, and the concept behind this initiative is that there need to be three components.

There need to be full-time employees who work on this all the time. There need to be ready reserve government employees who can be redeployed when needed, and ultimately, there need to be nongovernmental outside reservists, much like the military reserve, and just to put into context—

Mrs. LOWEY. Before you go further, because I did ask you a lot of questions at once, I agree with you, but how do you do this? Together we want to build up USAID and you want to build up the State Department. So now you are saying it should all be in State Department. We are building up USAID with that expertise that I hope some day they can be transported swiftly and appropriately where they are needed, but now you want to move it all into State.

Mr. LEW. Well, first, the deletion of the language I think is the same answer to the question before, that I think most, if not all of the language that was included in the appropriations bill was not included in the request just because that is the tradition of budget requests. So I think we need to separate the transmittal from the policy that we aim to work together on.

I must say that I have had questions on this in my own mind since coming to the State Department. You know, the question of how to coordinate USAID and the State Department and other agencies of government is much more basic than C/SRS, and I think we need to get to the point where the dividing line that money was appropriated for one but not for the other, therefore they don't operate as one program is something that is right at the top of my list of things that we have to overcome. That may make me perhaps not sufficiently sensitive to how important it is to people here or perhaps in the agency that when the appropriation is made to one place or another it matters deeply to them.

I think the goal here is to build a capacity that is sufficiently robust that it can serve the mission. The decision to put it in State versus USAID is something that we are continuing to review in the sense that it is not obvious to me why the decision was made to build an expeditionary capacity in a second part of the foreign policy establishment. We do have a S/CRS. It is working at its size very effectively. We just deployed the resources of the civilian response team to go to Afghanistan to work on the elections in August, and it was the one resource that we could send over immediately. It demonstrates the need to have this capacity.

Frankly, I would like to engage in a conversation within the Department and between the Department and USAID and with the

committee because I think that this is in some ways a cross-government effort. It is not just State and USAID. I mean when we need people who are experts in governance or rule of law or agriculture, they may or may not come from the confines of the foreign policy agencies and we need to have the ability to draw on the right people with the right skills to meet the tasks, and those are going to change over time.

So I guess my view on this is that we have some something that is nascent that we want to build up. We want to work with you and the other committees of concern here to make sure we build up something that is not duplicative but that harmonizes the different parts of the foreign policy community, and the nonforeign policy community has a role to play here and that ultimately makes it less consequential where the appropriation is and more consequential what we are asking the people to do, and that is going to be how we try to manage across these boundaries.

Mrs. LOWEY. Clearly, I appreciate your response and I know that we have to have further discussion, but again my concerns have been if you don't have the civilian expertise at USAID and you are not totally focused on building up USAID, and I know you care very much about it, as does the Secretary, and understand the importance of it, then it is very hard to focus on the Civilian Stabilization Initiative without the investment in that expertise. We can certainly continue this discussion, and I also agree with you that there are people at the Department of Agriculture, for example, that may be called on. But I feel and I believe you share the commitment to building up expertise at USAID. Frankly, in my visiting, was it Ambassador Newman, I think former Ambassador Newman in Afghanistan, a place where we need staff, putting aside the Civilian Stabilization Initiative—you compare the strength that USAID had in Afghanistan when he was ambassador to what it has now and suddenly we are just trying to recreate everything.

So I just want to be sure we have the basic strength before we try and build on other capacities elsewhere.

Mr. LEW. We agree totally about the need to rebuild the USAID core base. But one point I guess I would like to add is that there is a disproportionate number of positions that we would like to be able to call on that will not be full time either State or USAID positions. In this 2010 budget we would end up with thousands of reserve civilians that we could call on and hundreds of full-time State and USAID employees. So it is like 10 to 1 in terms of the ratio of full-time versus standby reserve.

I think the challenge we have is to design and implement a reserve system where those people are truly available to us, that they are pretrained, that they stay up to the standards that are required to be deployed quickly, and that to me is a huge undertaking, something the State Department has never done. USAID has never done. And it is something we have models of how military reserves work, but we need to develop the model for how to do that on the civilian side.

I don't believe we are going to ever be able to have enough full-time civilians who are sitting in Washington offices waiting to be deployed, just as the military doesn't have enough full-time soldiers waiting to be deployed. They need a reserve capacity to meet these

peaks and valleys of demand. I think that is a huge undertaking and one that we are very focused on, and we very much look forward to getting the appropriations for that so that we can build our capacity.

Mrs. LOWEY. The discussion should continue. Just before I turn it over to Ms. Granger, I want to make it clear. I don't foresee any capacity composed of people who are just sitting there with expertise waiting—

Mr. LEW. No, no, I understand.

Mrs. LOWEY [continuing]. To be deployed. Now they may be in another country. They may have the capacity totally focused someplace else and you'll be able to call on them. But to be continued. Thank you.

Ms. Granger.

Ms. GRANGER. The administration has included another request for \$98 million in economic support funds for North Korea. That is for fiscal year 2010. Tell me exactly what those funds will support. I know the news that we see is grim. Do you see a potential to restart the six-party talks?

Mr. LEW. The funds that are requested for North Korea are all contingent on progress being made in the six-party talks and progress being made in terms of compliance with the removal of the nuclear capacities. The specific funding would be for the area of fuel oil, keeping the commitment that we have to replace fuel oil when nuclear capacity is taken down for energy production, but it only would kick in in the event that North Korea complies. So there is absolutely nothing that we would provide here to North Korea absent North Korea's compliance.

Ms. GRANGER. I understand. Thank you.

Mr. LEW. And we hope that there is a return to six-party talks and that North Korea goes back into compliance because that is a hugely important policy objective that we and most of the world share right now.

Ms. GRANGER. Certainly.

Mrs. LOWEY. Ms. Lee.

Ms. LEE. Thank you very much. I was very happy to see that the President's budget does take significant steps towards rebuilding our civilian foreign assistance and diplomatic capacity. I also strongly believe that the State Department should really accurately reflect the diversity of the United States in order to accurately represent our country. So I hope that this process and what you are about to do will include the whole issue of diversity, people of color, women, individuals with disabilities in terms of advancing opportunities for these populations of people.

Also, for a couple of years now I have been asking questions with regard to the minority women-owned business participation and utilization as it relates to contracting within USAID and the State Department. I guess, Madam Chair, I don't know if I need to request a report from the Department because I still don't have a good handle on how the Department is doing as it relates to minorities and women and individuals with disabilities in terms of total contracting dollars and what the percentages are to these companies. Would that be under your jurisdiction or how could I get that information because—and I mentioned this before pre-

viously—in my last life I owned a small business and I tried to do business like other African American companies with the Department of State, USAID, and there were roadblocks after roadblocks after roadblocks, and I mean I did it the way that it should have been done, the proper way in terms of contracting procedures and not one, not one instance, and I don't know many people of color who have been able to do business with the State Department. So I am trying to get a good handle on that and still haven't been able to figure it out.

Mr. LEW. We would be happy to work with you and pull together an analysis to explore both of those issues. Let me just underscore the Secretary's commitment and my commitment that in the area of recruitment it is very important that the State Department broaden its base for all kinds of reasons. We can only do our job effectively in the 21st century if we go around the world reflecting the diversity of the United States and the world that we are dealing in. And historically, the diversity has not been that great. There has been a lack of diversity at many levels historically in the State Department. I think we are doing better than in the past, but that doesn't mean we don't need to go out more aggressively and recruit at schools and through organizations and that help us to build the diverse base we need.

Frankly, we have an opportunity now with the first significant expansion of Foreign Service officers in a generation to go about doing it in what we would consider the right way and to expand the opportunities for individuals to come in and get information, to expand the opportunities for them to be interviewed, and to make sure that as the selection process moves forward it is fair and open.

So we agree wholeheartedly with that and would be happy to work with you to go through in more detail what our recruiting policies are and what the record is.

In the area of contracting, at the risk of sounding too critical of my own department, we are kind of nondiscriminatory in making the contracting process difficult. We have to fix it. We have to get away from these giant contracts. It is not just minority businesses that have a hard time doing business with the State Department. I hear it from NGOs. I hear it from medium size organizations, large organizations. There are good reasons why things evolved the way they have over the years, but one of the things that we need to do is look at it, and as we look at it, to keep in mind that one of the benefits of opening up contracting to smaller, more competitive contracts is that it naturally helps to ease some of the barriers that have kept minority firms from competing.

I don't have an easy answer for this, but I know that at an administration-wide level this is a goal that the President has, and it is certainly something we take seriously at the State Department.

Ms. LEE. Well, thank you very much, and let me just say we would like to work with you. As Chair of the Congressional Black Caucus, we have some ideas on how we could make this happen in a way that would work, and so I hope that you would consult with not only us but those of us in the Tri-Caucus who would like to see this happen.

Mr. LEW. Thank you.

Ms. LEE. Thank you.

Mrs. LOWEY. Thank you.

Mr. Rehberg.

Mr. REHBERG. Thank you.

As we enter into a world of identity and Real ID and the next generation passport, I guess as you know you have a lot of secure information, birth cities, passport numbers, and the like. I guess, could you talk to me a little bit about what you are doing within the Department to protect the privacy of citizens. And does this budget—I was going through your testimony. I see you talk a little bit about cyber security, but I guess I want you to expand a little bit beyond your testimony of what you are doing internally. And does this budget reflect the kinds of things that you need to occur in the short term, whether we are talking about immigration policy, Real ID, and protection of that information.

Mr. LEW. Congressman, there is a natural tension between raising the bar on how we scrutinize the comings and goings of individuals and personal privacy.

Mr. REHBERG. I am from Montana. I clearly understand that concept.

Mr. LEW. And we are very, very attentive to the importance that both sides of the equation are very important.

I think that, you know, there have been some incidents in recent history at the State Department that show that there was perhaps not a high enough level of protection of individual files, even before our arrival. I know that there were actions taken to try and tighten that up.

As we go forward and look at the different systems that we put in place, the challenge is to make sure that the law enforcement agencies that have appropriate needs and reasons for access get access but that nobody else does, and you know, it is not a problem that one can just say, well, we fixed it, we move on. You constantly need to pay attention to it. Systems change.

Mr. REHBERG. Does this budget then reflect—

Mr. LEW. I think it is part of our ongoing program, and it is more a question of focus than it is budget. I am not aware of the need for any specific resources in this area, and I am told that there is \$2.7 million in our privacy office which is for the programs.

Mr. REHBERG. In new money? And is that going to be part of the next generation passports similar to Europass or have you not begun that process of changing the passport?

Mr. LEW. Well, we have a new passport. I mean, the new passport that we have has in it a substantial amount of information that is electronically encoded. So that is in place already. The challenge is how to make sure that the access to the information is controlled and, as I said, available for proper purposes but not for improper purposes.

Mr. REHBERG. So there is no additional money in this budget—

Mr. LEW. I will get back to you in more detail. I must confess that in the many details of the budget, I have discussed this with people at a policy level, but I am not deeply familiar with the funding issues behind it. So why don't I get back to you?

Mr. REHBERG. I perhaps didn't know it as well when I voted for Real ID, and Montana is one of those States where I have got Ted

Kaczynski on the left and the Freemen on the right and everything in between. So I am perhaps more sensitive to privacy and the identity crisis that we have going on with some of that information getting out.

So if you could get back to me, I would appreciate it.

Mr. LEW. I would just say more broadly there are a number of issues related to the bar having been raised very high on security that we need to reevaluate, and it is always difficult to put any interest over security. No one wants to be responsible for changing a protocol and then having somebody slip through who shouldn't have slipped through.

On the other hand, we have to be careful that we don't create problems that are as important as the solution, and I understand the direction of your question, and I look forward to working with you.

Mr. REHBERG. Appreciate it. Thank you.

Mrs. LOWEY. Deputy Secretary Lew, thank you again for your time. I certainly look forward to working with you, as I know does the committee, and this concludes today's hearing on the President's fiscal year 2010 request for the international affairs budget.

The Subcommittee on State Foreign Operations and Related Programs stands adjourned.

Mr. LEW. Thank you, Madam Chairman.

Mrs. LOWEY. Thank you.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.a.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

The Administration's FY10 request to build a civilian response corps is more than double its combined FY 2008 and 2009 appropriation.

a. Could you explain the progress made since the first tranche of funds were provided?

Answer:

The Secretary of State is leading the interagency effort to develop a Civilian Response Corps (CRC) of 250 Active component members and 1,000 Standby component members across eight civilian agencies using funds made available under the Supplemental Appropriations Act, 2008 and the Department of State, Foreign Operations and Related Programs Appropriations Act of 2009. Currently, the CRC consists of 39 Active component members across eight participating agencies with the balance expected to be on board by the end of the calendar year. The Standby component currently consists of 366 members from the same eight participating agencies with the goal of 500 by the end of the fiscal year.

In addition to hiring and recruiting staff, a new CRC-specific training strategy has been adopted and five new training courses have been, or are currently being, developed. The courses include an online introduction to Reconstruction and Stabilization, an online overview of the Department of Defense and civilian agencies involved in reconstruction and stabilization, a two-week Reconstruction and Stabilization Foundations course, a three-week Reconstruction and Stabilization planning course, and an expanded security course focused on non-traditional operating environments.

A Civilian Deployment Center has been established, which will be operated and managed by the U.S. Agency for International Development. The Deployment Center will serve as the processing center for all CRC personnel departing for and returning from deployments; it will provide logistical support to personnel in the field; and will store, issue, and maintain CRC equipment. In addition, 28 fully armored vehicles have been ordered.

Funds requested in fiscal year 2010 will be used to maintain the current roster of 250 Active members, to expand to 2,000 Standby members, and to initiate the recruitment of 2,000 Reserve component members. Funds will also be used to train and equip all three components, and to expand the presence of the CRC to countries in crisis or emerging from crisis.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.b.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

b. On the reserve component, why has the Administration requested language permitting the Secretary to waive civil service regulations?

Answer:

The intent of this requested language is to permit the Secretary of State to waive civil service regulations in order to allow for the rapid and immediate hiring and deployment of Reserve component personnel in times of crisis. The Reserve component will be comprised of state and local government, and private sector employees. Under current civil service regulations applicable to all Federal agencies, except in very limited cases, State is unable to non-competitively appoint U.S. citizens to a federal job, even those who volunteer to serve their country as Reserve component members. This waiver will allow the Secretary to hire without the delays inherent in the competitive civil service process.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.c.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

c. Why were all the funds requested for State, and the requirement to consult with USAID removed?

Answer:

The President's FY2010 Budget Request for the Civilian Stabilization Initiative (CSI) was requested as a single unified account in conformance with the Reconstruction and Stabilization Civilian Management Act of 2008 (Title XVI, P.L. 110-417) which designates the Secretary of State as the lead for the development of a civilian response capability across the U.S. government. This Act, authorizing the creation of the Civilian Response Corps (CRC), states that the Secretary will consult with the Administrator for USAID in the development of the CRC and in the development of an interagency strategy in response to reconstruction and stabilization operations. Therefore, a statutory requirement to consult with USAID already exists and no additional consultation language is necessary.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.d.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

d. Why does the budget request claim that only \$10 million has been allocated for CSI from the FY09 bridge, when State's FY09 Bridge spend plan indicates \$20 million for that purpose?

Answer:

It was originally believed that State Department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS) would require \$20 million in bridge funds in order to meet its fiscal year 2008/2009 goals for the Civilian Response Corps (CRC). However, due to unanticipated delays in the initial ramp-up of the CRC, S/CRS asked that the bridge funds be reduced to \$10 million to more closely match revised hiring and deployment projections.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.e.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

e. Please provide a chart showing the number of individuals currently employed under each element (CRC – A, CRC – S, and CRC – R), and indicate how much of the current appropriation [FY08/09] is allocated for each component.

Answer:

There are currently 39 members of the CRC-A hired to date, with additional members coming on daily across the eight participating agencies.

The CRC-S is made up of existing civil service employees within the eight participating agencies who volunteer to deploy when asked.

Therefore, the CRC-S is only a roster of members and unlike the CRC-A, does not include any employees who serve in that position fulltime. Currently, there are 366 CRC-S members.

To date, the Congress has not yet made funds available for the Reserve component, so there are no members of the CRC-R and no funds allocated to this component.

It is difficult to break out the funds supporting the CRC-A and the CRC-S because so much of the funding is being used for those needs, such

as training, equipment and deployment costs, that are applicable to both components. For example, costs of training are not broken out by component because the classes are developed for and taken by both CRC-A and CRC-S members. Equipment is also purchased in bulk for use by teams when deployed. These teams are a mix of CRC-A and CRC-S, so we are unable to break the costs out by component. The only separable cost is the salaries and overhead for the CRC-A as they are full-time dedicated first responders. The CRC-S are already civil servant employees with other fulltime positions within the eight participating agencies and are only a cost when deployed.

The chart below shows the total of those funds allocated to the CRC-A and CRC-S in fiscal years 2008 and 2009.

	As of May 13, 2009	FY08/09 Appropriation	Salary	Train	Deploy	Support	Equip	Deployment Center
CRC-A	39	250	\$34.9M	\$34.5M	\$17.2M	\$15.1M	\$14.1M	\$5.1M
CRC-S	366	1,000						
CRC-R	0	0	0	0	0	0	0	0
CRC Total	405	1,250						

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.f.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

f. Please provide an explanation of the categories of personnel hired (or planned to be hired) under each component (Foreign Service, Civil Service, contract, etc).

Answer:

Under current authorities, all Civilian Response Corps members must be U.S. Government employees.

The majority of Active component members across the eight participating agencies will be Civil Servants. At the Department of State, we are attempting to achieve a 50/50 balance in our Active component between Foreign Service and Civil Service. USAID will recruit from its Foreign Services as well as hiring Civil Service employees. Other participating agencies are currently filling their Active component slots with Civil Service personnel.

The Standby component will also have a higher percentage of Civil Service vice Foreign Service personnel due to the fact that the majority of the staff in the participating agencies are Civil Service.

All Reserve component members will be Civil Service employees when either in training or deployed. During training, they will be hired as temporary appointees; when deployed Reserve members will be hired as term appointees under the authority of 5 USC 3301, 3302; CFR Part 316.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.g.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

- g. The budget request includes \$51 million to deploy 130 responders for 3 months of operation, including \$34 million in civilian force protection.**
- i. What criteria is the Department of State using to determine which countries/conflicts to deploy civilian responders?**
 - ii. Please explain what kinds of civilian force protection will be utilized for these deployments?**

Answer to g.i.:

A request for civilian responders may come from a variety of sources, including, but not limited to, the President, the Secretary of State, the National Security Council, a Chief of Mission, a regional Assistant Secretary, a regional Interagency Policy Committee (IPC), a Deputies or Principals Committee tasking, a Combatant Commander, or agency member of the Reconstruction and Stabilization IPC.

In determining whether to call up members of the Civilian Response Corps (CRC), the Secretary of State will assess whether existing U.S. government structures and processes are sufficient to effectively plan for, support, and sustain any interagency CRC deployments, while also considering the following Deputies Committee approved criteria:

- Importance: Impact on U.S. national security and foreign policy objectives.
- Magnitude: Regional impact, potential scale of humanitarian needs, or potential for significant U.S. military involvement;
- Likelihood: Probability of a crisis occurring.
- Capacity: Ability of impacted country and neighbors to respond effectively to crisis.

Other factors the Secretary of State may consider in determining a U.S. government response would include:

- Whether whole-of-government planning has already been triggered.
- Determination that existing civilian personnel are insufficient to meet operational requirements.
- Assessment of whether the capabilities of multiple U.S. government agencies/departments are necessary to effectively respond.

Answer to g.ii.:

Force protection will be handled and managed by State Department's Office of Diplomatic Security. When co-located with the military, the Department of Defense will provide force protection. These arrangements conform to the overall regulations for civilians serving overseas.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#1.h.)
House Appropriations Committee on State, Foreign Operations, and
Related Programs
May 13, 2009**

Question:

h. Please provide more details on the potential uses of the Stabilization Bridge Fund. How will USAID be involved in the decisions on what programs/projects to fund using those resources?

Answer:

The Stabilization Bridge Fund will give civilian responders the program tools necessary to enable short-term stability while larger programs are reoriented. It will be used in coordination with a whole-of-government civilian response engagement to speed up reconstruction and stabilization work in areas such as security and rule of law, economic recovery, and rebuilding of infrastructure, bridging the short-term gap until regular foreign assistance funds can be identified, reprogrammed and/or appropriated. It will allow us to respond to emergent opportunities to build lasting stability and peace and potentially shorten the period during which military forces, international peacekeepers, or police are needed. These funds will not be used to directly support deployments. We intend to work closely with USAID and other implementing partners in programming these monies. In

many cases, USAID staff may be leading the programmatic effort for which these funds will be used.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#2a-b)
Subcommittee on Foreign Operations
House Committee on Appropriations
FY 2010 Budget Request
May 13, 2009**

Question:

Through both the Diplomatic Solutions Initiative and Development Leadership Initiative, the Congress has appropriated substantial resources to hire and train new personnel for the Department of State and USAID. These resources were provided in large part to address overseas vacancies and provide greater opportunities for diplomats to gain language training.

- a. With the resources already appropriated, and those requested in FY 2010, will the Department of State eliminate its staffing gap?

Answer:

The FY 2010 request continues the long overdue rebuilding of USAID and puts the agency on track to double its Foreign Service by 2012, making a significant contribution to filling the Foreign Service staffing gap. The Development Leadership Initiative (DLI) is primarily a build up of junior officers who will occupy training positions overseas for approximately two years and then move into permanent positions throughout the world. The current worldwide staffing demands on USAID are significant. To meet these demands, USAID is utilizing a variety of approaches including hiring

mid-level officers under DLI and against attrition who will generally be placed in overseas positions more quickly and extending Foreign Service Limited appointments as necessary.

Question:

- b. Have you faced any challenges with recruitment?

Answer:

As a general matter, we have not faced major challenges with recruitment. USAID is a U.S. government agency that attracts highly qualified and motivated individuals of diverse backgrounds. To date, USAID has hired approximately 236 Foreign Service Officers at the entry and mid-levels, and is building a pipeline of more than 200. To expand the applicant pool and ensure continued diversity, USAID's Office of Human Resources has established a dedicated recruitment team, that has developed an outreach and recruitment strategy which reaches out to a large variety of organizations, universities, and international groups.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Kay Granger (#2c)
Subcommittee on Foreign Operations
House Committee on Appropriations
FY 2010 Budget Request
May 13, 2009**

Question:

2c. The Supplemental request includes additional funds for domestic facility requirements for the new staff being brought on board. What efforts are being undertaken to determine all of the Department's facility needs, both domestically and overseas?

Answer:

The Department of State's Bureau of Administration is working with General Services Administration to assess the DC Metro real property assets and requirements for the Department needs projected to 2015. This effort includes analysis of current property holdings and their sustainability, as well as properties that may be available on the market in the near future.

Strategic goals include:

- (1) Develop strategy to meet Executive Order 13327,
- (2) Align Portfolio with Mission Drivers and Maximize Bureau and Building Consolidations,
- (3) Project long and short term housing needs, and

- (4) Provide Feasible Procurement Framework to meet OMB guidelines.

As a result of this assessment, prospectuses for additional properties for Consular Affairs and Diplomatic Security were processed successfully, while additional mission critical leasing actions are still pending approvals from OMB and Congress. Two factors affecting the approvals are as follows: the rental rates offered to DOS in DC Metro area remain higher than for other agencies; and, additional commercial office space in the DC metro area continues to be unavailable, except in locations remotely located from Headquarters. The DOS mandate to increase staff both domestically and overseas will compel a demand for more space in the Metro area. The expansion of the George P. Shultz National Foreign Affairs Training Center and the new Diplomatic Security's Training Center will accommodate little of the mandated increase in staff. The GSA and DOS assessment proposes a housing strategy with varying degrees of feasibility based on OMB, DC government officials, and DOS collaboration capabilities.

Our overseas efforts are in accordance with the Long-Range Overseas Buildings Plan - new overseas building projects are preceded by a rightsizing review, managed by the Office of Management Policy, Rightsizing and Innovation (M/PRI). Rightsizing is a Congressionally-

mandated program to ensure each mission, including all agencies with an overseas presence, has the number of personnel with the appropriate skills to carry out its strategic goals. With a rightsized mission, the mix of U.S. government agencies and personnel is aligned with U.S. foreign policy, security limitations and other resource constraints.

M/PRI conducts a rightsizing review for each overseas mission every 5 years. The Bureau of Overseas Buildings Operations plans and develops building projects according to the rightsized staffing projections generated by these reviews.

M/PRI also conducts unscheduled reviews when warranted by changes in actual or projected staffing prior to or during a Capital Security Construction Project such as a New Embassy Compound (NEC), New Consulate Compound (NCC), or New Office Annex (NOX). When a mission expecting a Capital Security Project confirms its intention to change staffing levels before the next scheduled rightsizing review, M/PRI will conduct an interim review to help OBO ensure the new building is appropriately sized for the newly-projected staffing.

Where a new facility is not planned or funded, agencies/bureaus requesting additional positions through the NSDD 38 process must coordinate with post, which must reallocate space and functions within

existing facilities. OBO provides technical assistance with space allocation at post request and ensures that any building modifications are done in compliance with applicable codes.

Finally, in order to protect our investment in newly-built and existing facilities OBO is in the process of developing a Long-Range Overseas Maintenance Plan (LROMP). We expect to release the first edition of this LROMP later this year and to press for additional and much needed funding to ensure the proper stewardship of the Department's resources.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Barbara Lee (#1)
House Appropriations Committee
Subcommittee on State, Foreign Operations, and Related Programs
May 13, 2009**

Question:

Please identify any aviation logistics contracts the Department has entered into, or contemplates entering, with outside vendors to air transport of State or Defense Department personnel in Iraq.

Answer:

The Department does not currently have any specific aviation logistics contracts with outside vendors to transport by air State or Defense Department personnel in Iraq.

The Department does transport some personnel in-country under a task order for security services, which includes related aviation services. This task order was competitively awarded in accordance with the "fair opportunity" procedures required by 41 USC 253j(b) and FAR 16.505(b) under the World Wide Personal Protective Services (WPPS) multiple award contract. The current Task Order #10 (SAQMMA07F1307) is with U.S. Training Center (USTC, formerly Blackwater Lodge and Training) and the Department has advised USTC that the next option period on this task order will not be exercised (due on 9/4/2009) due to the Iraqi Government's

notification to the Department that USTC will not be allowed to continue operations in Iraq after that date. The aforementioned task order will be replaced by WPPS Task Order 15 that is currently in the source selection process. The Department is considering modifying future services under this task order to include the use of fixed wing aircraft for travel within Iraq only.

**Questions for the Record Submitted to
Deputy Secretary Jacob Lew by
Representative Barbara Lee (#2)
House Appropriations Committee on State, Foreign Operations,
and Related Programs
May 13, 2009**

Question:

Please describe and explain the actions taken by the Department of State, if any, to ensure that the contracts identified in paragraph (1) above meet legal requirements and comply with applicable regulations.

Answer:

In addition to the above noted FAR requirements that were adhered to in contracting for this requirement, the Department requires the contractor providing the aviation resources to comply with FAA, Original Equipment Manufacturer (OEM) and DCMA 8210.1 Contractor Flight and Ground Operations standards and applicable Department of Defense regulations.

The requirements are clearly stated in the contract. The contracting officer and contracting officer's representative provide oversight through review of the contractor's reporting requirements and through Government inspections. In addition, the Bureau of Diplomatic Security serves as the program office and cognizant contracting officer's representative for a separate Quality Assurance/Quality Control contract that the Department

awarded in May 2008 specifically to enhance Government oversight of the
WPPS aviation task order.

WEDNESDAY, MAY 20, 2009.

OFFICE OF THE GLOBAL AIDS COORDINATOR

WITNESS

THOMAS J. WALSH, DEPUTY U.S. GLOBAL AIDS COORDINATOR (ACTING), U.S. DEPARTMENT OF STATE

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State, Foreign Operations and Related Programs will come to order. I would like to welcome Tom Walsh, Acting Deputy U.S. Global AIDS Coordinator and Chief of Staff, to discuss the President's Fiscal Year 2010 request for global HIV/AIDS programs.

This Committee has made global HIV/AIDS a key priority, providing \$18.8 billion over the past five years, nearly \$4 billion more than President Bush's initial commitment of \$15 billion over five years, to address the global AIDS pandemic. These resources have had impressive results, with 2.1 million people receiving antiretroviral treatment; 9.7 million people receiving care through PEPFAR, including 4 million orphans, 58.3 million people benefiting from HIV/AIDS prevention and related programs. I applaud the tenacity with which your office and the U.S. government as a whole has pursued treating and preventing this horrible disease. Your efforts and the complementary efforts of allies such as the Global Fund to Fight AIDS, Tuberculosis and Malaria have added years of productive life to millions living with HIV/AIDS and have provided time and space for other critical development to take place.

However, we have seen new challenges emerge, as life saving drugs have had the unintended consequence of increasing risk behavior, have increased risk behavior. As we enter the second phase of PEPFAR, we must evaluate our successes, examine new challenges, adjust accordingly. While new infections among children have dropped and younger people in some parts of the world are waiting longer to become sexually active, having fewer sexual partners or using condoms, we must do more to ensure that our prevention efforts reach those most at risk. I look forward to hearing how PEPFAR will expand prevention programs in the coming years.

The pandemic continues to have a disproportionate impact on women. As you know, among young people in Sub-Saharan Africa, the HIV prevalence rate for young women is almost three times higher than the rate among young men. This is not a new statistic, and I am concerned that PEPFAR has not taken steps to address this challenge. The fiscal year 2010 budget includes a renewed focus on the needs of women and children, and I hope that PEPFAR will reach out to USAID which has extensive experience

providing accessible community based services that meet the needs of women and their families.

I would also like to see PEPFAR coordinate better with country programs and strategies developed by state and USAID. What efforts are you making to integrate PEPFAR programs into these country strategies? PEPFAR is entering its sixth year and sustainability is becoming a higher priority. Through partnership framework agreements, PEPFAR is building long term reciprocal relationships with developing countries.

In addition, recent discussions with the Global Fund and developing country partners have begun the dialogue related to integrating U.S. government programs into future Global Fund grants. Can you provide an update on implementation of the partnership framework program? Also can you outline the steps PEPFAR is taking to empower developing countries to assume greater responsibility for fighting the pandemic?

In order to create greater capacity in host countries, the next phase of PEPFAR should expand programs that build capacity and help infrastructure so that nations can better meet their own health challenges. Although the fiscal year 2009 investment of \$734 million for health systems was significant, how will funding for these programs be expanded in the coming years? If these interventions are to be sustainable in the long term, developing countries must be able to shoulder more of the responsibility for the health of their populations. Please update your plans to invest in health infrastructure and the training of healthcare professionals.

Mr. Walsh, I look forward to hearing your remarks and working with you on these and other issues, but first I will turn to Ranking Member, Ms. Granger, for her opening statement.

OPENING STATEMENT OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you, Chairwoman Lowey.

I welcome you today, Mr. Walsh. I will keep my opening remarks very short because we have votes coming up and I want to hear what you have to say. Now that the PEPFAR program is authorized for an additional five years, this Committee wants to ensure the funds, no matter which agency implements the programs, are being properly managed and coordinated. Also we want to make sure that our multilateral contributions are subjected to high levels of scrutiny and oversight and would be expected as such from the American taxpayer of course. I thank you for appearing today, and I look forward to what you have to say.

Mrs. LOWEY. Thank you. I understand that there are three votes that may be coming up at 11:35. So we will put your statement in the record, and summarize, please proceed as you wish.

OPENING STATEMENT OF MR. WALSH

Mr. WALSH. Thank you, Madam Chair, and Ranking Member Granger, and other Members here and staff. I will try to summarize very quickly under the circumstances.

We really have appreciated the strong support and partnership with the Subcommittee in the years to date. We feel the bipartisan support here has been an important element in the success of

PEPFAR to date. As you see the President has put forward a request that is very significant in terms of the level of funding, and we do feel strongly about the need to be accountable for how that is spent.

It includes both the bilateral programs which have been very successful and also our contribution to the Global Fund which is a critical piece of the overall U.S. government approach to HIV/AIDS as well as malaria and tuberculosis, the other issues. So rather than say anything more, because you do have my statement, I will just throw it open for questions.

[The information follows:]

The President's Emergency Plan for AIDS Relief

**Statement of Thomas J. Walsh
Acting Deputy U.S. Global AIDS Coordinator
Before the United States House of Representatives
Subcommittee on State, Foreign Operations, and Related Programs
Washington, DC
May 20, 2009**

Madame Chairwoman, Ranking Member Granger, Members of the Subcommittee, and staff: Good morning, and thank you for this opportunity to discuss the Administration's Fiscal Year (FY) 2010 budget request for the U.S. President's Emergency Plan for AIDS Relief, or PEPFAR.

Let me take a moment to express my gratitude for the partnership developed between PEPFAR and the State and Foreign Operations Subcommittee over the last five years. The Subcommittee's bipartisan support for PEPFAR has been a key to its success, and we look forward to continuing to work with you during the next phase of the initiative.

Thanks to the steadfast humanitarian commitment of the President, Congress, and the American people, the United States is the global leader in the fight against HIV/AIDS. **The President's FY 2010 budget includes \$6.66 billion for bilateral HIV/AIDS and tuberculosis (TB) programs and research, and contributions to multilateral efforts such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) and the Joint United Nations Programme on HIV/AIDS (UNAIDS). This is an increase of \$165 million, or 2.5 percent, compared to the FY 2009 enacted level, including a \$100 million increase in support of bilateral HIV/AIDS programs.**¹ The request for the Global Fund is \$900 million, a \$400 million increase from the FY 2009 request made by the previous Administration. In a time of tightening budgets and economic constraints, the FY 2010 budget request demonstrates this Administration's commitment to placing the global fight against HIV/AIDS as a critical piece of its global health agenda. PEPFAR, including bilateral HIV/AIDS and tuberculosis efforts as well as contributions to the Global Fund and UNAIDS, represents over 75% of the FY 2010 Global Health Initiative funding announced by the President earlier this month. Indeed, U. S. Government (USG) funding represented well over half of all funding for combating global HIV/AIDS by all partners in 2007, and we believe this continues to be the case.

As you know, President Obama and Secretary Clinton recently announced the selection of Dr. Eric Goosby, a world-renowned expert and leader in the fight against AIDS, to serve as the Global AIDS Coordinator within the Department of State, leading a unified USG response.

As the first order of business Secretary Clinton will direct Dr. Goosby, if confirmed, to undertake a comprehensive strategic review of PEPFAR funding and programs. This effort will inform development of the Congressionally-mandated strategy for the next phase of PEPFAR, which will in turn form a critical part of the Administration's overarching global health strategy review.

¹ The remaining \$65 million is support for USAID bilateral tuberculosis programs (\$19.8 million) and support for HHS/NIH research on HIV/AIDS (\$56 million), offset by an \$8 million reduction in direct funding to DoD for HIV/AIDS programs.

Dr. Goosby will further efforts already under way to provide reliable cost projections of the funding necessary to sustain and build PEPFAR programming into the future. At the same time, Dr. Goosby and the interagency PEPFAR team will redouble the focus on prevention and explore options to bolster PEPFAR's prevention programming.

HIV/AIDS and Global Health and Development

Given the magnitude of our continued commitment, I would like to reiterate the importance of our large investment in HIV/AIDS in the context of the Administration's comprehensive global health agenda.

The challenge is this: HIV/AIDS is a fatal, incurable disease. Over 33 million people are infected, including over 25 million in Africa. Each year, there are two million deaths due to AIDS. Once people are infected and progress to the point of needing antiretroviral treatment, it becomes a lifelong need.

We cannot beat this epidemic with treatment alone. According to UNAIDS, in some areas there are five new infections for every two people who are newly added on treatment. Without effective prevention for those not yet infected, more and more will face this risk of death – and be in need of treatment. In 2008, there were 2.7 million new HIV infections. And without successful prevention and treatment, the number of children orphaned by AIDS will continue to grow.

These are sobering realities, and the challenge they pose is one the entire global community, not just the USG, must confront. Yet HIV/AIDS is also part of a larger global health and development picture, where many other preventable and treatable health problems such as malaria, TB, respiratory infections, diarrhea, maternal and infant mortality, and others cause millions of deaths annually. One lens through which to look at the impact of HIV/AIDS and our efforts to combat it is that of the Millennium Development Goals (MDGs), which the President has said are America's goals.

Let me take a moment to focus on the interaction between HIV/AIDS and the MDGs. In the hardest-hit countries, where some 15 to 28 percent of adult populations are HIV-positive, and pregnant women suffer from some of the highest levels of infection, HIV/AIDS has a devastating impact on efforts to meet a broad range of MDGs, even where there has been progress on other issues. Progress toward fulfilling the MDGs requires the global community to address this global HIV/AIDS pandemic along with other health threats.

Promote Gender Equality and Empower Women: The AIDS pandemic has a woman's face. HIV is a disease that disproportionately affects those who have less power and lower status, helping to explain why women and girls account for nearly 60 percent of new infections. In some regions, girls can be infected at a rate 5 times higher than boys, demonstrating the need for targeted HIV programs that focus on gender equity, address male norms and behaviors, reduce violence and coercion, increase women and girls' access to income and productive resources, and increase women's status and legal protection. Effective responses to HIV/AIDS are thus responses that empower women and girls, and PEPFAR is working, through its 5-point gender strategy, to address the prevention, care and treatment challenges that women and girls face in far too many countries and communities.

Universal Primary Education: As a result of deaths among HIV-infected parents, there are now 12 million orphans in sub-Saharan Africa. A recent study found that orphans who have lost both parents are 12 percent less likely to receive schooling than non-orphans – especially girls, who at all ages are pulled from school to assume the role of care-giver after the death of a mother. And in some African

countries, large numbers of teachers are dying from HIV/AIDS. Effective responses to HIV/AIDS thus improve access to education – and it is also worth noting the growing body of evidence that school attendance can contribute to HIV prevention. PEPFAR programs, especially those directed toward orphans and vulnerable children, are providing support to ensure that children are not denied access to education.

Reduce Child Mortality: In severely-affected countries, this disease has a direct and devastating impact on child mortality. This is due in part to infection of children through transmission from their mothers, which is almost entirely preventable, and in part to the death of parents from AIDS, which has been shown to significantly increase the risk of child mortality. Children now constitute 14 percent (370,000 of 2.7 million) of new global HIV infections and 14 percent (270,000 of 2.0 million) of HIV/AIDS-related deaths annually. A Ugandan study shows the expansion of HIV services, including those supported by PEPFAR, led to a decrease of 81 percent in *non*-HIV infant mortality, in part because the number of children orphaned by HIV/AIDS decreased by 93 percent. This suggests that effective responses to HIV/AIDS play a part to reduce child mortality.

Improve Maternal Health: HIV/AIDS disproportionately infects and kills pregnant women. Women with HIV are 4 to 5 times more likely to die in childbirth, yet only 18 percent of pregnant women in sub-Saharan Africa receive HIV testing during their pregnancies, and less than 40 percent of HIV-infected women receive antiretroviral drugs to prevent transmission of HIV to their child. In some large programs, more than 67 percent of counseling and testing clients and more than 60 percent of treatment clients are women, including pregnant women. Effective responses to HIV/AIDS positively impact maternal health and help prevent transmission of HIV from mother to child. PEPFAR programs around prevention of mother-to-child transmission also help more women learn their status, acting as a gateway to prevention, care and treatment for both women and children.

Combat HIV/AIDS, Malaria and Other Diseases: TB is the leading cause of death among HIV-positive individuals in Africa; according to the World Health Organization, an estimated 22 percent of tuberculosis cases in Africa – and, in some countries in the region, as many as 70 percent – occur in people living with HIV. HIV/AIDS is fueling a resurgence of TB, including untreatable, extensively drug-resistant TB. As for malaria, two-thirds of the cost of delivering an insecticide-treated bed net is the distribution system. Effective responses to HIV/AIDS address HIV/TB co-infection, particularly in Africa, and provide a platform that can be used by programs focused on malaria and other tropical diseases. PEPFAR's interagency efforts around HIV/TB co-infection and its collaboration with the President's Malaria Initiative have not only saved lives, but strengthened health systems.

Addressing an overarching issue, HIV/AIDS programs expand health systems and workforce, contributing to the achievement of health MDGs by: 1) addressing the demands and impact of HIV/AIDS on health workers; 2) providing health workers dealing with HIV with the skills to attend to HIV/TB co-infection and malaria; and 3) providing a platform for the expansion of overall health systems. An effective response to HIV/AIDS helps play a key role in building health systems for all diseases and can contribute significantly to achieving global health goals. PEPFAR funding has improved laboratory capacity, enabled governments to establish health systems accounts, expanded the health workforce, and integrated drug procurement, logistics and management systems.

Addressing HIV/AIDS not only has benefits for the health care system – *failure* to engage in global AIDS activities has severe, *negative* consequences on health systems. Many of you may recall visiting hospitals with patients sharing beds as wards were overflowing with people with AIDS. In many

places, a visit today shows a very different situation, thanks to the availability of antiretroviral treatment.

Thus investments in programs such as PEPFAR and those of the Global Fund are a critical piece of a more holistic and integrated global health agenda outlined by the Administration. Increased commitments to maternal and child health, family planning, and neglected diseases, and efforts to address health system strengthening across the range of USG programs will provide much-needed support to countries. This comprehensive approach to health, including support for a family-centered approach to care, will have long-term benefits to the lives of individuals and families, and contribute to the overall development of the countries in which PEPFAR works. This understanding is reflected in the Administration's commitment of over \$63 billion to the Global Health Initiative over the six years, including \$8.6 billion in FY 2010.

Support for the Global Fund

The Global Fund remains a critical element of the USG global health strategy. The Administration's \$900 million request for the Global Fund is the highest funding level ever requested in a President's Budget. USG contributions to date are \$3.3 billion, and additional pledges reflect a total anticipated contribution of \$4.4 billion by the end of FY 2009.

The USG's support for the success of Global Fund grants extends beyond financing -- USG support for the Fund's multilateral approach and our bilateral programs are in many countries highly linked and interdependent. The USG also provides essential leadership to the governance of the Fund, and has long supported technical assistance and financial support to improve grant operations at the country level. The USG continues to work with the organization to address broad, shared challenges relative to maximizing the number of persons reached with resources dedicated to the three diseases.

Reflecting our strong partnership across the range of HIV/AIDS, tuberculosis and malaria efforts, the USG and the Global Fund are working closely to develop complementary models for the support of fully costed national strategies. Global Fund consideration of National Strategy Applications (NSAs) provides an opportunity for closer collaboration at the country level; in the HIV/AIDS context, we are working to harmonize PEPFAR Partnership Frameworks with the NSA process. These joint efforts may identify possible efficiencies and cost savings, and will help ensure that host country, bilateral and multilateral partners build on their comparative strengths in support of strong national HIV/AIDS, tuberculosis and malaria programs.

As part of the strategic review, the Administration will examine how to best balance funding for multilateral and bilateral efforts toward HIV/AIDS, TB and malaria in the long term, based on lessons learned over the last five years.

Support for Bilateral HIV/AIDS Programs

Results

As noted above, HIV/AIDS interventions can have a broader impact on a range of health and development issues – but only if those interventions are successful in avoiding new infections and keeping people alive. PEPFAR has thus focused on achieving results.

Through September of last year, the American people supported:

- antiretroviral treatment for more than 2.1 million men, women, and children living with HIV/AIDS around the world;
- care for over 10.1 million people; and
- prevention of mother-to-child HIV transmission during nearly 16 million pregnancies, and the provision of antiretroviral prophylaxis for over 1.2 million pregnancies, thus leading to nearly 240,000 babies born free of the virus.

PEPFAR has also contributed to USG efforts that have supplied nearly provision of 2.4 billion condoms worldwide from 2004 through May 2009.

Additional information on PEPFAR's FY 2008 prevention, treatment and care results is available in the most recent PEPFAR Annual Report to Congress. Preliminary results data on certain program areas as of March 31, 2009, have recently been submitted by the field and will be shared with Congress and the public as soon as the data have been confirmed.

Beyond these impressive statistics, as part of the strategic review process to be led by Dr. Goosby, the Administration will focus on outcome-based performance metrics such as lives saved and new infections averted, by which the world should analyze the success of PEPFAR, Global Fund and other multilateral organizations in the next phase's fight against HIV/AIDS. Equally important, we will also coordinate PEPFAR results with larger global health goals such as reductions of under 5 and maternal mortality and increases in family planning.

Resources

In reauthorizing PEPFAR last year, Congress maintained two directives relating to funding allocations: that at least 10 percent of bilateral program resources support programs for orphans and vulnerable children, and that at least 50 percent support treatment and care for persons infected with and affected by HIV/AIDS. PEPFAR will meet these requirements in FY 2009, and we will ensure that we meet them in FY 2010 and the out years as well.

PEPFAR is effective at ensuring timely use of appropriated funds. A preliminary review of the FY2009 first quarter reporting from agencies shows that consolidated obligations of all PEPFAR funding represents 93 percent of the total available at that time, and 73 percent of those legal obligations have been expended. Also, upon preliminary review of first quarter obligations, the data show that within twelve months from the date of enactment of FY 2008 appropriations, approximately 82 percent of all FY 2008 PEPFAR funding was obligated; within two years of appropriation, 98 percent of the FY 2007 funding was obligated.

Prevention

Prevention remains the highest priority for PEPFAR and this Administration will seek to expand and implement prevention programs using evidence-based strategies. While treatment is incredibly important, we cannot treat our way out of this pandemic. In the absence of an HIV vaccine or cure, without effective prevention, the world will continue to face an ever-growing number of people who will die unless they receive treatment – a relatively costly intervention – for the rest of their lives.

PEPFAR supports a comprehensive, evidence-based prevention portfolio, including such interventions as prevention of mother-to-child transmission (PMTCT) programs, safe blood and medical injection programs, programs to reduce risks for injecting drug users, and male circumcision. Sexual

transmission remains the prime driver of the epidemic globally, and prevention in this area is of primary importance.

The reauthorization law deleted the previous funding directive on programs to promote the Abstinence and Be faithful elements of the ABC prevention behaviors. The legislation now calls for “balanced funding for prevention activities for sexual transmission of HIV/AIDS” and reliance on “objective epidemiologic evidence as to the source of infections in consultation with the government of each host country involved in HIV/AIDS prevention activities.” The Administration will prioritize a review of prevention programs to ensure this balanced funding. PEPFAR will review country-level epidemiological information through country-driven prevention programs that support national strategies. An overarching principle is “combination prevention” -- using different interventions for prevention depending upon a country’s epidemiological, social, and cultural drivers.

The Southern Africa Prevention Initiative, or SAPI, is one effort to strengthen prevention programming across the region that accounts for approximately 35 percent of all people living with HIV/AIDS and almost a third of all new infections and deaths globally. Our country programs are working with governmental and other stakeholders to adopt strategic HIV prevention approaches that respond to the unique challenges of these countries. Another pilot combination prevention effort is the Partnership for an HIV-Free Generation, a public-private partnership to revolutionize HIV prevention for youth aged 10-24 by surrounding youth with age-appropriate behavioral, structural, and biomedical interventions under a unifying brand. Nairobi, Kenya, presently serves as the pilot site, generating best practices that could be evaluated and replicated elsewhere.

Mother to child transmission of HIV is almost entirely preventable. However, despite efforts by many dedicated health workers, as noted above, coverage of PMTCT remains unacceptably low in many countries. In Malawi, approximately 90,000 new HIV infections are registered annually, of which 23 percent are considered pediatric. Of those infections, 90 percent are due to mother-to-child transmission. Countries with strong political leadership to implement favorable policies and fight stigma, and where there are strong primary health care systems, effective national management, and coordination mechanisms, have had success. In Botswana, mother-to-child HIV transmission has been reduced to less than 5 percent through implementation of opt-out HIV testing for pregnant women and strong follow-up care for HIV-positive mothers; UNAIDS estimates that greater than 95 percent of mothers who need antiretrovirals receive them. This in turn creates a gateway to other services for women and children.

Focus on Women and Children

PEPFAR plans to intensify its efforts to build upon such existing successes in women and children’s health, focusing on HIV prevention and improving integration of HIV/AIDS with maternal and child health and family planning and reproductive health programs. With this focus, PEPFAR will mobilize communities to improve access to HIV prevention, as well as care and treatment, particularly for women and children. Programs will seek to strengthen health systems, improve integrated service delivery (including expanded co-location of services), and increase training of health workers in proven interventions in maternal child health and HIV/AIDS. We will work with partner country governments and our local facility partners to create high-level support for increasing access to comprehensive, gender-sensitive, family-centered primary care services.

This focus will be applied in countries that will be selected based on need for accelerated progress in PMTCT or pediatric treatment, need to strengthen health systems, and opportunities for partnerships with the host governments, other USG programs, and international partners.

It is important to note that PEPFAR's programs for women extend beyond the context of preventing maternal-to-child transmission. PEPFAR is working to ensure that women and girls have access to prevention, care and treatment across the lifespan. PEPFAR has worked to reduce gender inequalities and gender-based abuses and expand gender programming throughout all prevention, care and treatment activities. PEPFAR supports five key gender strategies that are critical to curbing HIV transmission and mitigating its consequences: increasing gender equity in HIV/AIDS activities and services; reducing violence and coercion; addressing male norms and behaviors; increasing women's legal protection; and increasing women's access to income and productive resources.

Seeking efficiencies and focus on treatment

As the Institute of Medicine has noted, PEPFAR is a learning organization. With five years of experience, one area of focus is wise stewardship of the resources entrusted to the program. This is an obligation both to the people we serve and to the American taxpayers.

PEPFAR is based on a comprehensive approach to the epidemic that incorporates prevention, care and treatment while working to build local capacity and health systems. In some countries, because of the large numbers of people who need treatment, the success of counseling and testing programs, and growing capacity for AIDS treatment even at primary health centers, there is increased demand for treatment. Treatment enrollment may thus be exceeding expectations, creating challenges in light of the significant costs of treatment over the long term. These challenges are not unique to PEPFAR but are also a concern for host country Ministers of Finance, other donors and, in particular, the Global Fund.

In order to optimize our response and maximize our resources, through a series of regional consultations and focused technical assistance, PEPFAR, together with key partners, has begun to identify and analyze costs, with an initial focus on treatment-related cost-efficiencies. Expansion of this activity to other program areas, including care and prevention, will allow PEPFAR programs to disseminate cost-saving practices in order to make the best use of available resources and maintain the results-oriented culture that has defined PEPFAR to date.

The Administration's strategic review process will examine the current treatment successes and evaluate how to balance treatment goals, consistent with the legislative mandate to consider multiple factors, such as drug costs and partner contributions.

Health Systems Strengthening

In reauthorizing PEPFAR, Congress recognized that health systems strengthening (HSS) is critical to achieving both PEPFAR's goals and broader, long-term USG development goals. The legislation cites lack of health capacity as an important constraint on the transition toward greater sustainability of HIV/AIDS prevention, treatment and care efforts and broader public health initiatives – a reality faced every day by those who implement programs in the field.

Through PEPFAR, there is widespread consensus that the USG has strengthened and extended health systems in such areas as human resources for health (HRH), infrastructure, health information systems, and commodity procurement and logistics systems, among others. PEPFAR has also built a network

system of care that has strengthened service delivery capacity at hospitals, and increasingly at the primary care level. In FY 2009 PEPFAR will support more than \$1.1 billion worth of HSS activities with funding approved to date. However, a review of the FY 2009 Country Operational Plans confirmed the need for clearer direction and a more strategic approach to HSS in the next phase of PEPFAR.

PEPFAR has thus convened a consultative process to discuss options for a conceptual framework to strengthen PEPFAR programming in HSS. A preliminary framework arose from the deliberations of a USG interagency working group. This has been shared with a range of stakeholders, including Congressional staff. We also plan to engage in discussions about the framework with the field to ensure that it responds to their needs.

Consistent with the Administration's more integrated approach to global health programming, we will fully coordinate the PEPFAR framework with the overall USG global health HSS strategy to ensure consistent application of definition and accountability principles.

Partnership Frameworks

An effective response to the challenges of HIV/AIDS demands a focus on building local capacity, strengthening health systems, and affirming countries' ownership of their pandemics and accountability in responding to them. These are essential steps toward sustainability.

To this end, PEPFAR is working with host country governments to develop Partnership Frameworks – five-year joint strategic frameworks designed to build country ownership by more fully aligning and harmonizing PEPFAR HIV/AIDS efforts at the country level to national strategies, national monitoring and evaluation plans, and the international partner landscape in country. Partnership Frameworks will be established with transparency, accountability, and the active participation of other key partners from civil society, the private sector, other bilateral and multilateral partners, and international organizations.

The FY 2009 Appropriations bill provided PEPFAR with increased funding over the FY 2008 level to support countries in developing strong Partnership Frameworks. Country teams are now working rapidly to build these additional FY 2009 resources into well-formulated strategic partnerships, and much of the FY 2009 funding increase built into the partnerships will actually be implemented by programs during FY 2010 once the Partnership Frameworks are approved and in place.

Resources committed through Partnership Frameworks are strengthening PEPFAR programs in selected countries outside of the original 15 focus countries. These additional resources will contribute to a broad and sustainable approach to the fight against HIV/AIDS in countries with concentrated epidemics – in which the main drivers of the epidemic lie within population subgroups – as well as countries with more generalized epidemics.

As mandated in the reauthorization law, the Partnership Frameworks will be posted on a public website within 10 days of establishment.

Conclusion

In conclusion, it's important to highlight the people who actually make PEPFAR work. The primary credit must go to the people of the PEPFAR countries, whose leadership – often in the face of stigma, resource constraints, and health systems challenges – the American people are privileged to support.

Also making an essential contribution, often at high personal cost because of the intensity of this work, are USG staff in the field -- including locally employed staff -- and at headquarters. It is the people of the PEPFAR agencies -- the U.S. Agency for International Development, the Department of Health and Human Services (including the Centers for Disease Control and Prevention and the Health Resources and Services Administration, among others), the Department of Defense, Peace Corps, the Department of State, and others -- who have led the transformation of the global HIV/AIDS outlook in recent years.

In reauthorizing this initiative, Congress endorsed its unique interagency model, under the leadership of the Secretary of State. PEPFAR works, not because it is a perfect model but because people care so much about this life-and-death mission that they make it work, even when it is difficult. They deserve the appreciation of the American people, as well as the strong support Congress has given them.

Madame Chairwoman, thank you for this opportunity to testify, and thank you for the Committee's partnership. I look forward to your questions.



**United States President's Emergency
Plan for AIDS Relief**

Office of the U.S. Global AIDS Coordinator

Washington, D.C. 20522-2920

Biography



Thomas J. Walsh

*Deputy U.S. Global AIDS Coordinator (Acting)
U.S. Department of State*

Thomas J. Walsh serves as Acting U.S. Global AIDS Coordinator and Chief of Staff for in the Office of the U.S. Global AIDS Coordinator. He has served with the office since May 2004, and is a member of the Department of State Civil Service. He was formerly Senior Policy Advisor to the Senate Committee on Finance, focusing on domestic health policy. Mr. Walsh holds a B.A. from Duke University, a J.D. from the University of Texas, and an M.P.H. from the Harvard School of Public Health.

Launched in 2003, the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) is the largest commitment by any nation to combat a single disease in history. Under PEPFAR, the U.S. Government has already committed more than \$25 billion to the fight against global HIV/AIDS. Working in partnership with host nations, over ten years the program aims to support treatment for at least 3 million people; prevention of 12 million new infections; and care for 12 million people, including 5 million orphans and vulnerable children.

Mrs. LOWEY. I will save my question if I have time at the end. And I will turn to Ms. Granger for questions.

Ms. GRANGER. My question has to do with the confusion surrounding whether or not the Global Fund is experiencing a \$265 million shortfall. Can you comment on that? It is often unfair the Global Fund does manage demand, it is a first come first served organization. As long as the proposals are technically sound, 10 countries consume 50 percent of the Global Fund's resources. Is this sustainable?

Mr. WALSH. Thank you. Let me take your questions in reverse order because the first one is more of a big picture question. Demand management at the Global Fund is something that the Fund has as of two weeks ago begun to turn its attention to with the participation of the United States. As you know, we sit on the board of the Fund and participate in some of the committees of that board.

Two weeks ago at its most recent meeting, the Fund board set up a working group to focus on this question. You are exactly right that historically the Fund's approach has been basically to fund any proposal that meets technical muster without any attempt to prioritize the different proposals. And there are questions in an environment of tightening resources over whether that is really sustainable anymore.

And so we were pleased to join the other members of the Fund in putting together this working group to focus on this and come up with solutions by the time of the next board meeting in November, because you are exactly right that there is an inherent conflict there. With respect to its current financial position, it is true that there are approximately \$265 million worth of grants that were approved for Round Aid, or approved at the board's meeting I believe last November, for which they do not yet have cash in hand. And thus under the rules of the Fund they cannot yet pay out those grants.

That situation strikes us as quite analogous to that of our U.S. government PEPFAR bilateral programs which have to wait for funding during the course of a year. As we do different CNs during the year, we commit funds and they go out to the field and then are put into practice. At the time the Fund approved those applications, it knew that it was going to be a rolling process with several different tranches of approvals during the coming year, and that is progressing.

On the one hand it is the case that right now they do not have all the money to fund all the proposals that were approved last year. We do anticipate that they will have that money by later in the year, and we see that situation is again as analogous to what we experience in PEPFAR on a fairly routine basis. We are working to make sure that our programs are ensuring that there is not going to be any gap in services or anything like that because that would be of concern, but right now we feel comfortable with where things are.

Ms. GRANGER. Let me just ask one more question. The U.S. contribution is a third of the total contribution, right?

Mr. WALSH. That is the statutory maximum.

Ms. GRANGER. Tell me what the voting structure is on the Global Fund. Does the U.S. have veto power like it does at the World Bank?

Mr. WALSH. Not at all. In fact I am not sure I can tell you in its entirety the voting structure. We can get back to you on it. It is rather complex, but one thing I do know is, we do not have veto power. We are one board member among many. They have a rather complex structure in which the donor block and the recipient so to speak, blocks are kind of set up into two different blocks. We recently experienced some of the governance challenges in the attempt to elect a new Chair of the Global Fund board at the recent meeting. It did not work because under the rules you needed a two third vote of the donor block and the recipient block, and the recipient block could not within itself agree on a single candidate. So it is a rather complex structure and I would be happy to get back to you with additional details on that.

Ms. GRANGER. Thank you.

Mrs. LOWEY. Thank you.

Mr. Israel.

Mr. ISRAEL. Thank you, Madam Chair. Mr. Walsh, I want to talk to you about pediatric treatment. Today, 1,000 children around the world will acquire HIV. Without proper care and treatment, 500 of them will die before they reach age 2, 750 of those 1,000 will die before they reach age 5. Seventeen percent of all new HIV infections are children, but I am told that only 9 percent of those children are on antiretroviral treatment under PEPFAR. What are your plans to reach the pediatric treatment targets that are contained in the reauthorization for PEPFAR?

Mr. WALSH. Thank you, Congressman. Our goal, as you know, the reauthorization target was basically to have the proportion of children who are on treatment correspond to the proportion of children as a subset of all who are infected in programs where we work. This is a very challenging situation mainly because of the difficulty of diagnosing children at very young ages. This has been a long lasting problem. We believe that in the last five years we have begun to make some progress on a couple of the things and indeed are progressing in terms of rolling out pediatric treatment.

Just to give you a sense of what some of those best practices are that we have learned, the lessons we have learned and that we intend to apply in the years to come. The first one is, in terms of early infant diagnosis, the new innovation in recent years has been the use of what they call dried blood spot testing, where you can take the blood from the infant and then transport it somewhere else for testing rather than have to have it in sort of a cold preserved chain.

We are really supporting, I think we are working through the CDC which is one of our implementing agencies, to focus on getting dried blood spot testing rolled out. We are also in a number of countries trying to update these health cards that mothers and children typically have to include HIV information. In some places they have not included that, and that has been a gap or a place where people can fall through the cracks that we have been trying to address.

Another one is promoting universal provider initiated counseling and testing in pediatric wards. When somebody is in a health facility that is really the best time to catch anyone to test them for HIV. And so ensuring that pediatric wards make this a routine part of their pediatric care is another important thing. And then family centered care is another important innovation for scaling up pediatric services. Where possible we really like to co-locate pediatric and adult treatment so that we can get the whole family at once. Those are some of the things we are trying to do, but we are very much a learning organization. We have learned a lot, we have more to learn and more to do to apply what we have learned.

Mr. ISRAEL. I actually have some additional questions but I know we are trying to move briskly because of votes. I will yield back and follow up with you. Thank you.

Mrs. LOWEY. Thank you.

I will turn to Ms. McCollum.

Ms. MCCOLLUM. Thank you, and I will cut down quite a bit of what I wanted to ask because I will submit it for the record.

But let me focus on one part of your written testimony which I read, and that has to do with nutrition. As you are well aware, the developing world was hit with a huge food crisis in the past year, and it affects the same people PEPFAR is intended to serve. So most people have an immediate concern right now with food. And you know that without proper nutrition and calories, the drugs do not work as effectively or as efficiently. So I am wondering what the picture is for how you are coordinating with what is part of the mandate for nutrition, and it should be part of the mandate because without nutrition the drugs do not work properly.

I have another question and I am going to put in, Madam Chair, for the record about how PEPFAR is going to integrate to meet all of its commitments that the Administration is making on maternal child health and other issues. Thank you.

Mr. WALSH. Thank you, Congresswoman. Let me address the food issue. We are really addressing the food and nutrition needs that are related to HIV in two ways. One is directly through our PEPFAR programs, the second is by attempting to partner with other programs of the U.S. government and others such as the World Food Program, for whom food and nutrition is really what they mainly do. So we refer to that as wrap-around programs. And so we really do see a need to strengthen our linkages with these other programs where food is mainly what they do.

With respect to our PEPFAR funding, we support food and nutrition for three populations. One is pregnant and expecting nursing mothers, a second is orphans and vulnerable children, whether HIV infected or not, and the third is people who are on treatment but meet certain clinical criteria for malnutrition. Certainly one of the reasons PEPFAR has been successful is because we have focused on HIV/AIDS. And so we do feel strongly about the need to maintain that focus.

But as you say, if people are malnourished beyond a certain point then the treatment really will not work. And so we have some criteria that I think have been widely commended, at least I have not heard a lot of criticism over them, for determining when

somebody meets that threshold and thus needs nutritional support through our HIV/AIDS programs.

Ms. MCCOLLUM. Tell us in more detail, thank you.

Mr. WALSH. Thank you.

Ms. MCCOLLUM. I wanted to make sure Mr. Jackson had an opportunity.

Mr. JACKSON. That is very kind of you, Ms. McCollum, thank you. I was prepared to submit my questions for the record. But thank you, Ms. McCollum, and thank you, Madam Chair.

Mr. Walsh, during my tenure on this Subcommittee—first, welcome to the Committee.

Mr. WALSH. Thank you.

Mr. JACKSON. I have tried to increase the capacity of developing countries to provide basic services like healthcare and education. Our bill carries from year to year two provisions that I think do just that. One addresses access to healthcare and education by eliminating—

Mrs. LOWEY. I just want to say the speed with which you are asking this question reflects the urgency of the issue.

[Laughter.]

Mr. JACKSON. One addresses access to healthcare and education by eliminating user fees. And the second addresses government staffing levels of healthcare providers and teachers. Congress set a target of training and supporting the retention of at least 140,000 new health professionals and paraprofessionals to help PEPFAR partner countries to develop the health work forces required to meet PEPFAR goals and to support long term sustainability.

Congress intended that these be additional health workers, increasing the total number of health workers in these countries beyond the number that would otherwise have been trained, deployed, or retained. What is PEPFAR's strategy for meeting this target and for ensuring that these are new, truly additional health workers that add to a country's capacities and are not health workers who have been added to the workforce even without PEPFAR? Secondly, what level of funding does PEPFAR expect to dedicate towards achieving this goal in fiscal year 2010, and what are PEPFAR's estimates for the funding required to achieve this target by 2013? And lastly, can you report on how these funding estimates are derived?

Thank you, Madam Chair, and thank you, Mr. Walsh.

Mr. WALSH. Thank you, Congressman. I will do my best to answer your questions but I am afraid we are going to have to follow up with you with some more detailed information because some of your questions are a little more detailed than I am in a position to answer. In terms of the new health workers, yes, it is certainly our intention that these be 140,000 new health workers, ones who would not otherwise have been trained without PEPFAR efforts.

We have come up with some guidance for the field. This is really going to be a challenging goal to meet. The initial proposals we got back from our countries in the field for this first year FY '09 really did not show us on as steep a trajectory as we need to be on in order to meet that goal. Therefore we are working with them intensively as part of this larger effort at health system strengthening. That is really the context. Health workforce is part of this larger

issue of health systems, because, for example, if you train healthcare workers but there are not clinics for them to work in or there are not supportive systems for them, then they will not have the impact they need.

So I am really going to have to get back to you on some of your specific budget questions about the amount we are devoting to training this year, but all I can say is we do agree that this is necessary not just as a goal unto itself, but it is instrumental to achieving the prevention, treatment, and care goals. A lot of the success we have had to date has been due to building health workforce and structures, and we need to do even more if we are to succeed at all across the whole range of issues we face.

Mr. JACKSON. Thank you, Mr. Walsh. Thank you, Madam Chair.

Mrs. LOWEY. I know Ms. Lee is on her way, and we have a couple more minutes. So I will ask a few questions.

I want to follow up though on Mr. Israel's comments, because to me that is so urgent and I am trying to understand it. We know that more than one child is infected with HIV every minute of every day, with newborns representing the vast majority of the estimated 1,000 infected each day. And even with progress, global coverage of prevention and mother to child transmission services is still unacceptably low. And looking at numbers in low to middle income countries, HIV positive pregnant women do not receive the medicines they need to prevent transmission of HIV to their babies.

This is totally unacceptable. If we reached all pregnant women who are HIV positive, we could prevent hundreds of thousands of infections per year in children. So I would like you to explain, I have heard some of the explanations, but I would like you to explain what have been the values to scaling up PMTCT services, what can PEPFAR do to overcome these barriers? A majority of mothers we know deliver in their homes while most PEPFAR funded PMTCT programs target medical facilities. What are you doing to change this? Are you visiting communities? Why are you not reaching out in communities where most of the mothers deliver the babies?

Mr. WALSH. Well thank you. We could not agree more about this, the severity of this issue, and share your frustration that something which we know how to do, and indeed the world really has developed very successful PMTCT programs, that they have not been scaled up to the degree we need to. The authorizers put into our reauthorization a requirement for an expert panel to come back to us with recommendations on this, and that panel is now writing its report because we prioritized it and told them we needed it fast. So we are expecting that to be sent to you and Congress in July which will set the agenda.

But I can tell you a few of the things that we do know, and that we do need to do more on and plan to do more on in the days to come. Building on the success of a country like Botswana, where there is now mother to child transmission which is almost as rare as it is in the United States because their programs are so successful, and then you can contrast it with a country like Malawi where there is very little.

Mrs. LOWEY. And has not Botswana's incidents gone up?

Mr. WALSH. They have an extraordinarily high rate of infection, but the rate of transmission from the mothers to the children is very low because, I mean as you see with many of these countries they have succeeded greatly in one area, not so much in others. And that is a pretty extreme case.

Mrs. LOWEY. I would like you to finish this, but also address the issue of Botswana, which is in a pretty good economic condition, and why their rates have gone up.

Mr. WALSH. Right.

Mrs. LOWEY. But let us finish the first.

Mr. WALSH. Yes. Some of the practices that have been particularly successful are, first of all strong political commitment from the governments. That is something we have seen on mother to child transmission in places like Botswana, not only Botswana but also in Namibia, Rwanda, Kenya or some of the other ones. They have also decentralized services from the capitals out to the district and local levels.

They have really worked successfully, and we have tried to work with them, to coordinate the activities of all the different donors rather than have one donor off doing a project in one place, another one in another place, they have really tried to get us all to work together. Identifying HIV positive pregnant women in the first place is critical. And so I mentioned before the importance of provider initiated counseling and testing, where it is really an increasingly routine part of healthcare, and in this case antenatal care, for women to be tested and to learn their status, because if they do not know their status then there is no way that the PMTCT interventions are going to be given to them.

And that policy change in Botswana, by the way, is credited with increasing the coverage of PMTCT interventions from 75 to 95 percent. That is something we are really trying to work with other countries to show, you know, if you want that same kind of success you need to get some of these policy things lined up in the right way. And then it is really critical to link the mother to child transmission interventions with HIV treatment and care, and then with other maternal and child health.

We really do accept that it has been an issue for the whole global response that there can be a tendency to silo programs, and we have tried to resist that and we need to do even more to break down the barriers between the different services because a pregnant woman in a developing country faces a whole range of issues of which HIV is an important one. So in addressing that one, we also want to link with the programs that focus on the others. What was your other question?

Mrs. LOWEY. I will turn to Ms. McCollum and then we will continue.

Ms. MCCOLLUM. Madam Chair, I think we are tracking so close to the same wavelength that we could ask each other's questions at this point.

I want to go back, the President announced the new global health initiative, and it is going to increase substantially the U.S. commitment to fighting HIV/AIDS through PEPFAR. But it also calls for more comprehensive, to your point where you were just talking about a better integrated U.S. global health strategy that

pays more attention to building health systems. And in fact in April PEPFAR had an assessment done in the *Annals of Medicine*, and the assessment found that in important respects PEPFAR has been extraordinarily effective.

According to the study PEPFAR had prevented 1.2 million deaths, which I used in earlier testimony, in the focused countries, and it has reduced things by almost 10 percent. But it also found out that prevention efforts had largely failed, which is what the Chairwoman had asked earlier. It also asked questions about the long term cost effectiveness of the effort. So when you talk about building platforms, how is PEPFAR going to be integrated, or is PEPFAR going to look a little different as we go through and you are doing global healthcare reform as part of the way we deliver things, and not worry so much about labels now but outcomes.

Mr. Jackson's question about nurses and midwives and encouraging testing and being able to do testing out in communities, to the Chairwoman's question, this needs to feel seamless. And so, are there discussions taking place? Because I think it is okay if PEPFAR grows and develops and looks a little different in the years to come because we have learned lessons.

Mr. WALSH. Thank you. I think that is likely to be the case. As I said, we try to be a learning organization. The Institute of Medicine said we are, and we can do better. And clearly one of the areas where we need to do more is linkages and integration with other programs. I think that is really one thing that is behind this global health initiative that the administration announced, this idea that just as we have really focused intently on HIV/AIDS and malaria, we need to bring that same kind of intense focus to these other issues and to bring them all into a single integrated approach.

I will say with regards to planning, and how we are going to do that, is still at an early stage. And so for PEPFAR's purposes, our incoming coordinator if he is confirmed by the Senate, Dr. Goosby is certainly going to lead a strategic review of our programs and ask I think some of these questions that you are focusing on about integration. And then that strategic review of PEPFAR is going to feed into this larger strategic review that will inform this global health initiative and really focus on what are these points of intersection, what are ones that we can strengthen between PEPFAR and maternal child health for example, family planning, malaria, TB, neglected tropical diseases. I think what you are alluding to is definitely the coming wave, one of integration and an increasingly holistic approach.

Ms. MCCOLLUM. Thank you, Madam Chair.

Mrs. LOWEY. Votes have not gone off. We might as well proceed some more. I would like to follow up on the Botswana question, and frankly it is the same in Uganda, we used to brag about ABC in Uganda, and was it in Uganda where the rates went dramatically down after a famous singer in that country contracted HIV/AIDS and then died, and that it frightened the population so it went down. I think it was Uganda, was it not?

Can you explain what we are doing about that, obviously in most of the places that we have visited there is an urgency to focus on treatment because people are dying, they are lined up around the clinics, and many of the clinic directors frankly were very open and

honest and said, okay prevention is fine but we have to take care of people who are dying. But given the upsurge of cases in Botswana and in Uganda and other areas, Botswana in particular because the economy has been fairly strong, I wish you would address those issues.

Mr. WALSH. Right, I think you are really putting your finger on one of the toughest challenges we have to face. AIDS is in many ways a uniquely terrible disease, and with treatment, somebody who would otherwise die stays alive. It is very apparent, there is no missing the impact, it is very easy to count, and it is a great thing. But prevention is so much more difficult to quantify. We never really know who would have been infected, who is now not infected because of a program.

We really understand the natural tendencies of the host governments we work with to really want to focus on treatment, and we want to focus on treatment too, but prevention has to be first, that has to be the highest priority. We are in some cases finding a little resistance to that message, and we are trying to work with countries to say, even as we address these treatment needs which are so great and unfortunately rather costly to address, because once somebody is on treatment they are never going to be cured. Right now there is no cure for HIV/AIDS, so we are taking on a lifelong commitment.

So the best way to address that is to prevent people from becoming infected in the first place. Every country has a different story, but Botswana and the other countries in far southern Africa have the highest rates of infection in the world, and there is a whole range of reasons. I think one thing we have learned is that prevention really needs to be, we take what we call a combination prevention approach, a multifocal approach where you address the many different drivers of behavior. You know, just because you are meeting a youth population in one place where it goes, if you are not meeting them in the other places where they go, then you are only providing partial protection.

We really need to scale up our programs, build on what the evidence supports, do it in a way that is tailored, and then frankly hit the population with multiple different interventions at once. Botswana is certainly one of the places where we and everybody else who is working there needs to do more and better because they have got a big prevention problem on their hands.

Mrs. LOWEY. I am pleased to turn to Ms. Lee because she certainly has been a leader, not only on this Committee, but on the authorizing Committee, and I am delighted that she was able to get here.

Ms. LEE. Thank you, Madam Chair.

And I apologize, there have been five things at one time this morning, but I am so delighted to be able to meet you and congratulate you and look forward to working with you and also Dr. Goosby, and I hope the Senate confirms him very quickly. It has been quite a job to get to this point with regard to our global HIV/AIDS initiatives, but it has been worth the bipartisan cooperation, and I think this effort probably more than most really highlights how we can work together to try to really address big big humanitarian, security and public health crisis.

Of course I am always going to be concerned about funding, and I never have thought we have put forth enough funding for the Global Fund given the need. Also the integration with PEPFAR and the Global Fund, the programs and how we do that, and I apologize that I am being redundant, and if I am I will just talk to you privately about that. But on the funding request, it does not seem like that is much of a request, it seems very meager, and I am wondering if that is all you really think we need to fund the needs that are out there and the proposals that are pending?

Mr. WALSH. Thank you, Congresswoman, and thank you for all your leadership. I read Deputy Secretary Lew's testimony last week, and one point he made was, this is a conversation and this will be a conversation in terms of the right balances of funding among on the one hand multilateral approaches like the Global Fund, bilateral approaches that are run by the U.S. government, HIV/AIDS versus malaria versus tuberculosis versus all of the other areas that are now addressed in this global health initiative such as maternal and child health.

We look forward to working with you on it. The Global Fund request is a very significant request, \$900 million. Compared to the last request of the last Administration, which was \$500 million, it is a large increase. But all I can say about whether it is the right number is that we will look forward to working with you to determine whether it is or not.

Ms. LEE. And may I ask one more question, not a final question, but just the whole effort with regard to commercial sex workers. How are we addressing programs and strategies to help first of all make sure they understand prevention, but also making the transition from commercial sex work to, you know, 40-hour a week job that they all told me when I was there they wanted but the resources just were not there to get a job. And so how are we helping them at this point with our programs?

Mr. WALSH. Thank you. Our programs reflect both of the pieces that you describe and recognize that we really have to do both things. In an urgent way we need to help them stay safe from HIV, and so we need to get them the whole range of intervention including condoms and other prevention, interventions. If they become HIV positive we certainly need to get them in care and treatment as well. But we also do support income generation programs to try to offer people a way out of that way of life if they are willing.

We have many many programs, we will be happy to send you examples of some and get you more information on it. But we certainly recognize we need both approaches for those populations. A big part of our emphasis under the reauthorization as you know is really tailoring prevention strategies to the epidemiology of particular countries. Every country is different, but in many countries we do have these populations you are describing who face very elevated risks. Our teams are very focused on those, and that is part of what is positive about PEPFAR being a largely country-driven program where we have people on the ground working for the U.S. government to assess the needs and to tailor our programs.

Ms. LEE. But you do not see any barriers to our funding now given the history of the conscience clause and all of the policies that had been established?

Mr. WALSH. Right, well no I do not, not through the conscience clause nor through the prostitution policy requirement. That is one that people sometimes say, does that mean that the U.S. government cannot work with these populations in prostitution? It definitely does not. In fact the authorizing language specifically says that this provision is not to be read to prevent the U.S. from working with people in those populations. And so we definitely do and see a need to do even more of it.

Ms. LEE. Good. Thank you very much, Madam Chair.

Mrs. LOWEY. Thank you.

I want to thank you and all the many people in the field around the world for the important work that you do. And certainly we understand that even though the Administration's request has been very generous, the urgency of the situation certainly demands a large response, and this is why this Committee and the Secretary of State is focusing like a laser beam on coordination, working with the multilateral organizations, hopefully working with all the foundations that you do so that we can use every resource as effectively as we can. And I just wanted to express our appreciation to you again.

And this concludes today's hearing on the fiscal year 2010 Budget Request for Global HIV/AIDS Programs. Subcommittee on State and Foreign Operations and Related Programs stands adjourned.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Chairwoman Nita Lowey (#1)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

Integrating family planning and reproductive health with HIV/AIDS prevention, treatment, care, and support services includes ensuring an essential package of health care services (including antenatal care, family planning, post-abortion care, emergency services, and mental health services) is available on demand and is acceptable, affordable, and high quality, even in complex emergencies, situations of conflict and war, refugee settings and situations of human trafficking. What steps will OGAC take in FY 2010 to implement the PEPFAR program in a way that integrates family planning and reproductive health services with HIV/AIDS services while also promoting the health and rights of women and girls infected and affected by HIV?

Answer:

We agree on the importance of both the issues noted -- integration of programs and meeting the needs of women and girls. PEPFAR plans to use the additional funding in the FY 2010 budget to target scaling up existing successes in women and children's health, focusing on HIV prevention and improving integration of HIV/AIDS programs with other USG programs that address women and children, including maternal and child health (MCH), family planning and reproductive health programs.

PEPFAR will work to ensure that its efforts strengthen country-level health systems, leverage existing efforts and public-private partnerships, and support

mobilization at the community level to improve access to HIV prevention, as well as care and treatment, for women and children.

In addition, integration of HIV/AIDS, family planning and reproductive health services will be part of Dr. Goosby's overall strategic review of PEPFAR as well as part of the Administration's global health strategic review. Given that many women of reproductive age are at risk of both unintended pregnancy and HIV infection, it is important to further strengthen coordination between HIV/AIDS and family planning programming. To date, PEPFAR has not directly funded family planning services, but in PEPFAR programs it has supported family planning counseling and referral for services for HIV-positive women. Successful integration efforts have depended on funding from multiple accounts. We know that our integration efforts can be improved and we look forward to further addressing this issue under the leadership of Dr. Goosby, should he be confirmed.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Chairwoman Nita Lowey (#2)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

In last year's reauthorization of the PEPFAR bill, Congress specifically recognizes the role of U.S. higher education institutions in helping to build health systems in developing countries. The bill mandates the training of 140,000 health care workers. What is OGAC's strategy to train these health care workers? What will OGAC do with U.S. institutions of higher education to utilize and learn from their experiences?

Answer:

Efforts in this area will be part of Dr. Goosby's strategic review, should he be confirmed. The focus of PEPFAR's approach to train and support retention of 140,000 new health care workers to date is to work with host countries to focus PEPFAR investments around key areas of intervention that will help to achieve this target; promote sustainability of all human resources for health (HRH) efforts; and to coordinate PEPFAR HRH strategy and investments with other programs and development partners, including U.S. institutions of higher learning. PEPFAR is working with host governments to develop and implement national HRH plans and to develop national human resources for health information systems (HRIS) to identify need. PEPFAR Kenya, for example is working with Emory University to develop and use a national HRIS to identify the health workforce needs in the

country and to develop a national pre-services education and training plan to target recruitment, education and deployment of nursing graduates to the areas of highest need.

The Association of Public and Land-grant Universities has been working with PEPFAR and the USAID-funded Higher Education for Development to partner universities in the U.S. with universities in Africa that are training health professionals. Universities receiving the planning grants to begin these partnerships are:

- George Washington University and Moi University in Kenya
- Durham Technical Community College and the Kigali Institute of Science and Technology in Rwanda
- Tufts University and Muhimbili University in Tanzania
- The University of Alabama in Birmingham and the University of Zambia

Recently a consortium of eight academic health centers, four in Africa and four in the U.S., was formed to develop a fellowship program to train potential future leaders in public health. PEPFAR and the NIH Office of AIDS Research have worked with these universities to design and develop this fellowship program which will focus on HIV/AIDS health policy, leadership and research. The eight universities are:

- Johns Hopkins University
- Makerere University, Uganda
- Muhimbili University, Tanzania
- University of Botswana
- University of California, San Francisco

- University of Nairobi, Kenya
- University of Pennsylvania
- University of Washington

At the country level, U.S. universities have been PEPFAR partners from the very beginning and have developed training programs and curricula, and have provided and trained faculty. Vanderbilt University, for example, trains nurses, laboratory and pharmacy technicians in Mozambique. Columbia University, a PEPFAR treatment partner for the past 5 years, trains health care workers to provide HIV/AIDS care and treatment and has recently been funded by PEPFAR to develop needed nursing capacity in three countries in Africa.

The PEPFAR partner I-Tech is based at the University of Washington and the University of California, San Francisco; it works with the faculty and staff of the 11 university-based regional training centers and the 130 local associated institutions of higher learning AIDS Education and Training Centers funded under the Ryan White Care Act to train and educate health care workers in the PEPFAR countries.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Chairwoman Nita Lowey (#3)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

Please outline OGAC's plans to act on the directive in the reauthorization that requires a larger and more effective role in microbicide development and eventual product access. What impediments are there to OGAC using PEPFAR funds and authorities to support the development of new prevention technologies such as microbicides and to support microbicide clinical trials, at least to support treatment for those who become infected with HIV during trials?

Answer:

PEPFAR funding supports USAID to collaborate in microbicide research and development with NIH, CDC, and FDA and implement the jointly developed U.S. Government Strategic Plan for Microbicides. PEPFAR contributes to the following objectives of the Strategic Plan:

- preclinical development and evaluation of potential microbicide candidates
- formulation and delivery of potential microbicides
- clinical testing of microbicides
- behavioral and social science research; and
- provision of training and infrastructure

Until a microbicide that is proven safe, effective, and acceptable is available for regulatory approval and introduction in developing countries, it is necessary to continue supporting research and development of the most promising next-

generation microbicide leads. The present leads in the pipeline incorporate multiple agents that will prevent viral replication. Formulations that offer alternatives to topically applied gels are also under investigation. Additionally, HIV incidence studies are helping to identify and develop sites for future clinical trials. Local research capacity and community awareness is being developed in preparation for future trials. Preparation of policy and regulatory requirements that need to be addressed for the approval and introduction of new products is also underway.

For those who are identified as HIV-positive in screening for trial participants or who become infected with HIV during trials, referral to a PEPFAR support site can provide HIV treatment, care and support as well as testing and counseling for partners and family members.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Chairwoman Nita Lowey (#4)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

In some countries, even with an increased amount of funding, PEPFAR programs are not able to achieve the stated goals due to laws/policies that serve as hindrance to implementing sound prevention, treatment, and care programs.

Do these partnership frameworks identify ways in which the country will work towards fostering policies that enable a more comprehensive approach to addressing HIV and AIDS? For example, working towards better laws on gender-based violence, women's property rights, laws against stigma and discrimination, etc.

Answer:

Policy reform is one of the key principles of Partnership Frameworks (PFs). Certain policy reforms are essential for effective HIV/AIDS responses, and Partnership Frameworks offer a unique opportunity to engage host governments in these areas. Across all countries, evidence indicates that progress in these areas is tied to success in prevention, treatment and care of HIV/AIDS. Thus, the expectation is that all Partnership Framework Implementation Plans will explicitly address the policy issues outlined below and demonstrate host government commitments to achieve progress.

Each PF will be followed by an Implementation Plan which requires an HIV/AIDS policy reform situation assessment that includes all policy areas detailed in the guidance. These policy areas include: Human Resources for Health; Gender issues; Issues that impact children; Improving access to high-quality, low-cost medications; addressing stigma and discrimination; Strengthening a multi-sectoral response and linkages with other health and development programs. The full guidance for PFs is available at <http://www.pepfar.gov/documents/organization/120510.pdf> for your reference.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Chairwoman Nita Lowey (#5)
Subcommittee on Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

Stigma and discrimination in the health sector persists, against people living with HIV/AIDS and marginalized groups such as injecting drug users, hindering the effectiveness of HIV prevention and other services. Similarly, women often find themselves being mistreated in the health sector, including by having their rights to confidentiality breached, deterring women from seeking needed health care and putting women at risk of abuse by partners who learn of their HIV status.

Does PEPFAR have a strategy for minimizing the level of stigma, discrimination, and other mistreatment and violation of rights that occurs in the health sector? More generally, does PEPFAR require each country to develop a benchmarked strategy to address stigma and discrimination as it relates to HIV/AIDS? How much does PEPFAR spend on activities to reduce stigma and discrimination, overall and in the health sector in particular?

Answer:

Stigma against HIV and AIDS remains a barrier to the fight against this global pandemic. The United States is a signatory to the Paris Declaration of 1994, which outlines broad principles for the United Nations initiative on Greater Involvement of People Living with HIV and AIDS in programs that affect their lives. PEPFAR programs actively put these principles into practice.

PEPFAR country teams actively engage people living with HIV and AIDS (PLWHA) in planning for, delivering and monitoring the effectiveness of

prevention, treatment and care services. PEPFAR country teams consult with national networks of PLWHA to help determine priorities for annual operational plans, and to involve PLWHA in programming and efforts to assess program responsiveness.

PEPFAR offers a vitally important continuum of care to those infected with and affected by HIV/AIDS, which, in addition to clinical services, provides a range of preventative, psychological, social, and spiritual support services that are intended to improve quality of life. These include efforts to reduce stigma and mitigate its consequences. Care and support is provided with respect for patient autonomy and choice, support for care givers, and appreciation and respect for cultural values, beliefs and customs.

PEPFAR also fully integrates a broad range of gender interventions into its prevention, treatment, and care programs that seek to address the cultural norms and structural inequalities between men and women that can influence sexual behavior, put both women and men at a higher risk of infection, and create barriers to accessing HIV/AIDS services. It is worth noting that the congressionally-mandated expert panel on prevention of mother-to-child HIV transmission (PMTCT) has indicated that its upcoming report will address ways in which stigma prevents women from accessing PMTCT services.

PEPFAR works with host governments, encouraging them to create non-discriminatory policies and to publicly support PLWHA and their inclusion in development of policy, community interventions, and program evaluation. Many of the activities that national leaders can engage in to reduce stigma and discrimination do not require funding. Instead, they require political will and commitment, which USG country teams – and the success demonstrated by effective HIV/AIDS programs – can foster.

In terms of country strategies, the PEPFAR Guidance distributed to country teams developing Partnership Frameworks includes a discussion of key policy areas for HIV programs, of which addressing stigma and discrimination is one. The Guidance states the expectation that all Partnership Framework Implementation Plans will explicitly address the policy issues outlined and demonstrate host government commitments to achieve progress:

Partnership Frameworks should describe plans to encourage leadership from governments to create non-discriminatory policies and to publicly support PLWA and their inclusion in development of policy, community interventions, and program evaluation. Policies should address causes and consequences of HIV-related stigma, and may support programmatic approaches such as: incorporating Prevention with Positives programs into the training of healthcare workers and lay counselors; utilizing PLWA as lay counselors and peer educators; and employing effective measurement and documentation of stigma in program plans.

The Partnership Framework Guidance also addresses priority-setting within the context of strengthening health systems, and encourages countries to address

health leadership and governance issues, including through anti-stigma policy development.

PEPFAR activities to discourage stigma are not possible to quantify. This is because they are a vital component of the entire range of prevention, treatment and care services provided for HIV-infected, affected and at-risk populations. We thus do not believe that an attempt to quantify anti-stigma activities would produce data worthy of the reporting burden it would place on the field.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Ranking Member Kay Granger (#1)
Subcommittee on State and Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

The Global Fund has approved \$275 million in grants to the country of Zimbabwe. Last month, the Zimbabwe government admitted to stealing \$2 billion last year from bank accounts of foreign aid agencies -- including over \$7 million from the Global Fund. At the time, the Global Fund threatened to cut off all funds unless the stolen funds were returned. Eventually, the funds were returned.

- a) Is this a common problem for the Global Fund?
- b) Was the U.S. aware of the issue?
- c) What is being done to prevent such outright theft from occurring with the Global Fund's deposits in this and other countries?
- d) Does this raise a more serious issue about fraud and corruption concerning the Global Fund?
- e) Do you have suggestions for the Committee so that we can ensure US dollars at the Global Fund are well spent?
- f) Could you give us your assessment of the strengths and weaknesses of the current IG structure?

Answer:

We share your concerns about the diversion of funds in Zimbabwe. The Global Fund Office of the Inspector General (OIG) alerted the Fund Secretariat and Board Members to this situation in 2008. We are working closely with the Fund, our Embassy, and other donors to ensure Fund resources are adequately safeguarded in Zimbabwe and around the world.

We do not believe misappropriation of funds is a common problem for the Global Fund. Nevertheless, we take even a single instance of fraud as a matter of great concern and we are actively working through our seat on the Board to strengthen the Fund's internal controls and oversight capacity, including the Office of the Inspector General. In response to USG leadership on this issue, the Board adopted a decision at its 19th meeting in May 2009 reaffirming the Fund "does not tolerate corruption, fraud, misappropriation or abuse of any kind in relation to its grants," and requesting the Executive Director to restrict signature of new grants where there is credible evidence of fraud or corruption. The Executive Director also has the ability to suspend disbursements under existing grants in affected countries, as was done recently in Zimbabwe.

With regard to Zimbabwe specifically, the Secretariat has applied a number of measures to safeguard resources, including application of the Additional Safeguards Policy. This policy triggers increased oversight and financial scrutiny of the grants and prohibits any funds from being provided to government entities. The Global Fund Secretariat has also removed the government Principal Recipients of the Round 5 grants and is establishing the UN Development Program (UNDP) as Principal Recipient for these grants.

We believe the Global Fund OIG is functioning well. As with all such offices, it will need continued support and oversight from the Board to ensure maximum impact, independence, and follow-up on audit recommendations.

We appreciate the Committee's interest in this issue and welcome your continued support of oversight measures; transparency in Global Fund financial and programmatic activities; maintenance of an adequately resourced, independent OIG; and Secretariat follow-up on OIG recommendations.

Question:

In June of last year, your office reported to the Committee that in 2006, disbursements to faith-based organization recipients totaled only \$92 million, or 5.4 percent of all Global Fund disbursements. It is clear that existing, strong faith based networks in most countries are not yet accessing Global Fund resources—especially relative to the overall share of services they provide within health sectors.

- a) Please describe the findings in last year's report.
- b) Are faith-based groups involved in the Country Coordinating Mechanisms of the Global Fund?
- c) What is the Global Fund doing to utilize faith based groups especially in countries where these organizations provide so much of the existing healthcare infrastructure?

Answer:

In May 2008, the Office of the U.S. Global AIDS Coordinator reported to Congress on the involvement of faith-based organizations (FBOs) in the work of the Global Fund. This report is attached for your reference.

As described in this report, the Global Fund's unique business model allows it to engage with FBOs in a variety of ways. FBOs can engage with the Fund as a member of a Country Coordinating Mechanism (CCM) or CCM delegation, as a Principal Recipient (PR), or as a Sub-Recipient (SR). While the numbers of FBOs as a percentage of organizations funded remains quite low, the Secretariat is undertaking efforts to increase the role of FBOs in programs.

The Global Fund Executive Director, Professor Michel Kazatchkine, has publicly recognized the "critical component" that FBOs play in the response to diseases, and that "FBOs must be an integral part of our work if we truly hope to succeed and defeat these pandemics."¹ Recognizing the need to better engage FBOs, the Fund has expanded outreach to FBOs and adopted policies to facilitate greater partnership with the faith-based community. For example, the Fund has refined CCM guidelines to include explicit mention of the importance of FBO representation; conducted outreach and technical workshops for FBOs; developed publications that highlight and seek to enhance FBO participation with the Fund; and adopted grant management measures that bring in additional non-governmental partners. In order to encourage and strengthen civil society, including FBO, leadership in managing grants, the Board established a dual-track financing system stipulating that proposals should include both government and

¹ Kazatchkine, Michel. Foreword of "Engaging with the Global Fund to Fight AIDS, Tuberculosis and Malaria: A primer for faith-based organizations." (Friends of the Global Fight, World Vision, and Christian Connections for International Health). 2007.

non-government PRs. The goal of this recommendation is “to increase the representation of civil society organizations across the entire Global Fund portfolio.”

Much more remains to be done to increase the engagement of FBOs in the work of the Global Fund, but the Fund is demonstrating its commitment to expanding its engagement with civil society organizations and FBOs.

Faith-based groups are involved in many CCMs. As described in our May 2008 report to Congress (<http://www.pepfar.gov/documents/organization/106086.pdf>), of the 120 CCMs on which the Secretariat was able to access information, 94 (78 percent) included at least one faith-based representative. Global Fund data show that, worldwide, FBOs comprise 6 percent of total CCM membership, although membership varies by region. In Eastern and West & Central Africa, the percentage of FBO representation of total membership is highest at 8.6 percent and 8.5 percent respectively; in Eastern Europe the percentage of FBO representation of total membership is lowest, at 3.2 percent.

FBOs are generally most active in the health care sectors in Sub-Saharan Africa, Latin America, and the Caribbean. While the Global Fund Secretariat’s data shows that, in general, the share of Global Fund finances that goes to FBOs is higher in these regions than in others, FBOs are still underrepresented in these

programs relative to the overall share of services they provide within the health sector. The Global Fund has conducted several events and workshops in these regions designed to scale up the involvement of FBOs and help FBOs more effectively engage with CCMs and access Global Fund resources as PRs or SRs, but additional activities in these regions are still needed.

Question:

In the FY2009 PEPFAR spending plan submitted to the Committee, approximately \$1.1 billion is for health systems strengthening of which over \$200 million will be expended on health systems and laboratory construction.

- a) Please describe PEPFAR's construction projects; specifically how much in addition to this \$200 million each year do we spend on the construction of buildings overseas?
- b) Which US Government agencies oversee this program?
- c) Are construction contracts competed openly using internationally accepted bidding and procurement systems?
- d) What transparency and accountability measures are in place to oversee the spending of these funds?

Answer (a):

PEPFAR implementing agencies may use PEPFAR funds to perform construction overseas in furtherance of PEPFAR programs undertaken pursuant to the Foreign Assistance Act of 1961 (FAA). The Office of the Legal Adviser of the Department of State has advised that the FAA authorizes construction of buildings abroad that are to be provided as a form of foreign assistance, where such construction is a "necessary expense" to carrying out PEPFAR programs.

PEPFAR funds may be used to construct or renovate medical and public health facilities, such as inpatient and outpatient hospitals or clinics, laboratories, and counseling and testing centers, which reach critical populations and/or provide sustainable community-based services. PEPFAR funds may also be used to construct or renovate host government medical or public health facilities, including Ministry of Health infrastructure, if a case for sustainability can be made. PEPFAR funding should not be used for the construction of space to be used solely for USG staff.

For FY 2009, PEPFAR authorized \$380 million for activities under which some portion of the total funding is intended to assist in construction or renovation by PEPFAR implementing partners through grants and contracts, as well as \$9.9 million for projects that included construction and renovation activities to be procured by the U.S. Government, through the U.S. Department of State's Regional Procurement Support Offices (RPSO), on behalf of a host government or other implementing partners.

Answer (b):

Implementing partners perform construction and renovation activities as part of grants and contracts issued by the U.S. Agency for International Development, U.S. Department of Health and Human Services' Centers for Disease Control and Prevention (CDC), and the U.S. Department of Defense. For construction and

renovation projects procured on behalf of a host government or other implementing partners, RPSO provides the contracting services, while technical direction is led by the appropriate agency in country. For the majority of contracts let by one of the RPSOs, CDC is the technical agency in country.

Answer (c):

Yes.

Answer (d):

Construction and renovation activities conducted by implementing partners in the performance of grants and contracts with the U.S. Government are subject to Federal and agency acquisition and assistance laws, policies, and regulations. Contracts let by the RPSOs are conducted in accordance with standard acquisition laws and regulations.

All construction and renovation submitted for approval in a PEPFAR Country Operational Plan are reviewed by technical, programmatic, and policy reviewers at headquarters to ensure consistency with program goals and objectives, and ultimately approved by the U.S. Global AIDS Coordinator.

PEPFAR is currently working with the State Department Office of Overseas Building Operations, the RPSOs, and the Office of the Procurement Executive to ensure coordination and accountability for construction projects procured by the U.S. Government on behalf of host governments.

Question:

The Administration plans to spend over \$500 million in fiscal year 2009 to create a new funding model by starting “partnership frameworks” with host countries.

- a. Does the Administration intend to have frameworks with all 15 focus countries?
- b. What will comprise such a framework? Will there be firm monetary commitments made by these countries? What about performance commitments?
- c. The Millennium Challenge Corporation has shown it is willing to cut off, either temporarily or permanently, assistance to a country that demonstrably fails to govern justly or cooperate with accountability measures. Will there be firm measures to which recipient countries must adhere?

Answer (a):

Yes.

Answer (b):

Partnership Frameworks provide a 5-year joint strategic framework for cooperation between the U.S. Government, the partner government, and other partners to combat HIV/AIDS in the host country through service delivery, policy reform, and coordinated financial commitments. They support and strengthen national HIV/AIDS strategies and focus on building strategic partnerships with host nations to secure long-term sustainability of HIV/AIDS programs.

Partnership Frameworks will be established with transparency, accountability, and

the active participation of other key partners from civil society, the private sector, other bilateral and multilateral partners, and international organizations.

They are non-binding documents, but all stakeholders make commitments around service delivery, finances, and policy. Each PF contains tables that depict these commitments and should contain a plan for tracking commitments on an annual basis at a minimum.

The Guidance for PEPFAR Partnership Frameworks and Partnership Framework Implementation Plans can be found at:

www.pepfar.gov/guidance/framework/index.htm

Answer (c):

Yes. The Partnership Guidance issued to country teams requires Frameworks to describe how the continued availability of PEPFAR funds will be based on a review of the Partnership Framework performance against the annual targets and on the availability of funds.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Representative Jesse L. Jackson, Jr. (#1)
Subcommittee on State and Foreign Operations
House Committee on Appropriations
May 20, 2009**

Microbicides:

Question:

Please outline your plans to act on this directive in the PEPFAR law to play a larger and more effective role in microbicide development and eventual product access. What impediments are there to OGAC using PEPFAR funds and authorities to support the development of new prevention technologies such as microbicides and to support microbicide clinical trials, at least to support for treatment for those who become infected with HIV during the trials?

Answer:

PEPFAR funding supports USAID to collaborate in microbicide research and development with NIH, CDC, and FDA and implement the jointly developed U.S. Government Strategic Plan for Microbicides. PEPFAR contributes to the following objectives of the Strategic Plan:

- preclinical development and evaluation of potential microbicide candidates
- formulation and delivery of potential microbicides
- clinical testing of microbicides
- behavioral and social science research; and
- provision of training and infrastructure

Until a microbicide that is proven safe, effective, and acceptable is available for regulatory approval and introduction in developing countries, it is necessary to

continue supporting research and development of the most promising next-generation microbicide leads. The present leads in the pipeline incorporate multiple agents that will prevent viral replication. Formulations that offer alternates to topically applied gels are also under investigation. Additionally, HIV incidence studies are helping to identify and develop sites for future clinical trials. Local research capacity and community awareness is being developed in preparation for future trials. Preparation of policy and regulatory requirements that need to be addressed for the approval and introduction of new products is also underway.

For those who are identified as HIV-positive in screening for trial participants or who become infected with HIV during trials, referral to a PEPFAR support site can provide HIV treatment, care and support as well as testing and counseling for partners and family members.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Representative Jesse L. Jackson, Jr. (#2)
Subcommittee on State and Foreign Operations
House Committee on Appropriations
May 20, 2009**

Health Care Professionals:

Question:

What is PEPFAR's strategy for meeting this target, and for ensuring that these are new, truly additional health workers that add to countries' capacities and are not health workers who would have been added to the workforce even without PEPFAR?

Answer:

Efforts in this area will be part of Dr. Goosby's strategic review, should he be confirmed. The focus of PEPFAR's approach to train and support retention of 140,000 new health care workers to date is to work with host countries to focus PEPFAR investments around key areas of intervention that will help to achieve this target; promote sustainability of all human resources for health (HRH) efforts; and to coordinate PEPFAR HRH strategy and investments with other programs and development partners, including U.S. institutions of higher learning. PEPFAR is working with host governments to develop and implement national HRH plans and to develop national human resources for health information systems (HRIS) to identify need. PEPFAR Kenya, for example is working with Emory University to

develop and use a national HRIS to identify the health workforce needs in the country and to develop a national pre-services education and training plan to target recruitment, education and deployment of nursing graduates to the areas of highest need.

We recognize that the goal of this new health care worker target is to increase the number of health care workers in the workforce. To achieve this goal we have defined training as pre-service training of new health care workers who graduate from a pre-service educational institution with full or partial PEPFAR support. All pre-service education must occur prior to the individual entering the health workforce in his or her new position.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Representative Jesse L. Jackson, Jr. (#3 & 4)
Subcommittee on State and Foreign Operations
House Committee on Appropriations
May 20, 2009**

Health Care Professionals:

Question:

What level of funding does PEPFAR expect to dedicate towards achieving this goal in FY'10, and what are PEPFAR's estimates for the funding required to achieve this target by 2013?

Can you report on how these funding estimates are derived?

Answer:

In FY 2009, PEPFAR funding for human resources for health (HRH) was \$519,446,800. These funds represent 14 percent of the total PEPFAR budget for this year. While country programs will not submit their proposed funding allocations for FY 2010 until late 2009, we expect that country teams will program a slightly higher level of FY 2010 funding for HRH, because progress toward this goal is a priority area for Partnership Frameworks, and we expect country programs to use a portion of the additional funds allocated for the Frameworks to address the health workforce goal. Country programs will also be encouraged to look at innovative approaches that leverage resources from other donors and partners. While there is not have a basis for prospectively projecting the amounts

that country programs will devote to HRH in FY 2010 or beyond, it is expected that programs will achieve efficiencies in workforce education and training. As a result, we believe the funds needed to achieve the workforce goal each year will likely not increase dramatically on a year-by-year basis from the FY 2009 baseline.

**Questions for the Record Submitted to
Acting Deputy U.S. Global AIDS Coordinator Thomas Walsh by
Representative Jesse L. Jackson, Jr. (#5)
Subcommittee on State and Foreign Operations
House Committee on Appropriations
May 20, 2009**

Question:

How will PEPFAR continue to work effectively with the Global Fund to continue this strong relationship to combat this deadly disease?

Answer:

The success of the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) remains a key USG priority, and the USG remains by far its largest financier. USG contributions to date are \$3.5 billion, and additional pledges reflect a total anticipated contribution of \$5.3 billion by the end of FY09. The Administration's request for an FY 2010 contribution to the Global Fund of \$900 million represents the largest request made in a President's Budget to date. Beyond financing, the USG also provides critical leadership to the governance of the Global Fund, as well as technical assistance and financial support to improve grant operations at the country level.

Through Board membership and working-level interventions, the USG works to promote performance-based funding, effective and efficient grant disbursement, minimization of transaction costs, improved outcomes, and transparency and accountability. Beginning with Round 9 in November 2009, it is

likely the Global Fund will face resource constraints for the first time since its inception. The USG will work through the Global Fund Board to address the tension between supply and demand and refine Board policies regarding resource allocation.

PEPFAR supports Global Fund grant implementation in a variety of ways, including the provision of centrally funded technical assistance (TA) to countries. This TA has proven helpful in resolving implementation bottlenecks such as Conditions Precedent that Principal Recipients or Country Coordinating Mechanisms must fulfill before grant signature or a grant disbursement.

PEPFAR and the Global Fund are working closely to develop complementary models for the support of fully costed national AIDS strategies. PEPFAR Partnership Frameworks also provide the opportunity for closer collaboration at the country level with Global Fund-financed programs. These efforts may identify possible efficiencies and cost savings, and will help ensure that host country, bilateral and multilateral partners build on their comparative strengths in support of strong national HIV/AIDS programs.

WEDNESDAY, MAY 20, 2009.

MILLENNIUM CHALLENGE CORPORATION

WITNESS

RODNEY G. BENT, ACTING CHIEF EXECUTIVE OFFICER, MILLENNIUM CHALLENGE CORPORATION

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. Today, we welcome Rodney Bent, the Acting Chief Executive Officer of the Millennium Challenge Corporation, to discuss the President's Fiscal Year 2010 request for the Millennium Challenge Account. As you may know, Mr. Bent formerly served as a staff member of this Subcommittee, and it is a pleasure to have him back today.

The President's budget requests \$1.425 billion for the Millennium Challenge Corporation, a 63 percent increase under the Fiscal Year 2009 enacted law. The request includes funding for three new country compacts in Jordan, the Philippines and Malawi, as well as funding for two additional baseline programs. As the MCC enters its fifth year of operation, this is an appropriate time to take stock of achievements and challenges, and I believe the MCC holds tremendous potential to bring transformative change to countries in the developing world and to support sustainable long term development.

Since its inception, the MCC has signed 18 compacts totaling \$6.4 billion, 21 threshold programs totaling \$470 million. The challenge to the MCC in the coming year is to demonstrate that its model is not only innovative but that it brings actual results in poverty reduction and sustainable economic growth to the poorest of the poor. I hope you will share quantifiable examples of progress today. The past year has brought fresh challenges to the MCC due to political instability. Compact implementation has been disrupted in Armenia, Nicaragua, Madagascar.

At this time last year we discussed the impact of fuel costs which led to the scaling back of several country compacts. Today we face a global financial crisis, and I would appreciate it if you would provide insight into how economic and political circumstances have impacted MCC programs. Has the global financial crisis led the MCC to alter its country programs? Are participating countries expressing increased or decreased interest?

MCC projections show that disbursements will at least double in all 18 of the country compacts compared to the previous year. In Morocco disbursements are projected to be eight times higher, rising from \$21 million to \$194 million. In Mozambique disbursements are projected to be 14 times higher, rising from \$12 million to \$173 million. How realistic is the projected disbursement data

you have provided to Congress? What project outcomes are associated with the increase in disbursements?

Last year the MCC undertook a reorganization to focus on MCC implementation, which seemed to have made a difference in the programs. What lessons learned can you share with us in how you are increasing the pace of implementation? Turning to the specifics of the fiscal year 2010 request, it includes funding for three new country compacts, including one in Jordan to improve its water and sanitation systems, a critical need in Jordan. Can you tell us where you are in the compact process? And, Mr. Bent, I appreciate your testimony today, look forward to discussing the fiscal year 2010 budget request for the Millennium Challenge Corporation.

And before we hear from you, let me turn to Ms. Granger, the Ranking Member, for her opening statement.

Ms. GRANGER. Thank you, Chairman Lowey. Thank you for holding this very important hearing today.

And good morning, Mr. Bent, thank you for appearing before our Subcommittee. I will make a very short statement this morning because we have time constraints. Chairman Lowey talked about the amount of this request. I realize that the MCC was created to be unlike any other entity or account in the U.S. Foreign Assistance Budget. Primarily, the MCC was designed to be implemented in a way that elevates good governance as a prerequisite to funding.

I especially appreciate the MCC's focus on accountability and country-generated solutions. But it has been five years now since the MCC's inception, therefore it is a good point in time to examine the interim results and some ongoing and arising policy challenges that will set the MCC's course for the future. I have my concerns about the projects that are ongoing and the increase in cost that Chairman Lowey brought up, and I hope you will address these issues and answer our questions. Thank you very much.

I yield back my time.

Mrs. LOWEY. Mr. Bent, as you know, your full statement can be placed in the record, and if you wish, you may summarize. Please proceed, thank you.

OPENING STATEMENT OF MR. BENT

Mr. BENT. Thank you, Chairman Lowey, Ranking Member Granger, and other Members of the Subcommittee for the opportunity to discuss President Obama's request for the MCC. I will definitely summarize my statement. I will try and be brief. On a personal note, it is a little unusual for me to be on this side, but nonetheless it is an honor to be here.

Let me start with two truisms. First, the planet is a small place. The more countries that practice democracy, good governance, investment in people, and promote economic growth, the better for them and for us. Second, U.S. foreign aid will never, can never be a substitute for the income that households in poor countries want to and can produce for themselves. Helping poor households earn greater incomes will allow them to purchase food, buy better housing, spend more on healthcare and education, and pursue other opportunities for a better life.

The key issue is how to make development assistance work more effectively. Some key lessons from the MCC experience. Select good

partners who share our goals, enable those partners to select and implement their homegrown projects but using world class standards for project success, and by that I mean economic, environmental, gender, engineering. Use incentives which change behavior, frankly and do so more effectively than rhetoric or sanctions. Be rigorous in using specific and measurable outputs and outcomes. And be up front and candid about what you are trying to do.

The MCC has signed commitment as you noted for \$6.4 billion in 18 countries. We estimate that brings \$11 to \$12 billion worth of benefits to 22 million beneficiaries. So it is definitely a program that works and does have metrics. We anticipate as you noted three compacts. You have all the detail in the budget justification, so I will spare you that, and let us just jump to the questions.

Millennium Challenge Corporation

**Testimony of
Chief Executive
Officer (Acting)
Rodney Bent**

Before the U.S. House Appropriations
Subcommittee On State and Foreign Operations

May 2009



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Thank you, Chairwoman Lowey, Ranking Member Granger, and other members of the Subcommittee, for the opportunity to discuss President Obama's fiscal year 2010 budget request of \$1.425 billion for the Millennium Challenge Corporation to provide focused U.S. assistance for global development and poverty elimination.

MCC's FY 2010 funding is primarily targeted for five-year Millennium Challenge Compacts with three countries: **Jordan**, to provide up to three million people with more water and better sanitation; **Malawi**, to benefit millions with reliable power and improved roads; and the **Philippines**, to fight corruption while increasing government revenues, improve access to markets, and empower local communities to develop and implement infrastructure projects that will benefit more than six million people.

About 1.4 billion people in the world live on less than \$1.25 a day. By some estimates, the current financial crisis is likely to force another 90 million people into poverty during 2009. Although the situation is dire, it is not hopeless. We estimate that MCC's signed commitments of \$6.4 billion will raise the incomes of about 22 million individuals in our partner countries by nearly \$12 billion over the life of the investments. Addressing the global challenge of poverty through programs such as MCC compacts is a critical way to enhance America's standing and bolster the economic recovery of the United States.

The annual challenge facing your Subcommittee, Madam Chairman, is the allocation of scarce foreign assistance resources to the maximum benefit of the United States. The best investments this Subcommittee can make are those that will have on-going benefits without requiring recurring expenditures.

Key lessons from the experience of the MCC are:

- ★ Select good partners who share the same goals as the United States;
- ★ Use incentives, rather than sanctions or rhetoric, to change behavior;
- ★ Work with country partners to select and implement projects, and use world class standards to design those projects;
- ★ Be rigorous in using specific and measurable outputs and outcomes to evaluate the programs or projects intended for funding; and
- ★ Be transparent, candid, and up-front about the challenges.

At MCC, we have worked hard to apply all of those lessons. MCC partner countries—which are among the poorest in the world—nonetheless rank in the upper quartile of country policy performance. We also have worked hard to build strong and durable relationships with other agencies of the U.S. Government, most particularly USAID, as well as other donors, non-governmental organizations, and most importantly, our country partners.

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We believe that the most compelling evidence on behalf of the MCC will be the number of beneficiaries and the degree to which they benefit from our investments. We strive to set standards for transparency. For example, the estimated economic rates of return for every MCC project are available on our website. Soon, a similar analysis of our beneficiaries will be on the website as well.

MCC's Plan for Fiscal Year 2010

The President's request for \$1.425 billion from Congress to fund MCC in FY 2010 represents an increase of almost 63 percent in funding from the amount provided by Congress in FY 2009 and is planned as follows:

- ★ Roughly \$1.2 billion will be directed towards new compacts with **Jordan, Malawi, and the Philippines**;
- ★ \$40 million is budgeted for threshold programs;
- ★ \$98 million is budgeted for administrative expenses;
- ★ \$90 million is budgeted for compact development and due diligence costs; and
- ★ \$5 million is budgeted for the Inspector General for audit expenses.

In addition to FY 2010 country partners, we plan to sign agreements with **Moldova and Senegal** using FY 2009 funds. We are in active discussions with **Zambia, Indonesia, and Colombia**, even though they not expected to be ready for signing a compact until FY 2011. In December 2009, MCC's Board of Directors will determine which new countries satisfy MCC's eligibility criteria and select countries for Millennium Challenge Account assistance in 2011.

If we get less than the President's request in FY 2010, we will either have to reduce or even possibly postpone compacts, which will have serious implications for **Zambia, Indonesia, and Colombia**. Moreover, current MCC countries such as Honduras could well be eligible in 2011 for a new compact. The cascading effect of underfunding is a reduction of America's contribution to fighting global poverty and MCC's effectiveness as a key element of America's "smart power" toolkit. Without funding at the President's requested level, MCC's well documented incentive effect that encourages countries toward policy reforms¹ will be in jeopardy, compacts large enough to achieve real transformational development will be constrained, and bilateral relations with these countries will suffer.

¹ Primary source material documenting the various impacts of and reactions to the positive effect MCC is having on developing countries beyond its direct investments can be found at <http://www.mcc.gov/documents/mcc-102108-mcc-effect.pdf>. To date, the most significant impact has been the incentive created for countries to adopt legal, policy, regulatory, and institutional reforms related to the MCC eligibility criteria. Eligibility for MCC funding can lead to international recognition and increased private-sector investment, which in turn has encouraged many countries to implement significant political, social, and economic reforms. In areas as diverse as women's rights, anti-corruption and governance, and business registration, countries are taking it upon themselves to re-evaluate their laws, policies, regulations, and ways of "doing business."

MCC Compacts in Development

For FY 2010 specifically, **Jordan**, **Malawi**, and the **Philippines** each have submitted investment proposals and MCC is in the midst of assessment and detailed preparations. These proposals cover a wide range of activities designed to stimulate growth, address direct and indirect costs of doing business, and reduce poverty.

In **Jordan**, MCC is considering investments to increase access to drinking water, improve waste water collection, treatment, and reuse for both agriculture and urban consumers, and reduce water losses in Zarqa, Jordan's second largest city. Nearly three in ten households in Zarqa consume less than the minimum amount of water considered essential for personal hygiene and food safety by the World Health Organization. Due to shortages of piped water, most households receive water only one or two times per week, and low-income families spend a larger share of their money on water supplied by private tanker trucks and other providers at higher prices. Jordan is classified as a lower middle income country by the World Bank and, as such, MCC assistance is capped (by statute) at 25 percent of that fiscal year's appropriation available for compacts.

In the **Philippines**, where 38 million people survive on less than \$2 a day, MCC is evaluating investments to improve tax and customs collection and efficiency, improve rural and secondary roads, and empower local communities to develop and implement infrastructure projects that support economic development. This latter project is designed to reach upwards of 6.4 million people in some of the poorest municipalities in the poorest provinces of the country. Rural road rehabilitation yields high returns in the densely populated country by improving access to markets and services for up to one million people engaged in agriculture and micro-enterprises. Improvements in tax and customs administration create fiscal space for health and education expenditures—two areas that have suffered under fiscal austerity measures—while also reducing the opportunities for corruption.

In **Malawi**, where nearly 13 million people—a full 90 percent of the population—survive on less than \$2 a day, MCC is currently reviewing project concepts to promote economic growth and reduce poverty by increasing the competitiveness of the country's agricultural and manufactured products. The proposed program is focused on investments in the power and transport sectors with the objectives of increasing access to reliable supplies of electricity and providing more efficient and affordable land transport services. Additionally, Malawi is requesting MCC's support to continue its efforts, begun under a Threshold Program, to reduce corruption and increase the transparency of public financial management.

In Jordan, MCC has completed its assessment of project proposals and has programmed resources for detailed feasibility studies. Due diligence of the Philippines' proposals is nearly complete, and detailed design work will commence shortly. Malawi has submitted three project concepts that are currently under review. All three countries have made their proposals publicly available through the Internet. Early compact preparations take into account objectives and outputs, benefits and beneficiaries, creating a framework for the benchmarks that MCC and the country partner will create for the compact's term and beyond. The tables below illustrate some of the

specific projects currently outlined in Jordan, the Philippines, and Malawi, as well as the estimated numbers of beneficiaries and outcomes.

<i>Jordan</i>	
<i>Proposed Project, Objective & Outputs</i>	<i>Potential Benefits & Beneficiaries</i>
Jordan: Water Conservation in Zarqa Governorate (\$91 million)*	
<p>Objective: To reduce the quantity of non-revenue water, or water lost through the combination of physical leaks and administrative mismanagement, from 54 percent to 25 percent of the total water supplied.</p> <p>Outputs: (i) Enhanced operational and energy efficiency of local groundwater wells, (ii) reduced leaks in the transmission and distribution network, (iii) improved household water connections, and (iv) strengthened administration of the water network including the introduction of commercial principles and performance management contracts.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> * 11% Economic Rate of Return** * <i>Water availability:</i> Up to 12 million cubic meters of water saved for use by some 90,000 urban households (or about 500,000 people), as well as businesses and industries. * <i>Cost savings:</i> Additional water may help poor households save 2-3 percent of their annual income (\$215 -\$250) by avoiding the need to buy expensive bottled water. * <i>Health benefits:</i> Additional water allows poor households to improve their basic sanitation levels; * <i>Improved service:</i> Steep reductions in the 10,000 leaks and supply interruptions reported each year, 80 percent at the household level. * <i>Energy conservation:</i> From more efficient pumps at supply wells, reduced pressure in the distribution network when retooled for gravity-fed delivery. * <i>Increased cost recovery</i> and improved management of infrastructure assets for water supply and delivery. <p>Beneficiaries:</p> <ul style="list-style-type: none"> * <i>Poor households:</i> Nearly a quarter of the population in Zarqa is below the national poverty line of \$3.35 per day (compared to 13 percent on average nationwide). * <i>Low consumers:</i> Studies suggest that 3 in 10 households in Zarqa consume 75 liters per capita per day of water, less than the 100 liters considered the minimum for personal hygiene and food safety.
Jordan: Collection, Treatment and Reuse of Wastewater (\$223 million)*	
<p>Objective: To increase the quantity of high-quality treated wastewater available for use in agriculture, thereby freeing up limited freshwater supplies for use in populous urban areas.</p> <p>Outputs: (i) Expanded and reinforced wastewater collection system in Zarqa Governorate and (ii) increased wastewater treatment capacity at As-Samra Wastewater Treatment Plant under a build-operate-transfer (BOT) scheme with substantial private sector participation.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> * 16% Economic Rate of Return** * <i>Improved service:</i> Expansion of sewer network to connect another 18 percent of the population of Zarqa, mostly in poor neighborhoods. * <i>Environmental protection:</i> Reduced over-flow from overloaded sewers into the severely polluted Zarqa River Basin. * <i>Water availability:</i> Exchange of treated wastewater will "free up" another 12 million cubic meters of fresh water for households, businesses and industries. Up to 100,000 households potentially will benefit from additional freed up water supplies and/or improved sewerage services. <p>Beneficiaries:</p> <ul style="list-style-type: none"> * <i>Broad reach:</i> Links in the water network mean that the benefits of additional water could be distributed across a region with a combined service population of more than 3 million people. * <i>Poor households:</i> To ensure that the poor benefit, the Government of Jordan will fund a study of water use among poor households.

<i>Philippines</i>	
<i>Proposed Project, Objective & Outputs</i>	<i>Potential Benefits & Beneficiaries</i>
Philippines: Comprehensive and Integrated Delivery of Social Services (\$250 million)*	
<p>Objective: Increased incomes in rural areas through small-scale, community driven investment projects. Strengthened community participation in development and governance activities at the village and municipal level.</p> <p>Outputs: Participatory community development organizations and processes working effectively with local government to set priorities and implement investment projects; small-scale infrastructure and other public works.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> ★ 16-20% Economic Rate of Return** ★ <i>Empowerment of communities:</i> Project provides participatory planning, implementation, and management of local development activities. ★ <i>Improvements to local governance:</i> Project approach embeds community participation, transparency, and social accountability within project activities to induce formal and informal institutions to become more socially inclusive, accountable and responsive. ★ <i>Poverty reduction through grants for community investment:</i> Project grant resources are geared to secure additional local resource mobilization, develop effective community ownership of investments, and induce behavior change required for long-term sustainability of such investments. <p>Beneficiaries:</p> <ul style="list-style-type: none"> ★ <i>Poor households:</i> Initial project scope aims to cover 31 percent of the poorest municipalities in the poorest 42 (out of 79) provinces of the Philippines, equivalent to more than 4,000 villages in 200 municipalities, or 6.4 million people, over five years.
Philippines: Secondary National Road Development Project (\$187 million)*	
<p>Objective: To increase incomes in rural areas by reducing vehicle operation/maintenance costs and travel time, and improving access to markets and social services.</p> <p>Outputs: Rehabilitated/improved secondary national roads in rural areas in selected provinces of Luzon and Visayas. Improved road safety measures.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> ★ 15-25% Economic Rate of Return** ★ <i>Improved service:</i> Expansion of road network in selected provinces that will lead to improvements in farm incomes, productivity, and competitiveness by enhancing the effectiveness, adequacy, and efficiency of the sector's transport and logistical support system for both farm inputs and outputs. ★ <i>Environmental protection:</i> Reduced soil erosion; increased resilience to natural disasters. <p>Beneficiaries:</p> <ul style="list-style-type: none"> ★ <i>Broad reach:</i> Links in the road network will improve access for nearly 2 out of 3 people whose incomes depend upon agricultural employment, or nearly 1 million people. Poverty incidence is between 17 and 40 percent in targeted areas. ★ <i>Poor households:</i> To ensure that the poor benefit, the GRP will fund a study of road use among poor households, with the results to feed into the design of the other proposed projects.

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<i>Philippines</i>	
<i>Proposed Project, Objective & Outputs</i>	<i>Potential Benefits & Beneficiaries</i>
Philippines: Integrated Revenue Information System (IRIS) for Sustained Fiscal Governance Program (\$147 million)*	
<p>Objective: Increased revenue to create fiscal space for investments in the social and productive sectors, and reduced opportunities for corruption in the tax and customs administrations.</p> <p>Outputs: Improved collection and fairness of tax and customs regimes through targeted investments in capacity, processes, and technology.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> ★ 13-20% Economic Rate of Return ★ <i>Improved access to information:</i> Improvements to capability will allow economic managers to conduct more effective fiscal policy analysis and monitoring, as well as evaluate the benefits and costs of various tax policy proposals. ★ <i>Expansion of the tax base:</i> Expansion of electronic linkages to other government regulatory agencies and local governments will allow validation of taxpayer declarations against third-party information to identify unregistered tax payers. ★ <i>Proxy information for enforcement and internal control:</i> Improved systems will produce data for assessment of taxpayer compliance and support enforcement work of taxpayers conducted by revenue enforcement agencies. <p>Beneficiaries:</p> <ul style="list-style-type: none"> ★ <i>Broad reach:</i> Higher revenues will enable the government to finance key infrastructure and services on a sustainable basis that will fuel further economic growth to overcome poverty. <p>Potential gains of 0.3% of GDP per year will allow government to raise national outlays on health, education, and infrastructure by 2-3% annually, which would in turn increase real GDP growth by 0.5% per year.</p>

<i>Malawi</i>	
<i>Proposed Project, Objective & Outputs</i>	<i>Potential Benefits & Beneficiaries</i>
Malawi: Energy Sector Rehabilitation, Expansion and Reform (\$247 million*)	
<p>Objective: Increased access to reliable and quality power for economic use.</p> <p>Outputs: Rehabilitated generation, transmission and distribution, distribution network extended to peri-urban & rural areas, improved service delivery, enabling environment for public private partnerships.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> ★ 14-18% Economic Rate of Return** ★ <i>Expanded access to electric power:</i> Increased opportunities for income generating activities including agricultural, agro-processing, and manufacturing; reduced household reliance on wood fuels. Number of households and people expected to benefit from network expansion has not yet been calculated. ★ <i>Reliable energy supplies:</i> Increase network reliability for nearly 1 million people who currently have access to electricity, about seven percent of the population; reduced sales losses & equipment replacement costs; improved business environment. ★ <i>Services:</i> Improved delivery of social and business services. <p>Beneficiaries:</p> <ul style="list-style-type: none"> ★ Peri-urban and rural households ★ SME and micro-enterprises in urban and rural areas ★ Manufacturing plants ★ Farmers engaged in irrigated agriculture ★ Mining & tourism companies ★ Social services (schools, clinics, etc.)

<i>Malawi</i>	
<i>Proposed Project, Objective & Outputs</i>	<i>Potential Benefits & Beneficiaries</i>
Malawi: Transport Sector (\$229 million*)	
<p>Objective: Increased economic growth through more reliable, efficient and affordable transport options.</p> <p>Outputs: Rural roads improved to increase access to major trading centers and national and regional transport network; rail infrastructure and fleet rehabilitated to improve efficiency and reliability of transportation to Nacala port in Mozambique</p>	<p>Benefits:</p> <ul style="list-style-type: none"> ★ 22-36% Economic Rate of Return** ★ Access: Increased access to domestic, international & regional markets and social services for nearly 400,000 people living along the impact corridor of proposed roads, of which half live below the poverty line. ★ Costs: Reduced transportation costs; improved efficiency of transport corridors; improved environment for doing business. <p>Beneficiaries:</p> <ul style="list-style-type: none"> ★ Small holder farmers in areas with high agricultural potential ★ Importers and exporters ★ Manufacturing companies that export goods ★ Users of health clinics and schools
Governance and Fiscal Management Reform (TBD)	
<p>Objective: Effective and efficient use of public resources in an accountable and transparent manner.</p> <p>Outputs: Improved public financial expenditure management, effectiveness of parliamentary oversight of the national budget and increased prevention of corruption.</p>	<p>Benefits:</p> <ul style="list-style-type: none"> ★ Increased investor confidence in Malawi ★ Reduced corruption and graft ★ Increased transparency of budget processes ★ Increased accountability of public servants and government budget to citizens ★ Improved checks and balance on government procedures <p>Beneficiaries:</p> <ul style="list-style-type: none"> ★ National level benefits from expenditure management improvements ★ Tax-payers ★ Domestic and foreign investors
*Cost estimates based on concept papers submitted April 2009 and subject to change as MCC completes the project screening process.	
**ERRs and beneficiary estimates are preliminary subject to further investigation by MCC.	

During FY 2010, MCC also will work on the development of country proposals with the three newly selected eligible countries, **Zambia, Indonesia, and Colombia**, for which compacts are anticipated in FY 2011. MCC has engaged with each of these countries and carried out extensive discussions with their diplomatic representatives in the United States. Initial MCC visits for the orientation and guidance of host country teams have been completed for Zambia and Indonesia, and the initial visit to Colombia is occurring this week.

During the initial visits to Zambia and Indonesia, MCC officials met with key government leaders, legislators, cabinet ministers, opposition party leaders, business leaders, civil society representatives, international donors and

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nongovernmental organizations, as well as local media/press. These visits provide in-depth information on MCC's exacting analytical and compact development requirements, as well as ensure that the government fully consults on the compact process with a broad cross-section of the public. MCC's early engagement efforts in these newly eligible countries are focused on providing support in establishing a highly qualified core team, initiating a diagnostic of economic growth (and identifying binding constraints to growth), and consulting broadly with the public on the kinds of investments that could be effective in reducing poverty.

Program Progress and Results

Currently, MCC has compact programs in 18 countries, and each program is different, reflecting the specific priorities identified by our partners.

Countries are using their Millennium Challenge grants to train farmers, register property rights, build roads and bridges to better access markets, immunize children, open schools, irrigate land, and install water and sanitation systems. MCC tends to fund three kinds of activities:

- ★ **National infrastructure**, such as major improvements at the national ports in Benin and Cape Verde and in the natural gas pipeline in Georgia. These investments totaling nearly \$600 million are expected to generate nearly \$1.8 billion in income gains to many people in these nations over the working lifetime of the infrastructure, generating higher incomes for more than 8.5 million people.²
- ★ **Regional infrastructure**, such as highways and secondary roads, water, sanitation, and power systems. MCC investments of \$3.3 billion in this infrastructure are expected to generate \$5.5 billion in additional income for the 10 million people living nearby, equivalent to approximately \$550 per person.³
- ★ **Targeted investments** focus on household-level activities by enhancing improvements in agricultural productivity, financial market efficiency, health and education system improvements, and land governance. These targeted investments totaling \$2.4 billion are expected to generate approximately \$4.7 billion in additional income for 3.7 million program beneficiaries.⁴ These beneficiaries are expected to experience income gains of nearly \$1,300 per capita, on average, over the life of the investment. Many of these investments are already improving the lives of beneficiaries in our partner countries. For example, more than 83,000 farmers

² A recent World Bank assessment of infrastructure investments suggests that "Economic growth is positively affected by the volume of infrastructure stocks and the quality of infrastructure services...the payoffs are largest for telephone density, electricity-generating capacity, road network length, and road quality." Calderón, Cesar. *Infrastructure and Growth in Africa* Policy Research Working Paper 4914 April 2009 (Washington: World Bank)

³ Economic research suggests that poor households benefit more from investments in rural roads than wealthy ones: Khandker, Bakht, and Koolwal "The Poverty Impact of Rural Roads: Evidence from Bangladesh" 2009 Economic Development and Cultural Change (The University of Chicago); and Mu, Ren and van de Walle, Dominique "Rural Roads and poor area development in Vietnam" Policy Research Working Paper 4340 August 2007 (Washington: World Bank)

⁴ Estimates of costs and benefits described for the three types of investments reflect current program designs and price structures. When new information about prices and program implementation becomes available, program designs and the projected impacts may change.

have been trained in new production technologies, and many of these farmers have applied these techniques to raise their agricultural yields and grow their income.

Progress on Compact Program Implementation

Like MCC, our partner countries are dedicated to promoting economic growth and poverty reduction, and are committed to measuring program success based on increased incomes and measured by our ERRs over a long time period.

In the short-term, however, we can track implementation milestones. For example, as of March 2009, MCC has over 900 kilometers of roads under construction; over 115,000 stakeholders have been reached through land and property rights activities; 39,000 hectares of rural land have been formalized; and financing for over \$20 million in agricultural and rural loans has been made available.

As MCC's compact portfolio has matured, both MCC and MCA (the country-led entity responsible for implementing projects within the individual compacts) staff have incorporated lessons learned from early stages in order to make implementation increasingly efficient and effective in older compacts and to incorporate lessons learned in new compacts. Strong teams are in place in many compact countries further along in implementation, and these teams are able to anticipate and troubleshoot problems in their own countries and share that knowledge with other teams.

Because of the innovative nature of MCC's focus on country ownership, the agency continues to adapt and learn ways to enhance effectiveness. In some countries, the agency has dealt with issues such as project cost escalation and slower-than-expected program start-ups due to country capacity constraints or poor performance on the part of some procurement and fiscal agents, independent engineers, contractors, or implementing entities.

MCC aggressively manages these challenges and has developed a number of approaches, including streamlining our implementation procedures and working with MCA partners to establish key systems at the time compacts

Compact Countries	Entry-Into-Force	Amount (in millions)
1. Madagascar	July 27, 2005	\$109.8
2. Honduras	Sept 29, 2005	\$215.0
3. Cape Verde	Oct 17, 2005	\$110.0
4. Nicaragua	May 26, 2006	\$175.1
5. Georgia	April 7, 2006	\$295.3
Georgia Compact Amendment	Jan 30, 2009	\$100.0
6. Benin	Oct 6, 2006	\$307.3
7. Vanuatu	April 28, 2006	\$65.7
8. Armenia	Sept 29, 2006	\$235.7
9. Ghana	Feb 16, 2007	\$547.0
10. Mali	Sept 17, 2007	\$460.8
11. El Salvador	Sept 20, 2007	\$461.0
12. Mozambique	Sept 22, 2008	\$506.9
13. Lesotho	Sept 17, 2008	\$362.6
14. Morocco	Sept 15, 2008	\$697.5
15. Mongolia	Sept 17, 2008	\$284.9
16. Tanzania	Sept 15, 2008	\$698.1
17. Burkina Faso	FY09 Q4 est.	\$480.9
18. Namibia	FY09 Q4 est.	\$304.5
Total		\$6,418.10

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enter into force, thus enabling faster ramp-up of program activities, developing simplified operational tools and conducting MCA start-up capacity building. Additionally, MCC continues to refine our oversight role. Country ownership is a core MCC principle, but in practice the capacity of countries to manage these programs varies. MCC must manage the healthy tensions between country ownership, accountability, capacity building, and achieving results on a country-by-country basis.

A particular concern in MCC implementation revolves around unanticipated increases in total compact costs. Project cost escalations are due to increased input costs, tight global construction markets, unfavorable currency fluctuations, and revised technical specifications associated with the need for additional feasibility or design studies. Solutions have included re-scoping projects, reallocating across projects within a compact, and seeking parallel financing from other donors or the partner government.

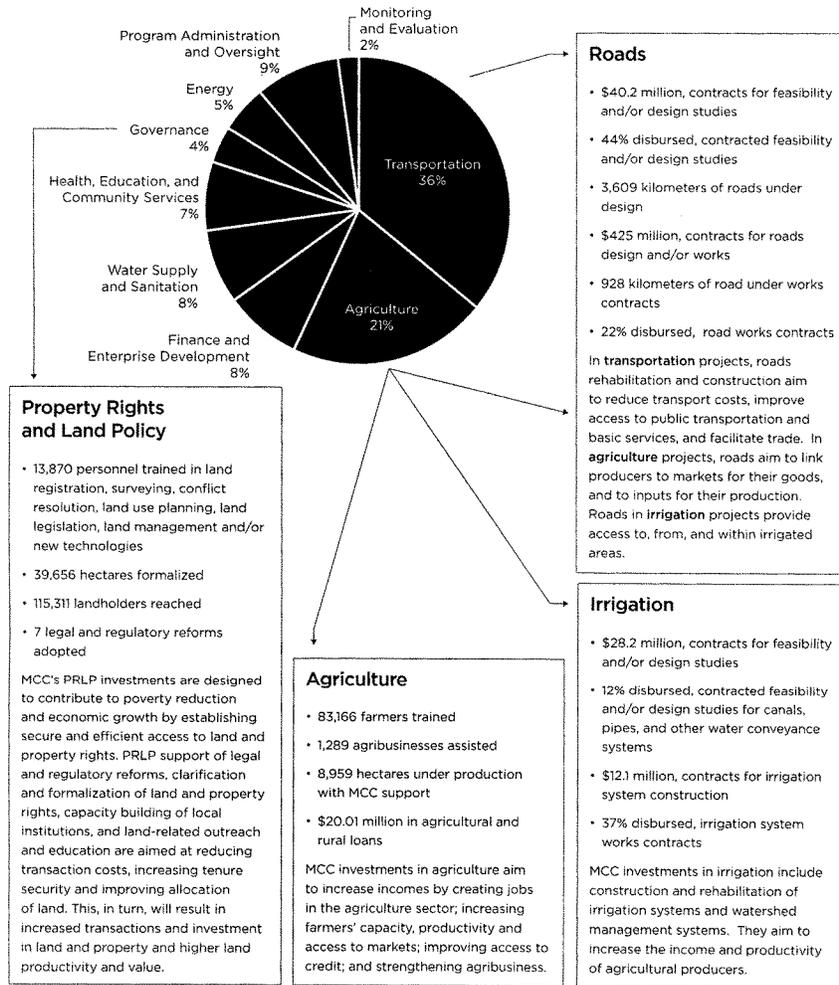
MCC has introduced a number of mechanisms for managing projects that face potential restructuring. These include quarterly portfolio reviews of all compacts; early identification of high risk projects and management strategies (including identification of responsibilities and timelines for key decisions and actions); MCC and MCA collaboration in development of restructuring plans; and approval of restructuring plans at the appropriate MCC level.

Depending on the nature and extent of the restructuring, these actions could involve MCC Board approval and congressional notification. Similarly, for any projects moving too slowly because of poor performance or insufficient political will to enact key reforms, MCC will work with MCA partners to set clear timelines, which, if not met, could lead to cancellation of portions of some projects, and ultimately, re-allocation or de-obligation of related project funds.

More fundamentally, large or complex infrastructure projects do not achieve full mobilization until international procurements are completed and contractors fully mobilized, and disbursements ramp up more rapidly in years 3-5 as a result. This progression is common and can be seen in MCC disbursements.

MCC Compact Program Results

Commitments by sector for Compact Countries, in millions of USD (as of March 31, 2009), total \$6.4 billion



Results data are preliminary as of March 31, 2009, and subject to adjustment.

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Detail of Threshold Funding Request

MCC's budget request includes up to \$40 million for the Threshold Program in FY2010 for countries that will be determined by the agency's Board of Directors in December 2009.

The Threshold Program is designed to assist countries that are on the "threshold," meaning they have not yet qualified for compact funding, but demonstrate significant commitment to improving their performance on the eligibility criteria for full compact funding. Threshold programs are two to three years in duration.

Threshold Countries	Signing Date	Expected Completion	Program Funds
Albania	4/3/2006	11/15/2008	\$13,850,000
Albania Stage II	9/29/2008	2/28/2011	\$15,731,000
Burkina Faso	7/22/2005	9/30/2008	\$12,900,000
Guyana	8/23/2007	2/23/2010	\$6,711,000
Indonesia	11/17/2006	5/31/2010	\$55,000,000
Jordan	10/17/2006	8/29/2009	\$25,000,000
Kenya	3/23/2007	9/30/2009	\$12,723,000
Kyrgyz Republic	3/14/2008	6/30/2010	\$15,994,000
Liberia	Eligible		
Malawi	9/23/2005	9/30/2008	\$20,920,000
Moldova	12/14/2006	9/30/2009	\$24,700,000
Niger	3/17/2008	9/30/2011	\$23,066,914
Paraguay	5/8/2006	5/31/2009	\$34,645,092
Paraguay Stage II	4/13/2009	10/31/2011	\$30,300,000
Peru	6/9/2008	1/31/2011	\$35,585,000
Philippines	7/26/2006	5/29/2009	\$20,685,000
Rwanda	9/24/2008	12/31/2011	\$24,730,000
Sao Tome & Principe	11/9/2007	1/31/2010	\$7,362,426
Tanzania	5/3/2006	12/30/2008	\$11,150,000
Timor-Leste	Eligible		
Uganda	3/29/2007	12/31/2009	\$10,446,180
Ukraine	12/4/2006	9/30/2009	\$44,970,000
Zambia	5/22/2006	2/28/2009	\$22,735,000
Total			\$469,204,612

To date, MCC has approved 21 threshold programs in 19 countries totaling nearly \$470 million. MCC's Threshold Program has supported activities to help control corruption, strengthen rule of law, improve girls' primary education completion rates, and increase immunization rates.

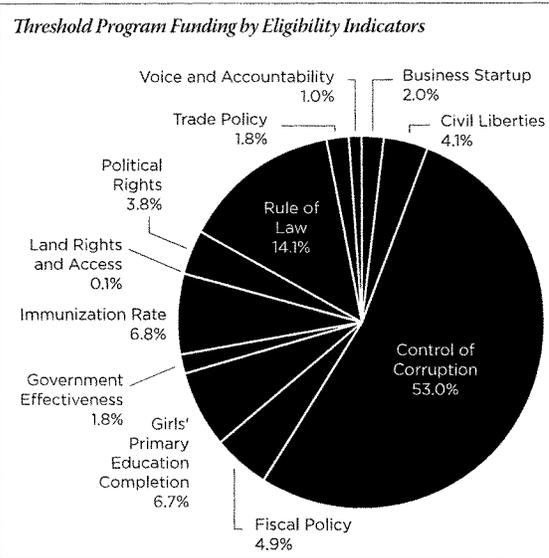
In the first part of FY 2009, MCC signed one Threshold Program Agreement, partially funded with prior year funds. MCC will use up to \$40 million more of FY 2009 funds for two Threshold Program grants with Liberia and Timor-Leste, if the budget allows. The average Threshold Program has been funded at approximately \$25 million. In light of budget constraints for FY09, we anticipate smaller Threshold Programs than the average.

The Government of Liberia has identified three indicators as possible targets for threshold funding: Girls' Primary Education Completion Rate, Land Rights and Access, and Trade Policy, and anticipates submitting a proposal in which the bulk of any threshold funding would be concentrated on land rights access.

The government of Timor-Leste has identified girls' primary education completion rates, reducing corruption, and immunization as possible targets for threshold funding.

Program development is still at a very early stage for both countries and funding priorities could change as the program proposals are reviewed.

We are in the process of reviewing how to best focus the Threshold Program in the future. The review will determine how the program can best meet its congressional objective and fit into the U.S. development assistance portfolio. MCC is looking at what the program has achieved to date, the extent to which the original purpose of the program is still an institutional priority, and what modifications, if any, should be made to the program.



The review also will address whether there are redundancies with what other agencies do, whether the program should be moved to another U.S. Government agency, and the desirability of funding Stage II programs. MCC has reached out to external stakeholders in the review process, including Congress. We may seek further clarification of the original authorization language addressing the Threshold Program.

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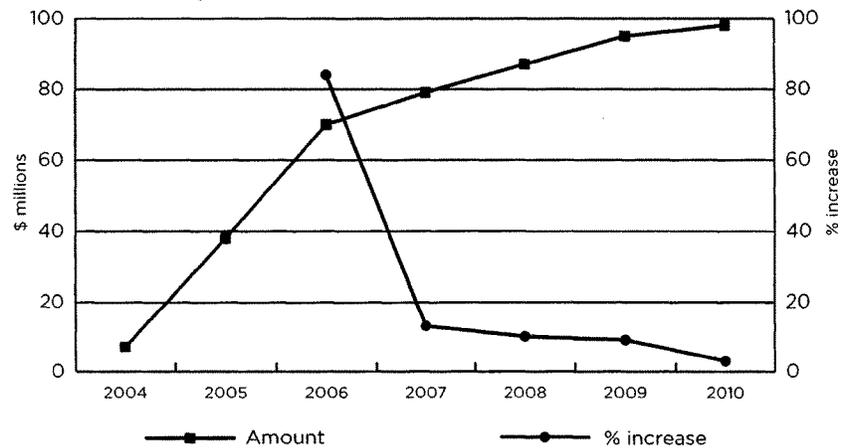
Administrative Budget Request

For FY 2010, MCC is requesting an administrative limitation of \$97 million. In addition, MCC will use up to \$1 million of carryover under the FY 2009 administrative limitation and/or recoveries of prior year obligations, for a total administrative expenses budget of \$98 million, an increase of \$3 million or three percent above the FY 2009 level.

Since its creation in 2004, MCC has put into place the structural components of a mature agency: a high-performing staff, a financial management system, dependable information technology, and fully competitive procurement and hiring practices. In the process, MCC has shifted from a start-up mode of rapid expansion to a focus on compliance, effectiveness, and efficiency.

The chart below shows the result of this effort—the modest three percent increase in administrative expenses for FY 2010 compares to 85 percent between the first two full years of MCC operations, FY 2005 and FY 2006.

MCC Administrative Expenses



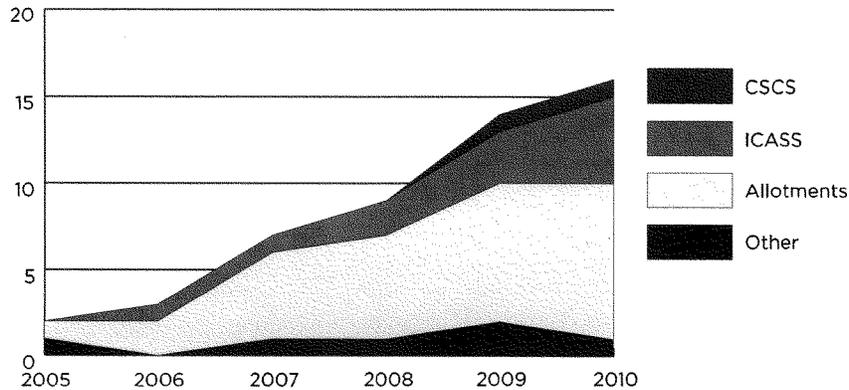
The majority of MCC's administrative expenses directly support compact implementation and development. Forty-five percent of the FY 2010 administrative expense request is for salaries and benefits, overseas expenses, travel, and other direct costs of compact implementation, while another 10 percent is for the direct costs of compact development.

A significant percentage of MCC staff are technical experts who help MCC ensure that its programs are well designed, responsibly implemented, and objectively evaluated, including: twenty-four economists and experts in monitoring and evaluation; twenty-seven engineers and infrastructure experts; twenty-five technical experts in agriculture, land rights, financial sector development, health and education; nineteen environment and social assessment experts; and twenty-one experts overseeing compact finance and procurement activities.

While MCC has worked to control administrative costs, two cost drivers will continue to put upward pressure on MCC's administrative expense budget—overseas support costs and total staffing.

MCC's overseas support costs, for example, have almost doubled since 2007, and will increase another \$3 million in 2010, accounting for the entire requested increase in administrative expenses. While MCC maintains a very small support footprint of only two American direct-hire staff in each compact country, the costs of maintaining this staff is increasing at a rapid rate, of which the fastest growing portions are International Cooperative Administrative Support Service (ICASS) and Capital Security Cost Sharing (CSCS) costs at the U.S. Embassies.

MCC Overseas Office Support Costs



MCC's Authorization

We also would like to work with this committee, as well as your colleagues on the authorizing committee, to address some fundamental issues with the way MCC is allowed to structure compacts. MCC's authorizing legislation currently restricts the agency to a single compact with each partner country at one time. Allowing MCC to enter into multiple, or concurrent, compacts, would improve our ability to manage the compact pipeline with greater

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predictability, serve as an added incentive for ongoing policy reforms in partner countries, and help address MCC's unobligated balances.

The MCC approach requires committing long-term funding upfront, in contrast to other aid programs that spend their appropriated funds each year. This approach unfortunately makes it appear that MCC has large balances even though the funds are, in fact, already in use to reduce poverty. The policy of upfront funding lowers costs and increases America's credibility, but the practice makes MCC's accounts vulnerable to being used as an offset for amendments proposed by Members for other purposes. Having the authority to enter into concurrent compacts is one way to ease that pressure.

The upfront obligation of all spending over the duration of the compact is consistent with lessons in aid effectiveness, because it allows partner countries to plan and manage development strategies and budgets in a sustained way. It also allows MCC to make large investments in long term infrastructure projects without suffering the cost premiums associated with uncertain project funding. This practice, however, means that MCC must hold large obligated but undisbursed balances. Concurrent compact authority would allow MCC to sign smaller compacts, implement them more efficiently and thereby reach disbursement targets more quickly.

Furthermore, with concurrent compacts, the agency could move forward with projects that are investment-ready, instead of having to put several projects at various stages of readiness into a single compact or delaying compact signing for a promising but less-developed project. Concurrent compacts will allow for smaller, staggered agreements and more certainty in the budget process; speed implementation; improve project management by allowing countries to focus on managing fewer projects at a time; build management capacity with early projects; ease the current burden of managing large, complex compact programs; and foster innovation by allowing the agency to pursue more innovative approaches that may normally slow down the compact development process.

Another critical change would allow MCC to structure compacts so that, on occasion, individual projects can exceed the five-year rule for a short period. Having finite time frames for MCC compacts is an important best practice for effective foreign assistance, but often innovative projects cannot fit into five years or, in some cases, projects may encounter delays and need to be extended, particularly with MCC's emphasis on recipient-led implementation and the very difficult operating contexts in some countries. We would be pleased to work more closely with you on these and other legislative adjustments that would, to paraphrase Secretary Clinton's words, make MCC even more effective.

MCC's Role in Foreign Aid Reform

The resources provided by Congress do more than just fund programs that fight poverty. With the establishment and continued support of MCC, Congress has created an incubator for innovation to inform debate on the future of foreign aid. The dollars you provide allow us to test principles of foreign aid reform, create policy environments

that foster better governed countries, and with them a more stable world, and help address the critical food shortages that plague the developing world. MCC does this in a number of ways:

Fighting Corruption

Good governance is a keystone of poverty reduction and a primary element of that is a commitment to fighting corruption. Systemic fraud and corruption in any country diminishes the benefits of any assistance program and impedes economic growth and poverty reduction.⁵ Our commitment to fighting corruption is second to none in the donor community and it centers on a multi-pronged strategy. Of the 17 indicators that MCC uses to determine with which countries to invest, the "Control of Corruption" criteria is weighed most heavily. Secondly, we invest heavily, \$250 million to date, in programs designed to strengthen anticorruption laws and procedures in our partner countries. And we screen all personnel in important positions in partner country MCAs to ensure they do not present risks of corruption to the agency. This year, MCC has also worked to strengthen our internal and external procedures so we have a comprehensive and consistent policy on preventing, detecting, and remediating incidents of fraud and corruption in our programs.

The policy enshrines key principles on fighting fraud and corruption, and MCC's leadership within the development assistance community on this issue was recognized by Transparency International who was consulted during the drafting process. Nancy Boswell, President of Transparency International, said recently that she "welcomed the MCC's leadership in the development assistance community in making a commitment to anti-corruption an explicit requirement to qualify for assistance."

Contributing to Global Food Security

Investing in food security has become a key U.S. Government policy priority, and MCC is one of America's most important tools to meet this commitment. More than \$3.2 billion of MCC's total worldwide commitment of \$6.8 billion supports sustainable, market-based solutions to food security.

Through a diverse portfolio of investments, MCC provides support to all aspects of the food production and distribution system, as well as to other aspects of rural economic growth. This includes transferring agricultural technology, securing land rights and access to rural finance, increasing access to sufficient and safe water, and building rural roads and other farm-to-market infrastructure, such as dry and cold storage facilities. These investments help

⁵ Gupta, Sanjeev, Hamid R. Davoudi, and Rosa Alonso-Terme. 2002. Does Corruption Affect Income Inequality and Poverty? *Economics of Governance* 3: 23-45.
Gupta, Sanjeev, Hamid R. Davoudi, and Erwin R. Tiongson. 2001. "Corruption and the Provision of Health Care and Education Services," in *The Political Economy of Corruption*, edited by Arvind K. Jain. London: Routledge. Mauro, P. 1998. Corruption and the Composition of Government Expenditure. *Journal of Public Economics* 69: 263-279. Rajkumar, A.S. and V. Swaroop. 2002. Public Spending and Outcomes: Does Governance Matter? World Bank Policy Research Working Paper 2840.
Anderson, James, Daniel Kaufmann, Francesca Recanatini. 2003. Service Delivery, Poverty and Corruption—Common Threads from Diagnostic Surveys. *Background paper for 2004 World Development Report*. Washington DC: World Bank.
Olken, Benjamin. 2006. Corruption and the Costs of Redistribution: Micro Evidence from Indonesia. *Journal of Public Economics* 90 (4-5): 853-870.

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farmers and rural businesses access productive inputs, such as seeds, water, and fertilizers, overcome bottlenecks that hinder their ability to get produce from farm to market, and engage in higher-value production to generate rural income growth. Program activities are tailored to country needs and the political and institutional reforms they have identified, elements that are critical for the success of any strategy.

Promoting Aid Effectiveness

MCC adheres to a number of principles considered central to improving "aid effectiveness." Countries take the lead in developing and implementing compacts to ensure motivated ownership; MCC assistance is untied; and MCC's full upfront funding for compacts ensures predictability needed by the country and its business partners. Finally, MCC compacts are designed to complement other donor activity and the private sector, to eliminate program replication and to leverage potential non-governmental investments.

Accountability is a critical component of aid effectiveness. To manage for results, MCC partners use economic rates of return, beneficiary analysis and broad consultation to determine programs and to implement according to detailed monitoring and evaluation plans. Both MCC and its partners are held accountable by rigorous independent evaluation.

Meeting the Millennium Development Goals

Reducing poverty through growth is MCC's core mission, and economic growth is essential if we are to cut in half the proportion of people with income under \$1.25 per day by 2015. MCC helps countries meet the MDGs in other ways as well. By including several of the MDGs in our eligibility indicators, MCC provides an incentive for countries to raise girls' completion rates from primary school and immunization rates, to improve environmental sustainability, and to reduce child mortality.

Additionally, MCC investments focus on increasing incomes in our partner countries, thereby helping to address the MDG focused on reducing global poverty. A number of our agriculture investments are expected to raise yields for staple crops, reducing the suffering that many Ghanaians and Malians experience due to hunger. Educational investments in Burkina Faso, Niger, and other countries will help ensure that many children, boys and girls alike, will be able to complete a full course of primary schooling. MCC projects in Lesotho, Tanzania and El Salvador are aimed at reducing the incidence of water-borne diseases and other illnesses, thereby reducing child mortality rates and the number of days of school and work missed as a result of these diseases. MCC's support of immunizations in Indonesia and Peru is also expected to aid in reaching the MDG on child mortality, while funding for rehabilitation of health clinics in Lesotho will help meet the MDG on maternal mortality rates. Finally, MCC's investments in extending water connections to households in Tanzania, Mozambique and other countries will help these nations meet the MDG of reducing the proportion of people who are unable to reach or afford safe drinking water.

Insisting on Country-Led Development

Country-led development, or country ownership, has been broadly embraced by the international donor community as a critical element of smart development aid.⁶ MCC has spent the past five years working to develop and institutionalize internal processes that can help shift country ownership from a guiding principle to a practical approach. For MCC, country-led development had three inseparable parts: country governments set their compact priorities; countries implement their compacts; and countries are accountable to their own citizens.

Coordinating with Other Donors

Another component of making aid effective is a systematic review of existing aid programs and collaboration with other U.S. Government, bilateral, and multilateral donors. MCC works closely with other U.S. Government entities, and hand-in-hand with USAID, which oversees implementation in almost all of MCC's Threshold Programs, and works closely with MCC in compact countries. Other collaborators include the UNDP and the World Bank. MCC has reached several memoranda of understanding, including with the Alliance for a Green Revolution in Africa (AGRA), the UK's Department for International Development, the Ministry of Foreign Affairs of Denmark, the UN World Food Program, and the French Development Agency to increase on-the-ground cooperation and augment MCC capacity in specific technical areas.

Engaging the Private-Sector

MCC recognizes that its compacts can serve as catalysts for private sector investment that increases the sustainability of its projects and leverages MCC resources. As compacts are developed, MCC obtains expert advice from local and international private sector participants for its projects. Throughout compact implementation, MCC identifies opportunities for collaborative "double bottom line" investments that are both commercially viable for the private sector and improve a country's standard of living. MCC organizes investment and procurement forums for the business community in conjunction with each compact signing and on an ongoing basis.

Conclusion

The MCC model is not for all countries. MCC exists alongside other agencies such as USAID and the Department of State to create the overall framework for United States' foreign assistance. These agencies are valuable partners in executing and implementing MCC compacts in Washington and in the field. I would like to take a moment to thank them, along with you, Madam Chairwoman, and members of the Committee for your support.

As Secretary Clinton, the chair of MCC's Board of Directors, stated when she appeared before you last month, "Millennium Challenge grants are a very important part of our foreign policy. It is a new approach, and it's an

⁶ World Bank, 1999, *High Impact Adjustment Lending (HIAL): Initial Evaluation*. Operations Evaluation Department, report No. 19797 (Washington: World Bank)

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approach that we think deserves support. We have to make sure that, just like anything else, it's part of our overall review of foreign aid, how it's working, how it can be better. But I think its had a positive effect in a number of settings where it's encouraged people to make changes that we wanted them to make. So we're going to be looking closely at how we make it even better." I know I speak for everyone at MCC in saying that we look forward to working with you and this Committee to do just that.

Thank you again, Chairwoman Lowey. I am pleased to answer any questions you may have on the President's fiscal year 2010 request or MCC in general.

Rodney G. Bent
Acting Chief Executive Officer



Rodney Bent is Acting Chief Executive Officer for the Millennium Challenge Corporation (MCC). As Acting CEO, Mr. Bent is an officer of the Corporation and manages the day-to-day operations of agency. Mr. Bent previously served as MCC's Vice President for Policy and International Relations.

Prior to joining MCC in November of 2005, Mr. Bent was a professional staff member of the House Appropriations Committee, where he recommended appropriation levels and policies for U.S. Agency for International Development (USAID) programs, the U.S. Export-Import Bank, the Overseas Private Investment Corporation (OPIC), and the U.S. Trade and Development Agency (USTDA).

From 2003-2004 he served as the Senior Advisor to the Ministry of Finance and Ministry of Planning and the Director of the Office of Management and Budget for the Coalition Provisional Authority in Baghdad, Iraq. As Senior Advisor he helped to build the capacities of the Iraqi Ministry of Finance and Ministry of Planning to manage fiscal policy and international donor contributions. He was awarded the Secretary of Defense Medal for Exceptional Public Service.

Mr. Bent spent 20 years at the U.S. Office of Management and Budget and was promoted to Deputy Associate Director for the International Affairs Division in 1998. Mr. Bent has also held positions at Bankers Trust Company and at the U.S. Department of the Treasury. He received an M.B.A. from Cornell University, an M.A. from the Fletcher School of Law and Diplomacy, and an A.B. in History from Cornell University.

THRESHOLD PROGRAMS

Mrs. LOWEY. Okay, and we will proceed from side to side, which is our usual procedure. The MCC's threshold program has become a topic of much debate over the past year. At its inception, threshold programming was designed to assist countries to meet the specific indicators. In practice, threshold programs have had varied results. In some cases countries have become compact eligible prior to the end of their threshold programs, others have received a second threshold program, others frankly received a threshold grant but are not likely to ever become compact eligible.

The initial goal of the threshold program continues to have merit, but I am concerned that this program has truly lost its way. I understand that MCC is undertaking an internal review. Could you share some of the preliminary observations or recommendations of that review, and while this review is going on, what steps will MCC take to put this program back on track, and what mechanisms do you have in place to ensure that there is appropriate coordination between the MCC and USAID and there is no duplication of effort on threshold programs?

For example, in Peru the MCC threshold program includes a significant child health component while USAID already has a \$12 million health program in that country. And as you know there is considerable discussion about the need to develop whole-of-government development strategies in countries where the U.S. government is providing assistance. If this strategy was developed through a collaborative process that included all of the relevant agencies, do you believe that the threshold program would need to continue to be a component of the MCC portfolio? So what is happening with the threshold program?

Mr. BENT. I did not count all the questions nested in there, but there were quite a few. Let me see if I can broadly explain the history and where we are going, how we are thinking about at the 5-year mark what the threshold program should do. The program was originally designed to help countries cross that threshold to become a compact. So in that sense there was I think an element of more risk taking. We were going to be working with partners who are a little further away than the compact eligible countries.

The notion was that it would be a 2-year program, it would be largely administered but not entirely administered by USAID, and it would be the kind of program that would deal largely with issues like corruption that, frankly, are pretty tough to deal with. You are quite correct. Several of the countries have not done as well on the threshold program as I would have liked. I would point to the Ukraine as an example, but in some measure that is a good way of finding out whether the country is really ready to work on a compact.

Other threshold programs have in fact been just brilliantly successful. I would cite the Burkina Faso Girls' Education Program in which we built 130 girl friendly schools, and that is frankly covering not only the schools but drilling wells, building teacher housing, working with the government of Burkina Faso to pay for teachers and textbooks. It was such a good program in fact that Burkina

Faso wanted to include a second stage of that program in their compact.

So I would highlight the purpose of the threshold program is to help countries, it is to give us some experience. But I think your question is really directed at, what is the future about. I think what we are trying to do, and it is a new board so they will have their own thoughts on this, we are going to present a series of questions: Does it make sense to have a second threshold program? If we have not been able to do something in two years, can we do it in four? What should the failure rate be like?

Frankly, having spent a long time in government, if you are going to do something risky you ought to expect failures every once in a while. So I have no illusions that somehow the threshold program will produce 100 percent of success. But the goal is to make sure that the programs are well designed, that they get the beneficiaries in and of themselves, but that they do in fact lead to a compact.

Having said that, I do not think every threshold program, every threshold country should be a compact country. It is not, and we make this clear when we talk about the threshold program, getting a threshold program just means you have an opportunity to compete. Whether you get a compact is going to depend on whether or not you meet the criteria and frankly how good the proposals are. How many beneficiaries, what is the government doing, what are the kinds of needs that the country has?

Mrs. LOWEY. In Peru, why did you need an MCC child health program when there was already a USAID \$12 million health program in the country?

Mr. BENT. What I have seen in a lot of cases, is that the threshold program is a little more directive in the sense that we are looking at indicators. And in a lot of cases, probably 90 percent of the time, USAID does administer the threshold program. I think sometimes we have had a good segue, in which people will look at a program, whether it is child immunizations or girls' education or governance, and then AID will in fact say, well look let us continue that program, it builds on some things that we have tried to do. I am afraid I cannot quite speak directly to Peru because I have not been there, but I would be happy to try and answer that question for the record.

Mrs. LOWEY. That is another way to get them additional money. Ms. Granger.

OPENING STATEMENT OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you very much. It is my understanding that most of these infrastructure projects, in both poor and rich countries, such as road projects, are often fertile ground for corruption ranging from petty theft to perhaps large scale collusion. As you know, corruption can lead to rising costs as well as decreased development and economic returns. In 2010 you are planning a compact with the Philippines, a country in the middle of a corruption scandal in which the World Bank canceled a \$33 million road improvement project and black listed several firms they said had colluded in the business process.

First, will the Philippines pass the corruption indicator and if so how will the MCC compact combat the corruption challenge that the Philippines infrastructure sector poses? Two, please give specific anticorruption measures that MCC will include in procurement, oversight, and auditing. And how do you think the MCC is distinct from the World Bank in its effort to prevent and counter corruption?

Mr. BENT. Great series of questions. Let me deal first with the corruption and then with the Philippines. On corruption you are quite right about infrastructure, because the large contracts could be lucrative opportunities for people to scam. What we have tried to do, because corruption for us is a key indicator, and I will come back to that in talking about the Philippines, is we have tried to take every measure that we can to worry about, okay how do you identify it, how do you prevent it, how do you build into place the systems that are going to deal with corruption, and then how do you have that continuous monitoring to make sure that if you see it you can stop it.

What I would say is that in the case of corruption, we have a corruption policy that has been blessed by Transparency International. Fighting corruption has been our hallmark and so we pay a huge amount of attention to it. What we do in specific infrastructure projects, it is in our interest, it is in the U.S. taxpayers' interest to have the most efficient, most capable companies do it. We hire procurement agents, we hire fiscal agents, we have twice a year audits.

We try to make sure that when we look at the norms for procurement whether it is a road or a port or an airport, or, industrial park or building schools, what are the metrics? What are other companies doing? What are other donors doing? What has been the experience? We obviously do the checks in terms of companies and black lists, but that can only take you so far. What I have seen is that because we have engineers supervising engineers, we are really big believers in belts and suspenders in terms of looking at corruption.

So far we have not had a major instance of corruption in an MCC funded project, but I will say we have had a couple of procurements where we looked at them, we did not feel that they smelled right, and we said, okay they are going back, you are going to have to rebid, you are going to have to resubmit. I think that kind of attention to detail is what marks us a little bit as being different. We spend a huge amount of time worrying about that issue and trying to ferret it out.

In the case of the Philippines, they are probably the biggest program that we are likely to fund in 2010. For several years they did pass the corruption indicator. They are at the 47th percentile, which is within the margin of error, but enough to make us nervous and for us to in fact have a series of discussions with the Philippine government, with President Arroyo, with the Finance Minister Gary Teves. We have made clear to them we are concerned, that they must, according to the previous board policy, pass the corruption indicator before we will sign.

They are well aware of that, I cannot think of any more blunt and direct conversations that we could possibly have had with

them. The new numbers will come out in August and September, and we will see at that point. It will also be a new board, they will have to decide what they want to do. What is a little bit different about how we operate than the World Bank is that, and if there were somebody from Treasury here I would probably have given them equal time to offer some commentary on it, but several of our staff came out of the World Bank.

There is in the World Bank cultural context the desire to get stuff done. You get promoted by doing projects. There is a government to government relationship. We do not have that same cultural context. We look at projects and they either work and the beneficiaries are there, or they do not, in which case we stop. We do not want to have that continuing 5-, 20-year relationship with a country. We are willing to pull the plug. In fact in several cases where we saw projects that did not work, we stopped them.

Ms. GRANGER. Thank you.

Thank you.

Mrs. LOWEY. Mr. Jackson.

OPENING STATEMENT OF MR. JACKSON

Mr. JACKSON. Thank you, Madam Chair.

First of all, welcome to the Committee.

Mr. BENT. Thank you.

Mr. JACKSON. Let me comment on at least what I understand the reformation of foreign aid to have been over the last decade. We created the MCC and the threshold program to move away from direct grants to countries who were not following certain indicators to help reduce poverty, to get away from the tyrants, the despots, the unaccountable foreign aid, really in reaction to what the American people were saying about foreign aid, but also we wanted greater accountability in areas like poverty reduction.

I find it a little bit disconcerting, and maybe you could help clarify it, when we would coax a country into the threshold process and then after they have met the indicators, including reformation of their civil society and other elements that would provide greater transparency, to then say that once they have met the thresholds, made these adjustments, they may not be eligible for a compact. It just seems a little disingenuous from my perspective. The whole point of the threshold program is to make them eligible so that they can have the resources to do that.

This is a thought I would like you to comment on, but before you do, two years ago I accompanied the Chairwoman on a CODEL to Sub-Saharan Africa, and one of our stops was to visit the Kibera slum in Kenya, which was quite eye-opening. The number of people living in poverty and slums in the developing world is about a billion, and it is expected to grow rapidly unless actions are taken to address the challenges and the opportunities of urbanization and the growth of slums.

The International Housing Coalition in a study conducted last year found that only about a quarter of MCC funds were going to urban areas, and none to improve housing. The flexible funding of MCC creates the real opportunity to provide multi-sectoral assistance and fund strategic approaches to slum improvement. How can the MCC constraint analysis process and MCC funding better focus

on critical interrelated issues of slums, poor housing, and urban poverty alleviation?

I would not want a country, let us say like Kenya, to meet the threshold, but after they meet the threshold there is no compact possibility. This is maybe a far-fetched example, but for a similarly situated country, there is no compact at the end of the threshold to address what the Chairwoman and Members of this Committee saw in that slum.

Mr. BENT. Right. There were a couple of questions there. Let me see if I can parse them in the following way. For the threshold program, we do regard it as a way of getting countries to eligibility. But whether or not the country becomes eligible is in some measure, okay have they met the criteria? There are a couple of countries, I will use Guyana as an example, that had a threshold program, that did meet the criteria, but the previous board did not select for a compact eligibility.

In part that is because Guyana is roughly a million people. I have been to the country and you could throw a stone and probably find 50 things that need going there, and so in some measure it is a good place to do development kind of work. But we have scarce resources. We have to look at both in terms of our staff and in terms of our budget what makes sense. It is a new board. Even though several of the private members are going to continue, it is a new Secretary of State, a new Aid Administrator, hopefully there will be one, a new VSTR, and there is a new Treasury Secretary.

In some measure, what we are trying to tee up for the board are exactly those kinds of questions as part of the threshold review. Does it make sense if we have had a successful threshold program and the country now passes the criteria to make them eligible? And those are the kinds of decisions that I think the board needs to look at. In the case of Guyana, they essentially said, you have got scarce resources, is this a good place to put your money? On housing and the urban question, which is, we spend a lot of time on this, most of the poor in Africa and elsewhere are out in the countryside. So in some sense looking at those programs makes a lot of sense.

Mr. JACKSON. I know you are going to get to the urban question and I know my time is up, but I want to go back to just part of that answer that you raised about the threshold, and that is, in these countries that undertake the effort to apply for the compact, to go through the threshold process, they reform their governments, they reform civil society, they try to create greater transparency, they shift resources in order to comply so that they might be part of some kind of systematic approach to addressing poverty.

Mr. BENT. Right.

Mr. JACKSON. Now at the end of that threshold, after they have made these reforms, what we are saying or the board is saying, and maybe we need greater clarity, is that there is a strong possibility that after all the reforms you have gone through there is going to be some back treading here because you may not get the compact?

Mr. BENT. Well let me be clear, if you gave us the money we would be happy to do it. But, we do have to make choices. It is really the board that needs to decide where do you get the biggest bang for the buck, where are you going to get the most bene-

ficiaries, where are you going to have a good program. I frankly do not like to be in the position of having to explain to a country that has made the kind of commitments, made the resources available, done the tough policy reforms, met the threshold program criteria, and then have to go back and explain as I did to the President of Guyana, I am sorry not this year.

My hope frankly is that I can make a much more positive and constructive phone call to say, yes, you know, we would like to do it. But it is a function of the resources, and I probably more than anybody else appreciate what this Subcommittee has to go through in terms of making those kinds of choices.

Mrs. LOWEY. I think Mr. Jackson asked some really important questions. Maybe we can have a followup meeting on it, and I thank you.

Mr. BENT. Could I just answer the one question about urbanization? Because it seems to me we really do try to pay attention to that. The Jordan program is hugely about urban waste water and use of water. So we are cognizant of it. What we are doing at airports and road and port infrastructure are really about urbanization kinds of projects.

Mrs. LOWEY. Mr. Rehberg.

Mr. REHBERG. Thank you, Madam Chair.

And, Rodney, nice to see you again.

Mr. BENT. Thank you, sir.

Mr. REHBERG. It is always with some interest I look at the Members and staff that had survived a Kolbe death march.

Ms. MCCOLLUM. I was there.

Mr. REHBERG. Yes, some of us have won the t-shirt or deserve that. Some of us have two death marches. I want to talk specifically about some of the things Mr. Jackson brought up because as you can tell we are very supportive and we want to make this work. And we are particularly interested in why some of the countries do not make it. One of our trips with Mr. Kolbe was to Senegal and Benin. Having been on the ground and seen their project and the enthusiasm of not only the public but the government at the time, the one thing we did notice, and I brought it up at prior meetings, the separation of the judiciary always seemed to be a problem, but more specifically I noticed in those two particular countries kind of two-term-itis. They wanted to change the constitution so that as president they could be president for life. Is that one of the things that kind of knocks a country out, when they start changing their constitution? Because we want to see them moving more towards an open democratic or whatever government they choose for themselves. And talk a little bit specifically about those two countries. What happened, is there a chance to come back in once they have been dropped off or are they too far gone?

Mr. BENT. No. Let me talk about Senegal as an example. I think we certainly had some startup difficulties there. Part of the difficulty is explaining to the Senegalese government and the Senegalese people how we operate. A lot of time governments will come in and they will say, we have got these wonderful projects, we want you to fund them. And we have to say, well let us talk about the economic rates of return, let us talk about the gender, let us talk

about the engineering, let us talk about the environment. Do these make sense? What are you willing to put into these compacts?

In the case of Senegal, I went there about 3 years ago, and frankly I was disappointed at the quality of the engagement we had. It was pretty clear to me the President just wanted to hand us over and say, you know, write the check, give us the money. And we said, no we are not going to do that, we are going to go through the full consultative process, it really has to make sense, you have to make a contribution. We had some back and forth on this, and for about 2 years I would have said that Senegal was on the do not resuscitate list.

But in fact what happened was that I think the government, when they saw that Mali and Burkina Faso had compacts, countries that they regarded as less sophisticated, and speaking colloquially here, they were a little stunned. And they suddenly came back and they said, well what is it that these countries have done that allow them to go forward? In fact one of the key advantages of the MCC is that peer to peer pressure.

When we see a compact that is in trouble, where things are not going well, we can send people, or frankly they send themselves, they will go to a country and say, okay you had this similar kind of road project, what did you do that made it work? That kind of peer to peer sharing is not something that shows up in our advantages, but it is major, it is real. So in the case of Senegal, they got wise, they came back, they put together a very good core team, they have now got a whole series of road projects that, depending on other events and funding, we are going to go forward with.

Mr. REHBERG. Did their program or project change?

Mr. BENT. Yes, very much.

Mr. REHBERG. Not moving the town?

Mr. BENT. No, the town is off our radar screen. We are working with roads and irrigation in Senegal. We have had several countries that have gone through peaceful transitions. El Salvador, I was just there a couple of weeks ago, were going from President Saca to President Funes, I think that will be a great success story. Ghana, President Kufuor handed over power peacefully.

Mr. REHBERG. How about the changing of the constitution?

Mr. BENT. That is, there is always a question, you know, one of the things that the board takes into account is what we call supplementary information. We have the indicators which, you know, we bore everybody with, but we have put together a huge amount of additional information. What is the governance like, what is the judiciary like, what is civil society like, what are people saying? What do businessmen say about them really, not just as measured by our indicators but much more texturally? Is the rate of taxation too high, is it stifling, what is going on?

Those are all questions that we put to the board, and among them are going to be, okay is there likely to be a peaceful transition? Will there be an extra-constitutional effort? The case of Madagascar, I do not know if I want to save that as a question for later.

Mrs. LOWEY. Done.

Mr. BENT. Well essentially, but it is a good example of, frankly Madagascar had one of our better programs. I was really looking to it as a huge success story. We were going at great guns, and

then we have an extra-constitutional coup. That violates our sense of good policy. We sort of looked at it and we said, we have got to stop, you know, we are going to wind this program up. But I have to say it tears my heart out because that was one of our better performing programs.

Mrs. LOWEY. Thank you.

Ms. McCollum.

Ms. MCCOLLUM. Thank you.

Following up on this, and I know Mr. Berman is working on looking at the way that we put our State Department and foreign aid together, my problem with this is not that there should not be specialized programs within the way that we do aid, it is the fact that they start standing alone separate, they start competing for the same funds, or they use funds from other programs that we fund. For example a lot of USAID money has gone into PEPFAR, a lot of USAID money has gone into MCC to make the thresholds work.

So as we think we are plussing up USAID to work on child survival, the child survival money gets kind of intermixed in with funding for threshold. I am going to make more comments and then I would like you to. I was always skeptical of having this be a standalone program, and my skepticism has not changed even though I have seen some good things happen. When you talk about threshold countries and you make it really clear, let me tell you it is not real clear to me that you have made it real clear with the number of ambassadors that line up outside of my door, literally.

Mr. BENT. American or foreign ambassadors?

Ms. MCCOLLUM. Foreign ambassadors who line up outside of my door saying, we have done this, we have done that, we are a threshold country, we are ready to go and we expect you to fund it. That is the wrong way that it should work. It should be, you make those tough decisions early on about what the threshold countries are going to be based on your budget, not the other way around setting up expectations. It is cruel, it is wrong, and then it forces this Committee to make the tough choices that we had nothing to do with as to whether or not we want to plus up child survival across the board, or put in a sustainable health care platform.

I do not disagree that you do good things, but I do disagree with the way that it has been structured moving up. And let me give you another example just even from the conversation today. I think it is great that we did more for education in Burkina Faso, I think that that is marvelous. I think USAID has a clear mission to do that and that they should be given the funds to fulfill that mission. Now where I can see MCC working is to plus up the higher education, for technical support for doing all those things that you are doing, not K through 12 schools.

So I say this because I want to have an honest conversation. I want to see you be successful, but I want to also see us be successful in many of the other endeavors this Committee works on and not be in conflict and not be in competition. And I want to make it very clear from this Member of Congress, I am fighting back as an appropriator when the ambassadors from other countries are coming into my office saying, you know what, they should not have done it that way. They should not have put you on the track for

threshold with an expectation that you were going to get a compact when they had not consulted Congress about the money that was going to be available.

Mr. BENT. Let me give brief responses if I can. On education, I think one of the advantages of the MCC is in some measure, because we require countries to also put in their contributions, so in the case of Burkina Faso it is looking at the teacher salaries and other things, that is I think above and beyond. There is no question that U.S. foreign aid needs a complete rethink. I would give a shout out to the MFAN folks and I would say, look everybody knows the status quo is not good, so what is the future going to bring?

One of the advantages of the MCC is that we have a board that has AID, it has the Secretary of State as Chairman. So if you want to look at how to integrate programs, I think that is a great place to start. Everything you said about the competition for resources, I accept and I would be happy to talk with you at greater length about how we can together make sure these ambassadors have got the right approach to the threshold program.

Mrs. LOWEY. Thank you.

Mr. Crenshaw.

OPENING STATEMENT OF MR. CRENSHAW

Mr. CRENSHAW. Thank you, Madam Chairman.

And welcome to the Committee. Earlier I asked the acting head of USAID some questions about human trafficking, and I was really encouraged to hear him say that when they decide in terms of where that USAID assistance is going to go they monitor the way the countries are complying with our TIP reports that come out every year and they take it pretty seriously, so that was very encouraging. I wanted to ask you about that because sometimes when I look through, I guess one of the things I like about the compact and the corporation is you sign an agreement, and we have got those criteria that you set out. And there is not really a criteria on human trafficking but I imagine it falls in kind of the Ruling Justly category.

Mr. BENT. Absolutely.

Mr. CRENSHAW. But when I look at the chart we have 14 compacts, 12 of those 14 countries are ranked tier 2 or tier 2 watch list. Number 1 is minimum requirements, number 3 is not very good, 2 is kind of, we are working on it.

Mr. BENT. Right.

Mr. CRENSHAW. But here is what is interesting, 6 of the 12 that are on the tier 2 or tier 2 watch list, they passed 6 out of 6 of the criteria under the Ruling Justly criteria, which makes me wonder, how seriously do you take when you are grading those compacts the compliance with the TIP report? Because if they are still, in fact six of those, they were on tier 2 for three straight years so they did not really move, and we are pretty serious about trying to deal with this as you know. And so, help me understand how that plays, and when you look at those criteria, what kind of efforts do you make to say to those countries, we have got a deal here and you are not really meeting part of those requirements?

Mr. BENT. We take it very seriously. In the case of Moldova I think they were on the tier 3 and we essentially went and had a conversation saying, that will not be acceptable, you need to deal with that. Again it is part of the information that the board takes into account, it is certainly something we take very seriously just as I think Mr. Wolf last year asked about U.N. votes and we went back and we made sure that we went through that and we looked at it. These are all important factors. I cannot give you a mathematical weight because what we are also looking at is, okay what can the country do, how serious are they, is it a question of resources, is it a question of enforcement? But we do spend a huge amount of time on that.

Mr. CRENSHAW. If you take these six countries that have been on tier 2 for three straight years, it is almost \$3 billion that we are spending. So I just hope that somehow we can sit down with those folks and, you know, not year after year after year have them not make any progress at all. So I appreciate that, but I do think we can probably maybe send that message, because I will from time to time ask the leaders of these countries when we are visiting, and it never seems to be high on their priority. It is always something they are concerned about, in fact if you ask anybody in this world, they are just outraged that this goes on in the 21st century. But they do not seem to be making as much progress as they could if they were really serious about it.

Mr. BENT. It is a question of using incentives as opposed to withholding or using sanctions. We try to say, look we are all about positive incentives, you know, speak softly and carry a big carrot. But, you have got to do the right things and trafficking in persons is really important to us.

Mr. CRENSHAW. Let me ask you, do I have a minute, Madam Chairwoman?

You know, when we were talking earlier about some of the contracts where our money is being used to say build a road or whatever, is there any kind of consideration given to U.S. companies if we have got a compact with somebody, Honduras or another country, part of that money is going to go to build some sort of facility, the road or some sort of equipment et cetera, is there consideration given to U.S. companies that are bidding on that? I do not think they should necessarily be favored, but do they get the same consideration?

Mr. BENT. We actually bend over backwards to make sure that U.S. companies have every opportunity to bid. We make sure that the documents are in English, we make sure we go out and visit. It is in our interest to have a domestic constituency that thinks we are a good program. When I was in El Salvador two weeks ago and we just inaugurated a major road project to the north, I was delighted to see it was Caterpillar equipment there, and so I sent my friends at Caterpillar a picture saying, hey look I am doing my bit for you now you have got to do your bit for this country.

Mr. CRENSHAW. Well thank you, Madam Chairwoman.

Mrs. LOWEY. Thank you.

Mr. Schiff.

Mr. SCHIFF. Thank you, Madam Chair.

Mr. Bent, I wanted to ask you about two countries, Jordan and Armenia. I was very happy to see that the Jordan compact will be ramped up in 2010, and especially pleased that we and the Jordanians will be working to address Jordan's incredibly scarce access to water. I think the late King Hussein said the only reason he could see going to war with Israel in the future would be over water.

In your testimony you referred to a framework for benchmarks that the MCC will use. Can you elaborate on what those benchmarks may be? And I would like to be kept apprised of the Jordan compact's progress, so I would like to arrange to be briefed as developments warrant. And let me just get the other question out there in the interest of time. On Armenia, according to Armenian press reports last week, Armenia will request the MCC provide \$1.6 million to rehabilitate railroad infrastructure.

The press reports indicate that they are awaiting approval from the Millennium Challenge fund before the matter is forwarded on to the MCC. MCC already has in place a \$67 million road rehab program, but MCC froze about 30 percent of the aid package in 2006 following that year's problematic elections. And I understand that MCC said in March that the Armenian government had still not addressed U.S. concerns about the status of democratic governance in the country.

Last week Secretary Clinton wrote to President Sargsyan to ask him to ensure that the upcoming municipal elections in Yerevan are democratic. Are we awaiting the type of process that takes place in those elections to determine whether democratic governance has been restored sufficiently to release MCC funds? If not, are there other factors you are looking to in terms of the status of the funds?

Mr. BENT. Let me take them in order. On Jordan we would be happy to brief you in more detail. We reckon that there will be about a million and a half beneficiaries to the project. It affects, I think, 90,000 households. But we would be happy to go through the metrics in terms of the types of pipe that we are putting in, the amount of water that will be saved not wasted, and what this will mean for frankly a very poor portion of Jordan.

On Armenia, we had major difficulties with the election as you know. You are very well versed on events in Armenia. We had some concerns about it. With the new board, we presented those concerns and with a couple of other countries as well. The Secretary of State I think is directly personally interested in what is going on. We are going to have a board meeting in June in which we will again raise the issue of Armenia, as well as Nicaragua, as well as a briefing on Madagascar. So let me not jump ahead of where the board is because this is one of those cases where that tight coordination between the State Department, AID, and other government programs is hugely important to us.

Mr. SCHIFF. I remember at the time the MCC suspended the funds that there were several issues, there was the problematic elections, there were the continued detention of political opponents, there were some potential media laws cracking down on free speech, and some concerns I think about curbing the rights of assembly as well as the opportunity for NGOs to work in the country.

Are you able to tell me if any, some, all of those problems have been sorted out or whether they are continuing to be problems?

Mr. BENT. I cannot tell you how they have been sorted out. Let me back up one step.

Mr. SCHIFF. I do remember also that the Armenian government decided to put their own money into the rural road infrastructure to get it done before the rainy season, and so that was good, that was a positive step, but I would love to hear what you could tell me.

Mr. BENT. Well in both Armenia and Nicaragua the projects are great, there is no question that, a little bit like Madagascar, they are some of our best performing projects as projects. I was at pains when I was in Nicaragua to talk with the Minister of Finance and say, look these projects are going great. The Armenian Foreign Minister came two weeks ago and I had to say pretty much the same thing. The issue is not the projects, it is the good governance questions.

Every point you just listed is in fact an issue of some concern for us. The Secretary of State has taken a personal interest in this—and as the Armenian Foreign Minister and I think the Nicaraguan Foreign Minister said,—she has written letters to both. I cannot tell you what the response has been. I figured I would get phone calls from both ambassadors saying how well the meetings had gone and then when we will be talking about this at the June board meeting as well.

Mr. SCHIFF. My time is up, but if you could let me know maybe after the hearing, of the issues that were raised earlier that concern the MCC, on which issues has Armenia made progress and which issues are you waiting to see progress.

Mr. BENT. Absolutely, and I would like to come in with the State Department on that because we really do try to work through our ambassadors. We are part of the country team and we make sure that there is no daylight between the two of us.

Mr. SCHIFF. Thank you, Madam Chair.

Mrs. LOWEY. Ms. Granger.

Ms. GRANGER. Talk about the conflict in Mongolia.

Mr. BENT. That was, every once in a while you want to try and do something that has not been done before. And so in the case of Mongolia it was frankly a pretty innovative idea to help the railroad, which is 50-50 owned by the Mongolian government and a Russian company, because, really, the heartbeat of Mongolia is going to be minerals and transportation. So we thought this is a great way of moving forward. But we insist on standards on accountability and transparency, and one of our conditions precedent for the rail project funding was that we be able to audit the company. If we are going to do an innovative lease, we want to make sure that we have got the financials there to back it up.

There was a fair amount of stalling, and I can tell you more privately some of the other things that went on, but at the end of the day, we were not able to satisfy ourselves that that accountability would be there. The Mongolian government basically said, well we are not sure we can therefore proceed, and we said, fine. They are very interested in finding other projects. We are frankly in the mode of, well if they are good projects we will look at them but it

is going to have to be done within our framework of beneficiaries of good projects and economic growth.

Ms. GRANGER. Thank you very much.

Mrs. LOWEY. Thank you again for your time, and I look forward to continuing our discussion on several issues that were raised. This concludes today's hearing on the Millennium Challenge Fiscal Year 2010 Budget Request. The Subcommittee on State and Foreign Operations and Related Programs stands adjourned.

Mr. BENT. Thank you.

**Chairwoman Lowey Questions for the Record
MCC Hearing
May 20, 2009**

Gender Integration

I commend the MCC for adopting a comprehensive gender policy in 2006. Currently, the MCC has one person on staff in charge of addressing these issues. This is a large mandate for one person to accomplish considering the sizeable operations of the MCC. Further, while Environmental and Social Assessment officers are tasked with integrating gender at the country level, these officers tend to have environmental backgrounds but no social science expertise.

Question 1:

How is the MCC planning on addressing this shortfall in staff capacity in order to meet the requirements set forth by the gender policy?

Answer:

MCC's approach is to integrate Environment and Social Assessment (ESA) functions into one professional practice group with responsibility for integration and oversight of MCC's Environmental Guidelines *and* Gender Policy. ESA staff responsible for management of environmental, social and gender issues, have a diversity of backgrounds including natural resource management, environmental policy, public health, anthropology, environmental science and environmental engineering across multiple sectors.

Currently two ESA staff, including the Practice Leader for Social and Gender Assessment, are dedicated full time to social and gender issues. Recently, MCC hired a PhD Anthropologist for ESA in the Department of Compact Development. MCC is also recruiting additional ESA staff and the vacancy announcements and position descriptions include reference to social and gender experience and expertise. We also have a group of highly qualified social and gender consultants available to support ESA staff.

MCC requires mandatory gender training for all ESA staff on at least an annual basis. In addition, there is a gender point person in each sector division—infrastructure, land, and agriculture—to facilitate gender integration.

Given MCC reliance on host country ownership, eligible and compact country social and gender capacity is also important. Therefore MCC country guidance states that the country's core team should include a social scientist with gender expertise. To date, seven compact countries in implementation have a gender specialist.

Question 2:

- a. How will you ensure that the MCC will consistently follow through on implementing the gender policy at all stages of compact development and implementation?
- b. How are in-country MCA and MCC staff held accountable if the gender policy is neglected?

Answer:

For the MCC to effectively implement its gender policy, four things are needed: dedication from the agency's leadership; expertise; systems to ensure that it is implemented consistently; and accountability.

MCC Senior Management has made a commitment to address gender throughout the compact process, in all projects, and across disciplines. Recently MCC, with outside gender expertise, conducted an analysis of gender integration in some early countries, and is developing operational guidelines for MCC. MCC's present systems include mandatory gender training on a yearly basis for all ESA staff; mandatory gender training on a yearly basis for all sector staff; gender point persons in sector divisions; and yearly training on gender and social issues for the country-led MCA units at MCC University in Washington, D.C.

Question 3:

I commend the MCC for extending its Economic Rate of Return (ERR) analyses to include Beneficiary Analyses, which determine specifically which segments of society will benefit from the proposed activities of a Compact. However, too often, preliminary assessments focus heavily on the impact the proposed compact will have on the environment, and not as much on the potential social and gender impacts. Comprehensive social and gender analyses typically occur one year after the compact is signed. When these analyses are not conducted up front, compacts are designed and implemented without taking social and gender impacts into account and, consequently, they fall short of their potential to reduce poverty among specific populations such as women.

- Going forward, how will the MCC ensure that assessments of potential gender and poverty impacts, including intra-household dynamics, will be conducted early in the compact design process as part of the Environmental and Social Assessment?

Answer:

MCC recognizes the importance of conducting social and gender analysis early in the compact development process and is taking steps to ensure that gender and other important social issues are assessed prior to any investment decision and compact signing. Findings from initial gender assessments also inform the project design and provide a basis for development of long-term gender integration plans.

The MCC Practice Leader for Social and Gender Assessment or her/his designate is expected to make a visit to the eligible country early in the compact development process to present MCC's Gender Policy; work with the country's point of contact to identify relevant participants for the country's consultative process, and ensure that there is sufficient capacity on the country's team

to meet its responsibilities in the Gender Policy for compact development. MCC's guidance to countries includes a strong recommendation that there should be social science expertise with gender competency on the country's core team, both during compact development and within the MCA established during the compact.

Presently, gender analysis and gender-sensitive consultations are being conducted in conjunction with environmental impact assessment, economic and beneficiary analysis, and other project preparation studies to facilitate meaningful participation of women and other vulnerable or marginalized groups in the design and implementation of projects, and to ensure equitable distribution of project benefits.

For example, in Moldova, MCC staff integrated gender issues into the design of a farm survey in which both male and female heads of household were interviewed to help better understand intra-household roles and perceptions related to decision-making, crop responsibility, and access to credit, training, marketing, and labor. An analysis of the survey data revealed existing gender inequalities that could constrain equitable participation in the project, and highlighted specific actions that could be taken to strengthen gender integration in the design of the Transition to High Value Agriculture (THVA) Project.

The Moldova gender analysis and farm survey also provided a socio-economic baseline from which MCC can more accurately measure the impact of the THVA project, specifically with regard to educating and empowering women to take a more active role in the irrigation and agriculture sector.

Program Implementation

Compact implementation has been a consistent challenge for the Millennium Challenge Corporation. Last year, the MCC recognized this shortcoming and reorganized to revamp the compact development process and to increase resources and staffing for compact implementation. I'm interested in how this has changed the way you do business and what results you're seeing from those changes. Also, as you know the MCC portfolio is very diverse, including compacts with poor, low capacity countries such as Malawi and middle income countries with significant technical capacity, such as Morocco and the Philippines.

Question 4:

- What reforms to compact development and implementation have you made in the last 18 months and why? What effect are they having?

Answer:

Beginning in early 2008, MCC undertook a series of refinements to its compact development process designed to improve the quality of compact proposals and to reduce implementation risks.

We undertook these changes for two principal reasons: (1) weaknesses in the proposals we were receiving from our country partners and the time it was taking to refocus or refine those

proposals; and (2) problems we were encountering in project implementation. The refinements introduced to the proposal development phase are all founded on the beliefs that (a) a closer early partnership, with more intensive upstream engagement, increases the likelihood of higher quality proposals, and (b) fuller project development decreases implementation risk. The major changes include:

- **Constraints Analysis.** MCC works with the host country to identify and analyze the key constraints to economic growth, which then provides a framework for targeted consultations and subsequent investment ideas. It also reduces the scope for proposals that may have merit but are not consistent with MCC's mission, or that are founded on political necessities rather than a strong results-based rationale.
- **"Results-Focused Project Design."** Once our country partners have analyzed their development challenges in detail, MCC is providing additional resources and tools to help them define and compare alternative solutions, focusing on the chain of results from activities, to project outputs, outcomes, and ultimately long-term impact on economic growth; this prepares the framework for projects to be developed in detail. These tools also facilitate continued stakeholder engagement and participatory project planning consistent with MCC's commitment to country ownership.
- **Project Concept Paper.** The concept papers (i) describe the project and its rationale (the results chain); (ii) place projects in the context of broader sector reforms and the activities of other donors; (iii) provide preliminary assessments of benefits and beneficiaries, economic viability, financial sustainability, social and environmental risks, and implementation capacity; and (iv) provide an inventory of existing and planned studies. With this information in hand, MCC will be able to make earlier decisions, through internal and external peer review, about which projects are suitable for further development, which require more information, and which may be rejected as not advisable.
- **Full Feasibility Studies and Environmental Impact Assessments.** MCC is working toward ensuring that full feasibility studies are completed, environmental impact assessments are conducted, and resettlement assessments are done prior to compact approval and signing. The feasibility studies provide a good initial estimate of costs and MCC then uses industry contingency standards to estimate the final costs likely to come from full engineering studies, which are only produced after a compact has been approved for signing. The full environmental impact assessments and resettlement assessments enable MCC to ensure that any significant environmental mitigation measures and resettlement costs are adequately reflected in the compact budget.

Regarding compact implementation, we have worked with our partner countries to streamline and responsibly accelerate implementation by:

- Investing in specific training for MCA personnel, with a focus on MCC procurement, contract management and overall program management, thus building capacity in our partner countries

- Simplifying some of our operation procedures, including streamlining our procurement guidelines, and issuing standard bidding documents.
- Refining MCC's approach to oversight to tailor partnerships and engagement to compact maturity, program complexity and MCA experience.

These efforts have helped partner countries take more ownership over program implementation and to focus MCC support where it is needed most. This, in turn, has helped facilitate higher disbursement and contract commitment rates in FY 2009 than in FY 2008.

Question 5:

Looking across the MCC portfolio, how has the technical capacity in recipient countries affected the success and timeline of implementation? Malawi, for instance, is one of the poorest countries in the world with very low capacity. It has a per capita national income of \$250/year and ranks 162 on the UNDP Human Development Index. While I'm pleased it has made the cut, how will the MCC adapt its model to meet the conditions and needs in Malawi? Are there lessons from other compacts that would apply?

Answer:

Based on lessons learned from other compacts facing similar capacity challenges, we recognized early that MCC would need to provide a lot of "hands-on" support to the Government of Malawi (GoM) during the compact development process and that we would need to provide early implementation support.

From the beginning of the compact development process MCC provided technical assistance to support their core team and leveraged support from donor partners. Two examples:

- **Analysis of Constraints to growth:** This analysis is a new innovation and requirement, and when the country embarked on this constraints analysis, MCC provided an economist to work alongside the MCA-core team lead economist and other donors—the African Development Bank, World Bank, the UK Department for International Development (DFID)—in gathering data from relevant ministries, the private sector, and statistical agencies and conducting analysis. The Millennium Challenge Account (MCA) core team and the donors conducted a joint workshop where they shared the results of the analysis.
- **Concept Paper Development:** MCC was able to leverage assistance from DFID, which provided two external energy consultants to the MCA core team as they developed the Energy Concept Paper. World Bank energy experts also provided useful feedback during the concept paper preparation. We are also leveraging the expertise of the Global Partnership for Output Based-Aid to provide technical assistance to the GoM for the design of an output based aid rural electricity access project being proposed as part of the MCC compact. The USAID mission in Malawi has worked closely with the MCA core team and has provided valuable support and feedback during the development of the Governance Concept Paper. As the process moves into project refinement, MCC will continue to be deeply

engaged in the process and marshal the necessary human and financial resources to assist the MCA core team in the development of a timely and high-quality compact.

MCC also recognizes the need for significant upstream implementation support in Malawi through capacity building and early preparations for compact implementation. These preparations include:

- providing resources for capacity building in several key areas including procurement, project management, and monitoring and evaluation. The training includes MCA-Malawi staff and GoM ministries that may be involved in implementation of an eventual compact. The procurement training is already underway.
- mobilizing the procurement advisor/agent and fiscal agent to facilitate the establishment of robust procurement and fiscal systems before compact implementation;
- funding monitoring and evaluation advisory support to help define indicators for the monitoring and evaluation of the projects during the compact; and hiring staff for the compact implementation governing body.

Finally, Malawi has gained familiarity with MCC policies and practices through its successful completion of a Threshold Program.

Question 6:

Similarly, what would MCC do to ensure that we can actually have a meaningful impact on poverty and growth in a place as populous as the Philippines, with 97 million people? The same question applies for Indonesia, currently compact-eligible, with a population of 240 million! Does the MCC risk being a drop in the bucket?

Answer:

Under the President's budget request for FY 2010, it is true that potential MCC assistance to the Philippines will be lower, on a per capita basis, than in previous compacts with less populous countries. This fact highlights the importance of targeting MCC assistance to key constraints to growth and leverages assistance from other donors as well. More than a third of the population of the Philippines is very poor, and the Government of the Philippines has proposed a series of interventions focused on their needs through community-driven, small-scale infrastructure development and rural road improvement. Governance reforms focused on increasing taxes and custom revenues also will create room in the government's budget to allow the Government to provide resources to address lagging investments in health and education without jeopardizing the sustainability of its economy.

We are at the beginning stage of our relationship with Indonesia. During our initial visit in April of this year, MCC underscored the importance for Indonesia to develop a focused program, in terms of sector and geographic coverage, and to use MCC assistance to leverage policy reforms in those areas. In our meetings with other donors, we also emphasized our desire and openness

to join with them to invest in key growth areas. Ultimately, however, the magnitude and impact of MCC assistance in Indonesia will depend on funding made available for an Indonesia compact. We anticipate signing a compact with Indonesia in FY2011, along with Colombia and Zambia.

Question 7:

Lastly, please talk a little bit about how MCC has engaged with civil society, or prompted the host government's MCA to engage with civil society. How is this done and what tangible impact has it had on the program and its outcomes to date? What assurances do you have that host governments are casting a wide enough net to incorporate the considerations of a wide swath of civil society?

Answer:

MCC seeks support and feedback from NGOs on MCC policies, strategies and operational issues, to ensure that we are incorporating best practices and innovative approaches. For example, we incorporated feedback on MCC's gender policy from Women Thrive Worldwide and on our Beneficiary Analysis from Bread for the World, CGD, AED, Women's Thrive, InterAction and its members.

We also use information and feedback from NGOs and civil society to inform our country selection process:

- o A number of our indicators come from NGO sources (Freedom House and Heritage Foundation), and assessments from NGOs are included in many of the World Bank Institute's governance indicators, like the Control of Corruption indicator.
- o Assessments by NGOs are sometimes incorporated as supplemental information.
- o We underwent broad consultation with civil society to identify the two new Natural Resource Management indicators and the gender focused Girls' Primary Education Completion indicator.

We also work with local NGOs/civil society during the compact development and compact implementation process:

- **Compact Development:** Countries use a consultative process that seeks out local input and perspectives to determine development priorities. We begin our relationship with eligible countries by immediately consulting a broad swath of civil society. For example, during our initial visits to Colombia, Indonesia and Zambia (all selected by MCC's Board in December 2008), senior MCC staff met not only with government representatives, but also with local and international NGOs, local and international investors, other donor agencies, Parliamentarians (including members of opposition partners), think tanks, other civil society organizations and the media. In these meetings we consistently underscore our principles of transparency and accountability, and the requirement for partner governments to develop and implement MCC-funded projects with ongoing consultations. Specifically during the compact development phase, we ask our partners to use focused consultations to (i) analyze their constraints to growth, (ii) select areas for potential investments, (iii) design those investments, and (iv) identify environmental and social opportunities and risks and appropriate design adjustments and mitigation measures. Consultations continue through implementation, including for program monitoring and evaluation.

- Implementation: NGOs sit on the Boards of MCA implementing entities. They also play an essential watchdog role during implementation, contributing to local accountability.

Concurrent and Longer Compacts

Question 8:

I understand that reauthorization language is being considered to allow for concurrent and longer compacts.

- Can you explain how you would intend to use these new authorities?

Answer:

MCC's authorizing legislation currently restricts MCC to a single compact with each partner country at one time and not to exceed five years. Allowing MCC to enter into multiple, or concurrent, compacts, would improve our ability to manage the compact pipeline with greater predictability, serve as an added incentive for ongoing policy reforms in partner countries, and help address MCC's unobligated balances.

With concurrent compacts, the agency could move forward with projects that are investment-ready instead of having to put several projects at various stages of readiness into a single compact or delaying compact signing for a promising but less-developed project. Concurrent compacts will allow for smaller, staggered agreements and more certainty in the budget process; speed implementation; improve project management by allowing countries to focus on managing fewer projects at a time; build management capacity with early projects; ease the current burden of managing large, complex compact programs; and foster innovation by allowing the agency to pursue more innovative approaches that may normally slow down the compact development process.

A key element of the MCC model is the ability to commit total program funding up-front. This up-front obligation of all spending over the duration of the Compact is consistent with lessons in aid effectiveness, because it allows partner countries to plan and manage development strategies and budgets in a sustained way. It also allows MCC to make large investments in long-term infrastructure projects without suffering the cost premiums associated with uncertain project funding. This practice, however, means that MCC must hold large obligated, but undisbursed balances. Concurrent compact authority would allow MCC to sign smaller compacts, obligating smaller amounts for shorter periods.

MCC has the legislative authority to develop innovative compacts with entities outside government, but has not done so partly due to concerns about slowing the compact development process. With concurrent compact authority, MCC could pursue alternative financing models and solicit proposals and sign compacts with sub-national and non-government entities. This would allow MCC, partner countries and partner institutions to select the best approach for each project, foster experimentation and learning, and take managed risks for the sake of innovation and high returns on investment.

Another critical change would allow MCC to structure compacts so that, on occasion, individual projects can exceed the five-year rule for a short period. Having definite time frames for MCC compacts is an important best practice for effective foreign assistance, but in some cases the most successful projects for poverty reduction are too large or complex to be completed within the mandated five-year period, particularly with MCC's emphasis on recipient-led implementation. This is particularly true in low capacity countries, and countries with limited construction seasons. The ability to extend a compact term, under certain pre-agreed circumstances, would enable MCC and partner countries to better address unanticipated delays, such as environmental and social mitigation issues that become evident only during the construction phase of large infrastructure projects. MCC needs the flexibility to be able to adapt to these circumstances to assure the quality of works that otherwise may be compromised to meet a five-year deadline.

Question 9:

For example, take the cases of Tanzania or Morocco – large, complex compacts – how would you have done things differently during compact development if you had the ability to do concurrent and longer compacts?

With concurrent compact authority in compact development for Tanzania and Morocco, MCC would probably have signed additional compacts with each country, staging them according to project preparedness and explicit planning for capacity building in project management.

**FY 2010 Budget Request
Questions for the Record
Submitted by Ranking Member Kay Granger
for Acting MCC CEO Rodney Bent**

It is my understanding that many factors are leading to higher than budgeted costs to implementing ongoing MCC compacts.

Question 1:

Please describe for the Committee these types of cost increases and the factors generating the higher costs.

Answer:

MCC is carefully managing the many challenges associated with the normal course of compact implementation. These challenges fall primarily into three areas:

- 1) External economic constraints brought on by a depreciation of the dollar; increased energy, transport, and materials costs; and a global construction boom;
- 2) Changes to accommodate results of feasibility studies and project design studies; and
- 3) Changes to projects to maximize benefits based on ongoing consultations with stakeholders.

MCC is not alone in dealing with these kinds of challenges which vary over time and across countries. Other donors, governments, and private firms have faced these same external economic constraints listed above particularly those working on infrastructure projects. The current economic downturn creates different challenges, and in some cases falling costs and increased competition are now relieving certain pressures from last year. Updating projects and making adjustments within and across projects is natural in the project cycle as managers respond to these changing conditions, refine designs based on technical studies, design changes and environmental mitigation measures.

While external economic shocks are impossible to predict, we understand that costs changes may occur when we are helping our partner countries develop their compacts. We are continuously working with our partner countries to leverage every taxpayer dollar we have to ensure that the best projects are funded and that we maximize our economic rates of return and impact on beneficiaries.

Question 2:

How can we be assured that MCC resources are being spent in accordance with the compact as notified to the Committee and also toward the realization of the compact's objectives?

Answer:

MCC conducts ongoing monitoring of compact country portfolios to identify and address implementation issues. As a natural part of portfolio management and a five-year project cycle, program changes do occur. For example, as implementation progresses, project design, specific activity budgets, monitoring and evaluation plans, and financial projections evolve. In some cases, internal and external factors necessitate programmatic changes to existing compacts. In most cases, these changes are occasioned by factors such as project cost changes due to fluctuating input costs, changing conditions in the global construction markets, currency fluctuations, and revised technical specifications associated with additional feasibility or design studies. So far MCC and MCAs have worked together to formally restructure projects in seven countries in response to these factors. In devising re-scoping plans, MCC and MCAs work together to analyze program budgets, assess the implications of proposed re-scoping on projected program outcomes and disbursement rates, environmental and social issues, institutional arrangements. Re-structure approaches have included re-scoping projects, re-allocation across projects within a compact, and seeking parallel financing from other donors or the partner government. These challenges are a normal part of doing business and MCC anticipates that more projects will experience programmatic changes in 2009 and beyond. MCC will continue to monitor and manage them on an ongoing basis.

Program updates, disbursement reports by country and project, program budgets and notification of when projects are being or have been re-structured are part of the semi-annual (previously quarterly) report to Congress, which now includes a summary table of projects that have been restructured. MCC's implementation teams are available when these are delivered or other times as needed, to review the portfolio with Congress. Furthermore, MCC is also developing a comprehensive "results" section as part of its public website. Once this feature is fully operational by the end of this fiscal year, it will compile updated program financials, and projected impact information for all MCC compacts.

Question 3:

What is MCC doing proactively to address such shortfalls in future compacts?

Answer:

During the past year, MCC has instituted changes in its compact development process to reduce the risk of funding shortfalls, especially for major infrastructure projects. Prior to compact approval and signing, MCC together with its partner countries are funding and conducting feasibility studies, including environmental impact and resettlement assessments. The feasibility studies provide a good estimate of costs that are then scaled-up using industry standards for physical and price contingencies in construction projects. The environmental impact and resettlement assessments inform the Resettlement Action Plans that are implemented prior to construction, and environmental management plans that are implemented during construction, to

ensure that these mitigation measures and resettlement costs are adequately budgeted for in the compact.

With 18 compacts now signed, MCC's Compact Development team works hand-in-glove with the Department of Compact Implementation to build these best practices as we work through the process to prepare new compacts.

QUESTIONS FOR THE RECORD

Rep. Jesse L. Jackson, Jr.

May 28, 2009

State/Foreign Operations Appropriations Subcommittee Hearing:
FY 2010 Budget for the Millennium Challenge Corporation

Urbanization**Question 1:**

I. Further to my question about the extent to which MCC is providing funding to address the challenges and opportunities of urban housing and slums, doesn't the flexible funding of MCC create a real opportunity to provide the multi sectoral assistance and strategic approaches to slum improvement that can effectively and efficiently further the MCC goals of economic growth and poverty alleviation? What thoughts do you have about how the MCC constraints analysis process and MCC resources can be better focused on the critical inter-related issue of slums, poor housing and urban poverty alleviation?

Answer:

Yes, MCC does represent a flexible mechanism for dealing with complex, interrelated phenomena, such as those that characterize urban poverty. Our model is country-driven, and therefore the composition of our investments reflects the prioritization of our partners. Many country programs include investments in core urban infrastructure, including water and sanitation services, power, and roads and other transportation services, and all of these activities will have a direct impact on the quality of life for the urban poor. MCC's land programs also address some of the fundamental issues that determine patterns of settlements and local investments in improving the quality of housing.

The Constraints Analysis is designed to help countries sort through their multitude of development challenges to identify those that most limit growth and keep both urban and rural residents poor. The Constraints Analysis does not focus on specific issues, such as urban slums or agricultural productivity, but rather sifts through the economic evidence to identify the problems that need to be dealt with first to achieve faster growth and higher incomes. Although slums and poor housing can be found in many of our partner countries, this feature may not be the most binding constraint to growth. Indeed, in all of our partner countries, significant problems can be found in almost every sector, but they cannot all be at the top of list of priorities.

To date, no country has specifically requested funding for public housing or for a program to enhance the efficiency of the private sector housing market. Were such a program proposed to us by our partner countries, MCC would compare the cost of the proposed activity to the likely impact on household incomes, with a special consideration of the impact on the incomes of the poor. MCC's model requires that we not begin our engagement with partner countries by emphasizing any one sector over others, but rather ask the countries to examine the evidence and identify their most critical constraints to reducing poverty through growth.

Madagascar**Question 2:**

How does MCC plan to handle the remainder of the Madagascar compact?

Answer:

Following the undemocratic transfer of power on March 17th, MCC took quick action and imposed an operational hold on all activities under the compact.

On May 19th, the MCC Board approved MCC management's recommendation to terminate the compact no later than August 31, 2009. MCC is now working intensively with MCA-Madagascar to wind-up the program – an aggressive timeline and complex task given the number of activities that were in full implementation mode throughout the country, including extensive small works construction. The wind-up process will include termination of all contracts and employment agreements, and disposition of program assets. Priorities for the responsible wind-up process include protection of program assets and ensuring that health, safety, and environmental issues are addressed.

The early termination will result in significant consequences to the Government of Madagascar and program beneficiaries.

- Under the Land Tenure Project, approximately 100 of the planned 220 land office buildings will either be left partially constructed or not constructed at all, and the number of households benefitting from formal land rights will decrease from a projected total of 233,000 to an estimated 24,000 households.
- Under the Finance Project, more than \$2.1 million of the \$3 million refinancing fund will not be disbursed.
- Under the Agricultural Business Investment Project, the construction of three Agricultural Business Centers will not start. Termination of technical assistance will end services to the 34,000 farmers and 300 small business beneficiaries trained to date.
- In addition, Madagascar has seriously compromised eligibility for consideration for a second MCC compact, which was a major component of the national development strategy.

Question 3:

What are MCC plans regarding the committed funds?

Answer:

We expect that a portion of the \$110 million that MCC obligated for the Madagascar compact will remain unexpended when the compact is terminated. However, we will not know the exact amount that will remain until the wind-up of existing projects and contracts is completed. The compact wind-up plan will include an accounting of financial obligations that MCC may decide to pay in connection with the orderly wind-up of the compact.

MCC will be able to de-obligate any remaining funds but it is not anticipated that the final amount will be known before the end of 2009. MCC will de-obligate remaining funds as soon as possible, if there is any. Although the amount expected to be left unspent and the de-obligation timing is not likely to be known in this fiscal year. Any funds left over will be used to reduce poverty in other countries.

Congresswoman Betty McCollum
Questions for the Record
State, Foreign Operations Appropriations Subcommittee
Millennium Challenge Corporation
May 20, 2009

Due: June 17, 2009

Question:

Mr. Bent, in your testimony you mentioned a girls' health program MCC is supporting in Peru. Please provide a breakdown of costs, the number of individuals served, and the services provided by this program.

For the purposes of comparison, please provide data in the same categories for USAID's girls' health programs in Peru. In terms of specific responsibilities and activities, what has USAID's involvement been in the design and implementation of MCC's girls' health program in Peru?

Answer:

MCC and USAID are supporting complementary programs to improve child health in Peru. The \$12 million USAID program is a national health program that works on strengthening key capacities in Peru's health sector so that the Government of Peru (GoP) will have the capability to deliver quality health services to all Peruvians, particularly in poor and remote regions of the country. It works at national, regional and local levels to promote improved health care in areas such as nutrition, infectious diseases, reproductive health and family planning.

The nearly \$11.54 million MCC threshold program is focused on improving immunization rates for measles, diphtheria, pertussis (whooping cough), and tetanus, which are tracked by the Immunization Rate indicator on the MCC scorecard. The MCC threshold program, which is administered by USAID and was designed by Peru with USAID's help, was determined by the GoP to be a priority area of intervention that addresses a specific need (declining immunization rates) and complements broader health reform efforts, e.g., those on which USAID works. The MCC threshold program uses a three-pronged approach: vaccine distribution and training of health workers in immunization; strengthening vaccine supply chain logistics, including cold chain management nation-wide; and standardizing and strengthening data flow between regional governments and the Ministry of Health on immunization rates. These targeted interventions are not areas in which USAID programs are working. The MCC threshold program will directly serve 524,700 children under two years of age in eight target regions.

TUESDAY, MARCH 10, 2009.

THE MERIDA INITIATIVE

WITNESSES

THOMAS SHANNON, ASSISTANT SECRETARY OF STATE FOR WESTERN HEMISPHERE AFFAIRS (WHA)

DAVID JOHNSON, ASSISTANT SECRETARY OF STATE FOR INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT AFFAIRS (INL)

RODGER GARNER, MISSION DIRECTOR FOR MEXICO, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. Good morning. The Subcommittee on State, Foreign Operations, and Related Programs will come to order.

Today we have two distinguished panels to review implementation of the funding Congress has provided for the Merida program in Mexico and the countries of Central America.

I want to welcome our first panel: Mr. Thomas Shannon, Assistant Secretary of State for Western Hemisphere Affairs; Mr. David Johnson, Assistant Secretary of State for International Narcotics Control and Law Enforcement Affairs; Mr. Rodger Garner, USAID Mission Director for Mexico. And we also look forward to hearing our private witness panel who I will introduce later.

Over the past decade drug trafficking and other criminal enterprises have grown in size and strength, aggressively intimidating and overwhelming government institutions in Mexico and Central America and threatening security and the rule of law.

Recent news reports as recently as this morning have highlighted the surge in violence in Mexico related to drug cartels and organized crime, while homicide rates and other violent drug-related crimes have sharply increased in El Salvador, Honduras and Guatemala. This trend continues to raise questions about the most effective way to confront those powerful and well organized criminal enterprises.

An estimated 90 percent of the cocaine shipped from the Andes flows through Central America up through Mexico and into the United States. In fact, in 2007 approximately 563 metric tons of cocaine transited into the United States via Mexico. And the drug cartels have expanded into other types of drug production, with Mexico now a leading supplier of methamphetamines, heroin, and marijuana to the United States.

This subcommittee just returned from a trip to Mexico, Colombia, and Peru where we examined these challenges. We met with government leaders, law enforcement, military leaders, got a firsthand look at counternarcotics and alternate development programs the United States is funding. We were impressed by the political com-

mitment of Presidents Calderon, Uribe and Garcia, all of whom understand the level of threat posed by the narco industry and are marshaling the resources to fight it.

However, this problem cannot be solved through police and military actions alone. More must be done to invest in society and to provide alternate livelihoods, education, and opportunities for youth. While enforcement by police and military is important, security forces must institutionalize mechanisms to ensure transparency and accountability as well as respect for the rights of citizens.

I know that we will continue to work together to insist that United States counternarcotics funding emphasizes these principles; in addition, domestically more attention on reducing demand in our own society and also on curbing the traffic of guns from our country into Mexico. This is required to win this war.

Since I became the chairwoman I have been pushing for more comprehensive border security strategy that encompasses counterterrorism, anti-gang, and drug interdiction in the Western Hemisphere. Because counternarcotics efforts have a higher chance of success when implemented in the context of strong security and judicial institutions, we must also strengthen these programs.

Finally, we must work with the governments in the region to address the underlying poverty and lack of opportunity upon which the drug cartels prey to gain power and influence.

Including funding in the fiscal year 2009 omnibus appropriations, Congress has provided 700 million for assistance for Mexico and 170 million for Central America under the Merida program. I would like the panels to assess what effect the funding is having on the flow of illegal drugs to the United States, the type of coordination between the United States, Mexico, and the countries of Central America, and what additional steps are necessary to make this joint effort work.

Additionally, I hope the witnesses will address the following key issues: First, how do we break the power and impunity of criminal organizations and assist the governments in Central America and Mexico and strengthen border, air and maritime security from our southwest border to Panama? How do we improve the capacity of justice systems in the region to protect the rights of its citizens by conducting fair and just investigations and prosecutions? How can we implement rule of law programs as well as protect civil and human rights while curtailing gang activity in Mexico and Central America?

And again, I want to thank Secretaries Shannon and Johnson and Mission Director Garner for testifying today, but before I turn to our witnesses let me turn to my distinguished ranking member for her opening statement.

OPENING STATEMENT OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you, Madam Chair. Thank you for having this hearing today. Even before our recent trip to Mexico I was certainly concerned about the violence that we are reading about literally daily in Mexico. But as a result of our trip I have grown increasingly aware that if the U.S. Government fails to act quickly to help Mexico in its war against the drug cartels, there may be

grave consequences. For this reason, bringing our subcommittee together today for this important hearing is very much needed and very much appreciated.

We are all becoming painfully aware that drug-related violence is rampant in Mexico and places in Mexico, with almost 6,000 people killed last year, twice as many as in 2007. The rising death toll is in fact a sign that the Mexican Government is serious about cracking down on the drug trade.

The instability that has shaken Mexico is on our doorstep. I represent Texas, where we see criminals and drugs flow into this country while cash and weapons that support the drug trade move south across the border.

The State Department estimates that some 90 percent of the cocaine imported to the United States comes from our southern neighbor. In exchange, up to \$23 billion a year crosses the border and winds up in the hands of the Mexican drug cartels.

Fortunately, Mexican President Calderon and former President Bush took an unprecedented step to enhance cooperation between our countries to stop the scourge by announcing the Merida Initiative. The Congress supported this plan to provide Mexico with \$1.4 billion to help control drug trafficking, and as a result the U.S. Government is about halfway through its commitment with \$400 million appropriated last summer in the supplemental, another \$300 million that will flow from the 2009 omnibus bill.

From helicopters and surveillance planes to nonintrusive inspection equipment, the U.S. investment is intended to provide the hardware necessary for the Mexican Government to extend its authority to those remote and hard to access parts of the country ravaged by the drug trade. The funding for judicial reform will also help Mexico's law enforcement community root out corruption and work more effectively.

Mexico has taken its own steps forward on this front with the establishment in January of the national public safety system, which will increase coordination between Mexico's three levels of government and enhance their ability to fight crime.

I think these are very important investments to jump start the Mexican Government effort, yet the struggle could be long and painful.

In closing, I applaud the efforts of the Calderon government to eliminate those powerful drug cartels. I want to acknowledge the leadership of the previous administration and the subcommittee in recognizing that the U.S. must partner with Mexico, as well as Central American Governments in this battle. And I encourage the Obama administration to continue this Merida Initiative and make it a top priority for the upcoming budget request to the Congress.

I look forward to hearing from you, and thank you for being here.

Mrs. LOWEY. Members of our distinguished panel, we thank you again for being here. Your entire written statement will be placed in the record. We are hoping to have a lively question and answer session and we are limiting each of us to 5 minutes.

So if you can summarize your statement. We will make sure we read it very carefully if we haven't read it already. And the order of recognition will be Assistant Secretary Shannon, Assistant Secretary Johnson, Mission Director Garner.

Secretary Shannon, thank you.

OPENING STATEMENT OF MR. SHANNON

Mr. SHANNON. Madam Chairwoman, Ranking Member Granger, and distinguished members of the subcommittee, thank you very much for the opportunity to be here today. I am very happy to be joined by Assistant Secretary Johnson and Mr. Garner. This is a great opportunity for us, and we also want to thank you for your trip, as you mentioned, to Mexico and other countries. It is so important to gain firsthand knowledge of what is happening on the ground, and we deeply appreciate the effort you and your committee made.

As you know, Mexico and the countries of Central America and the Caribbean are passing through a very critical period, which you highlighted in your opening statements. The fight among organized crime groups and drug cartels to control lucrative trafficking operations has unleashed appalling violence in Mexico, Guatemala, Honduras, and other countries in the region. And the effort by our Merida partner governments to attack and dismantle these criminal organizations has provoked a harsh response.

The cartels are targeting police, military, and other security service personnel and using graphic displays of public violence to intimidate communities. This three-corner battle in which cartels fight each other while attacking state authorities represents a significant threat to our nearest neighbors and to our own national interests.

The Merida Initiative recognizes the transnational nature of the challenge we face and provides us with a framework to collaborate with our neighbors to confront the criminal organizations whose activities, violence and intimidation, threaten the welfare, prosperity, and security of our citizens.

I would like to briefly discuss the strategic importance of the Merida Initiative, what it means for the future of security cooperation in the Americas, and its potential to transform our relationships with our Merida partners. As I do so, I want to highlight that the urgency of our Merida assistance is heightened by the current financial and economic crisis.

With public sector budgets at risk, remittances declining, and job loss throughout the region, the attraction that organized crime and cartels present is obvious. In regard to Mexico, as noted, the administration of President Calderon has expanded cooperation with the United States and offered to work with us in an unprecedented, collaborative, and coordinated fashion. We have accepted that offer through the Merida Initiative, but the nature of the challenge is daunting. As noted, authorities estimate that in 2008 alone over 6,200 persons were killed in drug-related violence, including 522 civilian law enforcement and military personnel, and we believe that the transnational nature of this threat is indicated by Federal law enforcement estimates that elements of Mexican based criminal organizations are present in 230 American cities.

The important steps that Mexico has taken in this fight have included deploying the military in large numbers in operations against organized crime, professionalizing Mexico's police forces, and prosecutors, extraditing top drug bosses wanted by U.S. au-

thorities, instituting long-term reforms to improve the effectiveness of the Mexican judicial institutions, and removing Mexican officials linked to crime syndicates and corruption.

Working together with the Mexicans, we can address this threat, and our ability to cooperate with the Mexicans is going to be critical to our collaboration and our success.

As noted, the Merida is on one hand a robust assistance package where we work directly with the countries of Mexico, Central America, and the Caribbean to address immediate needs they have, both institutional and with regard to their equipment. But it is premised on a partnership between our countries and our recognition that multifaceted problems associated with criminal organizations represent a shared responsibility whose solutions require a coordinated response, and this coordinated response is really at the heart of the Merida Initiative and at the heart of how our intra agency operates.

In regard to Central America, in our conversations with Central American leaders and public security ministers we are convinced that the leaders of Central America have the political will that you found in Mexico, Colombia, and Peru. They are dedicated to eliminating violence and crime that plague our nations, but they are challenged by sophisticated traffickers, gangs and organized crimes who utilize widespread bribery, intimidation, and corruption to undermine the efforts of national law enforcement and judicial authorities.

We have engaged with the Central Americans in unprecedented levels of discussion, and built I believe an initial framework in Merida that is going to pay big dividends, especially as we move forward. But we also recognize there is real concern about the Caribbean. In that sense the decision by the Congress to put funding in the 2008 supplemental for the Dominican Republic and Haiti was an important effort to understand the importance of the Caribbean and to require us to take a closer look at the Caribbean. We have done that. Admiral Stavridis and I have traveled in the region to meet with Caribbean leaders. Last September in 2008, Secretary Rice issued a statement committing the United States to working with the Caribbean to develop a security cooperation dialogue. And we will be meeting with Caribbean security personnel in May after the Summit of the Americas to begin a larger discussion about what that kind of security cooperation dialogue should look like.

In concluding, I want to underscore that we appreciate the funding that the Congress has given us through the 2008 supplemental and the funding that is being considered at this point in time. Continued funding is essential for the well-being of Merida. Our ability to sustain resources over time is going to be key to the ability of these governments to meet the challenges they face.

In closing, the Merida Initiative was born out of crisis. This crisis also provides us with a strategic opportunity to reshape our security cooperation relationship and expand dialogue with our partners on critical security and law enforcement issues.

Thank you very much.

TESTIMONY OF
THOMAS A. SHANNON
ASSISTANT SECRETARY OF STATE,
BUREAU OF WESTERN HEMISPHERE AFFAIRS
DEPARTMENT OF STATE
BEFORE
THE SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND
RELATED PROGRAMS
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
March 10, 2009

Madam Chairwoman, Ranking Member Granger and Distinguished Members of the Subcommittee:

Thank you for the opportunity to appear before this Committee and to discuss the Merida Initiative. Mexico, and the countries of Central America and the Caribbean, are passing through a critical period. The fight among organized crime groups and drug cartels to control lucrative trafficking operations has unleashed appalling violence in Mexico, Guatemala, and Honduras. The effort by our Merida partner governments to attack and dismantle these criminal organizations has provoked a harsh response. The cartels are targeting police, military, and other security service personnel, and using graphic displays of public violence to intimidate communities. This three corner battle, in which cartels fight each other while attacking state authorities, represents a significant threat to our nearest neighbors and to our national interests.

The Merida Initiative -- and the continuing close partnership it promotes with the governments of Mexico, Central America, Haiti, and the Dominican Republic -- recognizes the transnational nature of the challenge we face and provides us with a framework to collaborate with our neighbors to confront the criminal organizations whose activities, violence and intimidation threaten the welfare, prosperity, and security of our citizens.

I would like to briefly discuss the strategic importance of the Merida Initiative, what it means for the future of security cooperation in the Americas, and its potential to transform our relationships with our Merida partners. As I do so, I want to highlight that the urgency of our assistance

through the Merida Initiative is heightened by the current financial and economic crisis. With public sector budgets at risk, remittances declining, and job loss throughout the region, the attraction that organized crime and cartels present is obvious.

MEXICO

With respect to Mexico, the Merida Initiative reflects our response to both an imminent danger and an opportunity to work with Mexico to address the threat emanating from organized crime and drug trafficking organizations. While we have been working increasingly cooperatively with the Government of Mexico during the past decade, the Administration of President Calderon has expanded that cooperation and offered to work with us in an unprecedented collaborative and coordinated fashion.

Our affirmative answer to this offer was an expression of our confidence in President Calderon's leadership, and the courage of the Mexican people. The nature of our shared challenge is daunting. Mexican authorities estimate that in 2008 over 6200 persons were killed in drug-related violence, including 522 civilian law enforcement and military personnel. We are increasingly aware that this violence affects U.S. communities along our southern border. According to federal law enforcement agencies, elements of the Mexican-based criminal organizations are present in 230 American cities.

President Calderon and his government have demonstrated over the last two years their intention to surmount the serious challenges posed by these transnational criminal organizations. The Calderon administration has taken major steps to confront the narcotraffickers and to enhance the capacity of the state to address crime and corruption. These steps have included deploying the military in large numbers in operations against organized crime; professionalizing Mexico's police forces and prosecutors; extraditing top drug bosses wanted by U.S. authorities; instituting long-term reforms to improve the efficiency and effectiveness of Mexican judicial institutions, and removing Mexican officials linked to crime syndicates and corruption. President Calderon has also launched critical social, development, and health initiatives to reclaim Mexico's public spaces, and confront the increasing demand for drugs within Mexico.

Our bilateral ties with Mexico are already broad and deep; they encompass everything from trade and energy to making our borders operate more efficiently. But working together to meet this unprecedented threat is at the top of our bilateral agenda, and the Merida Initiative is critical to our collaboration and success.

As you know, the Merida Initiative has two interconnected and mutually reinforcing aspects. On the one hand, Merida has a robust assistance component, in which the Department of State, working in close collaboration with the Departments of Homeland Security, Justice, and others, seeks to provide Mexico, Central America, and Haiti and the Dominican Republic with equipment, training, and technical assistance to enhance the capacity of the state to interdict and stop illicit drugs, arms and human trafficking; to improve public security and law enforcement; and to strengthen institution building and the rule of law.

But more than just a program of bilateral or regional assistance, the Merida Initiative is premised on a partnership between our countries, and a recognition that the multifaceted problems associated with these criminal organizations represent a shared responsibility whose solution requires a coordinated response. The Merida Initiative entails increased levels of assistance while providing a framework for enhanced cooperation. This partnership means that U.S. and Mexican authorities work together to design strategy as well as develop and implement projects and activities.

The cooperation and the partnership central to the Merida Initiative and the principle of shared responsibility also require action on our part. The weapons employed by the criminal organizations against law enforcement agencies and innocent civilians in Mexico are primarily purchased in the United States and smuggled illegally across the border to Mexico. The Department of Homeland Security (Immigration and Customs Enforcement and Customs and Border Protection) and the Department of Justice (Bureau of Alcohol, Tobacco and Firearms) are working in the U.S. and with Mexican officials to curtail this deadly trade. The Department of the Treasury and the Department of Homeland Security (Immigration and Customs Enforcement and Customs and Border Protection) continue to work with Mexican financial and law enforcement authorities to disrupt the bulk transfer of cash from drug sales that flow from the U.S. and finance the operations of the Mexican drug cartels. And, of course, it is the demand for illicit drugs in the U.S. which underpins the narcotics trade. We must

continue to invest in efforts to reduce our domestic demand even as we assist Mexico with its own burgeoning demand problem. Progress on these three fronts is critical to the success of the Merida Initiative, to protect our citizens, and, to defeat these criminal organizations.

CENTRAL AMERICA

The security situation in Central America continues to be a serious concern, with all nations witnessing significant and sustained increases in crime and violence. While some of the rise in Central American crime can be attributed to locally-based criminal enterprises, an important part of the increase in violence is the result of Colombian and Mexican trafficking entities and their supporting infrastructure moving into Central America.

While we are convinced that the leaders of the Central American nations are dedicated to eliminating the violence and crime that plague their nations, they are challenged by sophisticated traffickers, gangs and organized criminals who utilize widespread bribery, intimidation and corruption to undermine the efforts of national law enforcement and judicial authorities.

To support the governments of Central America, we have made significant progress in working to implement the Supplemental FY 2008 Merida Initiative funding for Central America, as well as positioning the U.S. Government to make further advances in the region with anticipated out year funding. As we address regional issues in Central America, we have adopted regional solutions and approaches. The Central American nations have also engaged in sustained, high-level regional security cooperation discussions to collectively address serious, destabilizing regional law enforcement threats under the auspices of the Central American Integration System (SICA). The Central American component of the Merida Initiative grew out of an unprecedented dialogue with SICA and the Central Americans own strategy against crime and violence. Our range of programming will encourage regional training and best practices, and enhanced law enforcement cooperation and information sharing to permit cross border investigations, interdiction efforts, and prosecution efforts against transnational organized crime groups, gangs and traffickers.

The U.S. Government remains committed to supporting the nations of Central America in countering, disrupting and ending the influence of

traffickers, gangs and organized criminal groups throughout the region. The Merida Initiative provides us a regional vehicle to accomplish these objectives and to link these efforts with our efforts in Mexico. The Governments of Central America and Mexico recognize that these are transnational problems requiring transnational solutions and they hold regular meetings among their political and security officials, including under the auspices of SICA. The Merida Initiative furthers this regional dialogue and engagement. Ultimately, the results of our efforts will enable the Central American governments and Haiti and the Dominican Republic to reassert control over their territory, provide the stability needed for the creation of new economic opportunities for the peoples of the region, and reinforce the critical role of democratic institutions and adherence to the rule of law.

THE CARIBBEAN

The FY08 Supplemental, as approved, included \$2.5 million each for Haiti and the Dominican Republic. This was recognition by the Congress of the threat that drug trafficking through the Caribbean poses to the two countries of Hispaniola.

We have begun a process of engagement with the other countries of the Caribbean which we hope will lead to a security dialogue and security cooperation program. This possibility was explored during a visit by Admiral Jim Stavridis, the Combatant Commander of United States Southern Command (SOUTHCOM), and I to the Caribbean; and our commitment was ratified in a statement issued by the State Department in September 2008 following a meeting with Caribbean Foreign Ministers. We plan to hold initial technical discussions with Caribbean security representatives in May after the Summit of the Americas.

CONCLUSION

Assistant Secretary Johnson will address more directly the issues related to the implementation of our projects under the Merida Initiative. I want to conclude by emphasizing that continued funding is essential to the success of the Merida Initiative. Thanks to strong bipartisan support in this committee and in the entire Congress, we launched the Initiative with \$465 million in funding appropriated in the FY 2008 Supplemental Appropriations Act. We have to be able to stay the course and maintain

significant levels of funding if we are to be successful. Continued funding of the Merida Initiative will provide us with sustained resources to achieve our goals in support of the governments of Mexico, Central America, Haiti, and the Dominican Republic. Our partners have clearly demonstrated their willingness to take strong and decisive action, committing lives and treasure while revamping law enforcement and justice sector institutions for this task.

The Merida Initiative was born out of crisis. This crisis also provides us with a strategic opportunity to reshape our security cooperation relationship and expand dialogue with our partners on critical security and law enforcement issues. The Merida Initiative provides us with a platform to enhance this partnership and work more effectively with our nearest neighbors in the hemisphere to counter a menace that threatens us all.

Thank you and I would be happy to answer any questions you may have.

**BIOGRAPHY****Thomas A. Shannon, Jr.**

Assistant Secretary, Bureau of Western Hemisphere Affairs

Term of Appointment: 10/07/2005 to present

Read the Assistant Secretary's remarks.

Thomas A. Shannon was confirmed as Assistant Secretary of State for Western Hemisphere Affairs on October 7, 2005.

A career member of the Senior Foreign Service, Mr. Shannon served as Special Assistant to the President and Senior Director for Western Hemisphere Affairs at the National Security Council from 2003 to 2005. From 2002 to 2003, he was Deputy Assistant Secretary of Western Hemisphere Affairs at the Department of State, where he was Director of Andean Affairs from 2001 to 2002. He was U.S. Deputy Permanent Representative to the Organization of American States (OAS) from 2000 to 2001.

He served as Director for Inter-American Affairs at the National Security Council from 1999 to 2000; as Political Counselor at the U.S. Embassy in Caracas, Venezuela from 1996 to 1999; and as Regional Labor Attaché at the U.S. Consulate General in Johannesburg, South Africa from 1992 to 1996.

During his career as a Foreign Service Officer, Mr. Shannon also served as Special Assistant to the Ambassador at the U.S. Embassy in Brasilia, Brazil from 1989 to 1992; as Country Officer for Cameroon, Gabon, and Sao Tome and Principe from 1987 to 1989; and as the Consular/Political Rotational Officer at the U.S. Embassy in Guatemala City, Guatemala from 1984 to 1986.

Mr. Shannon holds a Doctorate and a Master's degree in politics from Oxford University, and a B.A. in Government and Philosophy from the College of William and Mary.

Released on November 3, 2005

Mrs. LOWEY. Thank you. Secretary Johnson.

OPENING STATEMENT OF MR. JOHNSON

Mr. JOHNSON. Thank you, Madam Chairwoman, Ranking Member Granger, and other members of the committee. We appreciate the opportunity you are giving us this morning to discuss the Merida Initiative, our security cooperation partnership to combat transnational narcotics trafficking and organized crime in Mexico Central America and the Caribbean.

Our partner nations are already working hard to fight transnational criminals. They are demonstrating unprecedented courage and real determination. We believe with our help they can do much more.

Since his inauguration in December 2006, Mexican President Calderon has taken decisive action against transnational criminal organizations. Under his leadership counternarcotics and law enforcement operations have expanded throughout Mexico and he has begun the arduous task of large scale police and rule of law reform.

His efforts to combat corruption, confront powerful criminal syndicates, improve coordination among security agencies, modernize law enforcement agencies and professionalize their staff are indeed without precedent.

But as President Calderon confronts the transnational drug trafficking organizations that threaten his country and the region, violence has climbed markedly.

In Central America overwhelmed police face extraordinary challenges as criminals step up their murder, kidnapping, extortion and robbery. Gang members migrating both within Central America and from the United States take advantage of the breakdown in law and order and expand the neighborhoods they exploit. Failure to act now could mean that crime becomes more entrenched and the consequences of dealing with these problems later will be greater for all of us. With a long-term effort, they can emerge stronger, with more resilient, democratic and law enforcement institutions and with greater capacity to respond to the needs of their citizens.

Madam Chairwoman, while the situation in present day Mexico and indeed Central America is unique, lessons we have learned elsewhere in other programs are still instructive. One of those lessons is the vital role of partners political will plays in meeting the crisis at hand. We truly have a partner of extraordinary political will in President Calderon.

Another lesson is the importance of law enforcement and judicial institution reform. This is the kind of reform that lies at the heart of the Merida Initiative.

Finally, we have learned that law enforcement needs the mobility to extend the state's authority rapidly to remote and inaccessible places. It is crucial that we extend credible deterrence across and ensure that law enforcement can reach high value targets and eliminate their threat to the rule of law. That is the reason helicopters play such a key role in the program for Mexico.

Madam Chairwoman, the countries of the Caribbean, Central America, and Mexico face an extraordinary challenge from drug fueled organized crime. Merida in and of itself will not solve the

problems this crime wave inflicts, but it will give us and our partners crucial tools to address the challenge effectively and restore the rule of law in our own neighborhood.

Thank you for your time. I would be happy to answer any questions when the time comes.

[The statement of Mr. Johnson follows:]

TESTIMONY OF
DAVID T. JOHNSON
ASSISTANT SECRETARY OF STATE,
BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT
AFFAIRS (INL)
DEPARTMENT OF STATE
BEFORE
THE HOUSE APPROPRIATIONS COMMITTEE, STATE, FOREIGN
OPERATIONS, AND RELATED PROGRAMS SUBCOMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES
March 10, 2009

Madam Chairwoman, Ranking Member Granger, and Members of the Committee:

Thank you for the opportunity to discuss the Mérida Initiative, which is a security cooperation partnership to combat transnational narcotics trafficking and organized crime in Mexico, Central America, and Caribbean.

Our partners in Mexico, Central America, Haiti and Dominican Republic have already made considerable progress in their own efforts to fight these transnational criminals, and they appreciate our help, which will enable them to greatly expand on this progress. Through bilateral and multilateral initiatives, these governments are demonstrating unprecedented will to work with us and each other to address these issues. This is a compelling opportunity to advance our common national security interests.

Roughly 90 percent of all the cocaine consumed in the United States transits Mexico. The country is also the largest foreign supplier of marijuana and methamphetamine to the United States. Central American officials have identified gangs, drug trafficking, and trafficking of arms as the most pressing security concerns in that region.

The Challenge in Mexico

Since his inauguration in December 2006, President Calderon has taken decisive action against transnational criminal organizations by conducting counternarcotics operations throughout the country, and initiating large scale police and rule of law reform. As the result of government pressure against the drug trafficking organizations, and conflicts among these organizations over access to prime trafficking routes to the United States, drug-related assassinations and

kidnappings have reached unprecedented levels. By some estimates, there were as many as 6,200 drug-related murders last year, including the deaths of 522 military and law enforcement officials, more than double the level in 2007.

Narcotics manufacturing in Mexico produced around 18 metric tons of heroin in 2007 and nearly 16,000 metric tons of marijuana. Profits from the drug trade, including the trafficking of cocaine and methamphetamine, generate an estimated \$13-\$25 billion in earnings per year for the drug cartels. Some 150,000 people are estimated to be directly involved in the narcotics business and another 300,000 are involved in marijuana and opium cultivation and processing. Mexican efforts against the drug gangs coincide with a trend of dramatic reduction in the purity of cocaine and methamphetamines in the United States, as well as an increase in street prices.

In recent years, Mexico's drug trafficking organizations have acquired increasingly sophisticated and powerful weaponry – largely from purchases made in the United States. The massive drug profits flowing from the United States are used to finance operations and suborn officials. Arms purchased or otherwise acquired here and smuggled into Mexico equip the cartels with mines, anti-tank weapons, heavy machine guns, military hand grenades, and high powered sniper rifles and high-tech equipment. Smuggling also equips the cartels with night-vision goggles, electronic intercept capabilities, encrypted communications and helicopters. In addition, some of the groups, such as the "Los Zetas" (former military who have become the enforcement arm of the Gulf Cartel), have received specialized training in weapons and tactics. Municipal and state police, and even the military, are woefully ill equipped to confront such well armed and trained forces. Through arms trafficking assistance provided under the Mérida Initiative and domestic programs to stop the flow of weapons across the border, the United States government is increasing efforts to counteract the impact of weapons smuggled from the U.S.

By disrupting the illicit drug market, President Calderon reduced the earnings of major trafficking organizations, which caused them to react. As challenging as this struggle has become, President Calderon recognizes that failure to act now could result in organized criminal elements digging even deeper into the fabric of Mexican society, thus making the cost of dealing with these problems later even more significant. Organized crime, however, should not simply be displaced further south to Central America or into the Caribbean, and therefore the Mérida Initiative includes assistance to Central America, Haiti and the Dominican Republic.

The Challenge in Central America

Mérida Initiative assistance will aid Central American efforts to fight transnational criminal groups. Specifically, it targets trafficking in drugs and arms; deteriorating public security, including the threat of gangs; and strengthening justice institutions. The United States plans to strengthen the ability of the countries in Central America to stop the trafficking of drugs along both coasts by strengthening their maritime interdiction capacity, building on the existing Enduring Friendship program to ensure compatibility and interoperability.

We are protecting land borders by providing inspection equipment and training in the tactical use of this equipment. Mérida will improve the region's capacity to share information on criminals through vetted investigative units, on-line drug crime information and systems to share fingerprints.

Mérida addresses arms trafficking with training and a regional arms advisor. All of the Central American nations signed the e-trace agreement at the meeting of the Central American Integration System (SICA) in Washington last December, therefore that system will now be extended into and utilized by these countries.

Overwhelmed police are losing the battle to keep the public safe, as organized criminals have stepped up murder, extortion, kidnapping and robbery. Gang members migrate within Central America and from the United States, where they also commit crimes. Mérida provides funding to implement the U.S. Strategy to Combat Criminal Gangs, including specialized anti-gang units in El Salvador, Honduras, and Guatemala that will improve investigation and prosecution of dangerous gang members. Mérida will improve processes for repatriation and fund community prevention programs to prevent youth from joining gangs. Community programs will also strengthen local governments and help fight the underlying social conditions that contribute to crime.

Mérida also addresses the long term strengthening of justice sector institutions, by improving police training, training prosecutors to build better cases, and improving management of prisons so they are no longer centers for committing crimes.

The Response: The Mérida Initiative

In July 2008, Congress appropriated \$465 million for the first phase of the Initiative -- \$400 million for Mexico and \$65 million for Central America and the

Caribbean. The Department of State, and specifically my Bureau, has been charged with overseeing the largest portion of Merida funding. I want to stress, however, that Merida is a collaborative effort. We work closely with key agencies like USAID, and the Departments of Defense, Homeland Security, Justice, and Treasury both in Washington and at our Embassies in the region as well as with all our host nation partners. As we enter the phase of more concrete implementation, our collaboration will accelerate.

The majority of the Mérida effort obviously is in Mexico, but the following descriptions will apply to Mérida programs throughout the region:

Corruption

President Calderon has made fighting corruption a centerpiece of his efforts to rebuild public trust in Mexican institutions. Last year, his government launched a comprehensive anti-corruption investigation dubbed "Operation Clean House" which immediately resulted in the detention of six high-ranking law enforcement officials, including members of the Attorney General's Office (PGR), federal police and Mexican representatives to Interpol. Dozens more junior federal security officials have also been suspended or fired over corruption charges.

Moreover, the Secretariat of Public Security (SSP) is leading efforts to restructure and improve the capacity of the federal police. For example, the SSP plans to develop the means to vet the entire federal police force -- and eventually all state and municipal police -- to stem corruption.

For Mexico, the Mérida Initiative contains resources to enhance polygraph programs, provide training for new police officers, and a very aggressive pre-employment screening process, in which we expect DHS and DOJ to be important implementation partners. Other Mérida programs for both Mexico and Central America include:

- Expanding existing "Culture of Lawfulness" projects that will reach across governmental institutions in order to promote respect for the rule of law among a variety of societal actors, including public school students and recruits at police academies;
- Training for ethics and anti-corruption under an existing police professionalization program (8,112 were trained last year) and citizen

complaint offices so that the public can report alleged instances of corruption;

- Working with Mexican law enforcement agencies to encourage greater transparency and accountability, such as helping train and equip inspector general offices, who will confront corruption throughout the federal bureaucracy.

Judicial reform

The Mérida Initiative includes various efforts to improve crime prevention, modernize the Mexican police force, and strengthen institution building and rule of law, for which DHS and DOJ have special expertise to contribute. Case management software, technical assistance programs, and equipment will support Mexico's judicial and police reforms by enhancing their ability to investigate, convict, sentence, and securely detain those who commit crimes. Technical assistance and training programs will support Mexico's development of offices of professional responsibility, inspectors general, and new institutions designed to receive and act on citizen complaints. Increased training for prosecutors, defenders, and court managers in Central America, will also assist with judicial reform.

Prisons

The Initiative will also expand technical assistance on prison management, and will aid in severing the connection between incarcerated criminals and their criminal organizations. This program will assist Mexico's efforts to improve the effectiveness of its prison system to more effectively manage violent offenders and members of criminal networks. More than 220,000 prisoners crowd the 438 state/municipal and six federal penal facilities. Of the 50,000 in federal facilities, some 19,000 are incarcerated awaiting sentencing. The Mexican Government is particularly interested in this program to develop a new maximum security prison, by reviewing other federal prisons holding the most violent criminals, establishing related administrative regulations for their most effective management, and developing a curriculum for a dedicated corrections training academy. The training academy will be located in Xalapa, Veracruz, and plans to graduate as many as 4,000 new corrections officers by the end of the year.

Anti-money laundering

One of our existing programs supports anti-money laundering efforts by the Government of Mexico by assisting the Government's Financial Intelligence Unit (FIU) and supporting police and prosecutors who investigate money laundering-related crimes. Both DHS and DOJ can make contributions in this area. As part of the Mérida Initiative, the U.S. will support the FIU through the expansion of software for data management and data analysis associated with financial intelligence functions and law enforcement.

Interdiction and Border Security

Nearly half of our present programs focus on interdiction, including support for the Mexican counterparts of our federal law enforcement agencies. To further advance this cooperation, funding under the Mérida Initiative focuses support for the Department of Justice's (DOJ) Consolidated Crime Information System; purchasing special investigative equipment, vehicles and computers for the new Federal Police Corps; creating special police units to focus on high-profile criminal targets and to deploy at major airports and seaports; and assessing security and installing equipment at Mexico's largest seaports.

Our ongoing programs focus on border security by principally providing inspection equipment and associated tactical training to support inspection capabilities of police, customs and immigration. Funding you provided also supports equipment and specially trained canine teams that will pursue drugs, bulk cash, explosives and other contraband. We also facilitate the real-time interchange of information related to potential counterterrorism targets. We expect Customs and Border Protection and the Alcohol, Tobacco, and Firearms Agency to play important roles in these areas.

Several other programs that support of interdiction and border security efforts include the following:

- Information technology support that will assist Mexico's federal migration authorities improve their database and document verification capabilities;
- Additional communications equipment will improve their ability to conduct rescue and patrol operations along Mexico's southern border;
- Equipment for a secure communications network, data management, and forensic analysis will strengthen coordination among Mexican law

enforcement agencies and greatly enhance Mexico's ability to prosecute narcotrafficking and other transborder crimes;

- Technologies such as gamma-ray scanners, density measurement devices, and commodity testing kits will help prevent the cross-border movement of illicit drugs, firearms, financial assets, and trafficked persons;
- Expansion of weapons tracing programs will enable increased joint and individual country investigations and prosecutions of illegal arms trafficking;
- Enhanced information systems in Mexico will strengthen analytical capabilities and interconnectivity across law enforcement agencies and improve information sharing with U.S. counterparts; and
- Additional transport and light aircraft in Mexico will improve interoperability and give security agencies the capability to rapidly reinforce law enforcement operations nationwide.

Demand Reduction

In addition to rising levels of drug-related violence, chronic drug consumption has doubled since 2002 in Mexico to 500,000 addicts, possibly 5 percent or 3.5 million people consume illegal drugs. The fastest growing addiction rates are among the 12 to 17 year old population, and consumption rates among women have doubled. The Mérida Initiative is building significantly on existing demand reduction programs by:

- supporting the National Council against Addictions' efforts to provide computer hardware for a distance learning platform for the entire country to facilitate training and technical assistance on drug prevention and treatment;
- establishing a national-level counselor certification system in order to improve the delivery of drug treatment services;
- creating Drug Free Community Coalitions to increase citizen participation in reducing drug use among youth; and

- providing an independent evaluation of the drug treatment/certification projects in order to assess training effects and long-range outcomes such as decreased drug use and reductions in criminal activity.

Mérida Implementation

All of the programs and projects funded through the INCLE account are moving forward through Letters of Agreement (LOAs) with the host nations in the region. On December 3, 2008, an LOA was signed with the Government of Mexico obligating \$197 million of the funding for counternarcotics programs. LOAs were also signed with Honduras on January 9, El Salvador on January 12, Guatemala on February 5 and Belize on February 9. Panama expects to sign in the near future. Other programs funded through other accounts are also moving forward in both Mexico and Central America.

On December 19, the Governments of the United States and Mexico met to coordinate the implementation of the Mérida Initiative through a cabinet-level High Level Group, which underscored the urgency and importance of the Initiative on both sides of the border. A working level inter-agency implementation meeting was held February 3 in Mexico City with the aim of accelerating the implementation of the 48 projects through nine working groups for Mexico under the Initiative. A follow on meeting was held March 2.

Of course, the urgency of this effort dictates that we not wait for the infrastructure to be in place before delivering assistance. Initial projects under the Initiative have begun to roll out, including a bilateral workshop on strategies on prevention and prosecution of arms trafficking to be held in April, the implementation of an anti-trafficking-in-persons system for the Attorney General's Office this month, opening three immigration control sites along the Mexico-Guatemala border that will issue biometric credentials to frequent Guatemalan border crossers in May, and a train-the-trainer program for SSP Corrections officers, which will graduate 200 officers in June.

The leaders of Mexico and Central America agree that transnational crime is a regional problem, which will require regional solutions. To that end, the Mérida Initiative will combine each nation's domestic efforts with broader regional cooperation to multiply the effects of our actions. Mérida programs were designed with the belief that strengthening institutions and capacity in partner countries will enable us to act jointly, responding with greater agility, confidence and speed to

the changing tactics of organized crime. We continue with that belief, however, nobody envisioned the severity or scope of the cartels present response.

Success in Mexico requires the commitment and resolve of the Mexican government and the buy-in of the Mexican people, which is present in the Calderon administration and a population increasingly concerned about the human toll of transnational crime and illicit drug trafficking. Likewise, we will commit U.S. law enforcement agencies to increase their efforts to work in partnership with their Mexican counterparts to combat the scourge of organized crime and drug trafficking that plagues communities on both sides of the border.

Our mutual commitments with Central America are also strong; the escalating violence in Guatemala as the cartels are pressured in Mexico is a demonstration of the urgency we must bring to this endeavor. We are also seeing a dramatic increase in the number of air and maritime drug trafficking events going into the island of Hispaniola, primarily on the Dominican side. Drug traffickers are attempting to secure routes and contacts to facilitate the shipment of drugs to the United States and Europe.

The progressive increase in the depth and breadth of joint operations between our governments was always an underlying assumption of the Mérida Initiative, and having only entered the initial phases of implementation we already have an opportunity to expand our collaboration. The current violence along our southwest border presents an opportunity to work in conjunction with our Mexican counterparts to provide better security for residents on either side of the border. Planning for such expanded law enforcement operational cooperation is only just beginning, and must include a multitude of agencies on either side of the border. Once defined, there will be an associated cost in order to ensure that capabilities between Mexican agencies and their U.S. counterparts will ensure any response is timely and well coordinated, with visibility from all agencies, both U.S. and Mexican, along the border. I look forward to working with you to enable this new phase of U.S.-Mexico collaboration.

Thank you for your time and I will be happy to answer any questions you may have.



BIOGRAPHY

David T. Johnson

Assistant Secretary, Bureau of International Narcotics and Law Enforcement Affairs

Term of Appointment: 10/31/2007 to present

David T. Johnson was sworn in as Assistant Secretary for the Bureau of International Narcotics and Law Enforcement Affairs on October 31, 2007. Prior to his appointment, Mr. Johnson served as Deputy Chief of Mission for the US Embassy in London from August 2003 until July 2007.

Mr. Johnson, of Georgia, entered the United States Foreign Service in 1977. He served as the Afghan Coordinator for the United States from May 2002 to July 2003. He served as United States Ambassador to the Organization for Security and Cooperation in Europe (OSCE) from January 1998 until December 2001. Before serving as Ambassador to the OSCE, Mr. Johnson was Deputy Press Secretary for Foreign Affairs at the White House and Spokesman for the National Security Council from 1995 to 1997. Previously, he served as Deputy Spokesman at the State Department and Director of the State Department Press Office; United States Consul General in Vancouver; and Deputy Director of the State Department's Operations Center.

Mr. Johnson has also worked in the Department of State on European security issues and as desk officer for Berlin, Austria, and Switzerland; an economic officer at the U.S. Embassy in Berlin; and a vice consul at the U.S. Consulate General in Ciudad Juarez. Before joining the Foreign Service, Mr. Johnson was an Assistant National Trust Examiner with the Treasury Department's Office of the Comptroller of the Currency.

Mr. Johnson earned a B.A. in economics from Emory University in 1976. He attended Canada's National Defense College in 1989-1990. He is married with three children.

Released on November 1, 2007

Mrs. LOWEY. Thank you. Mr. Garner.

OPENING STATEMENT OF MR. GARNER

Mr. GARNER. Madam Chairwoman, Ranking Member Granger, and other distinguished members of the subcommittee, thank you for inviting me here to appear before you today. I appreciate the opportunity to testify on the U.S.'s role in the Merida Initiative.

Madam Chairwoman, I also wish to thank you for your recent visit down to Mexico, for the opportunity we had to discuss different parts of our programs, and I especially want to thank you for visiting the Trafficking in Persons Center. The young victims were enormously encouraged by your words of support, so thank you for that.

Mrs. LOWEY. Thank you for organizing it.

Mr. GARNER. My pleasure.

Criminal organizations prosper when public institutions are weakened by insufficient budgets, inadequate equipment, and poor training. Mexican civil society estimates that only 2 percent of criminal cases actually reach conviction. Poor coordination between law enforcement officials and efforts across the region also contribute to criminal success.

The narcotraffickers have exploited our differences, they do not respect our borders, our laws, nor human life. USAID supports President Felipe Calderon's efforts to strengthen law enforcement and justice sector institutions that are key in addressing crime and violence. One way we do this is by fostering greater collaboration between U.S. and Mexican states. For example, New Mexico provided technical assistance and training to the forensics labs of Chihuahua. Colorado recently trained state police investigators from Baja, California.

Drawing upon the best practices of the state experiments in justice reform, the Mexican Congress last year passed historic constitutional amendments to overhaul the entire justice system of Mexico. USAID's Merida programs will support the Mexican institutions as they now begin to train an estimated 1 million people in new, transparent, and more accountable ways of administering justice.

Our Merida programs also promote greater respect for human rights. Mexico's old justice system relied heavily on confessions to prove the guilt, leading to many charges of human rights violations by police and prosecutors as they sought those confessions. The new justice system is founded on a presumption of innocence and evidence is required to prove guilt.

In addition to providing scholarships to the rural indigenous groups that you met while you were down in Mexico, we also sponsor cross-border, university-to-university programs. Three of the 64 partnerships which we have fostered so far have assisted in law schools and helping law students retrain into the new system. Southwestern University Law School in Los Angeles, American University, and the Illinois Institute of Technology Kent College of Law are participating in these programs.

We are grateful also to the U.S. Western Attorneys General of the States who have been very active in the program. Arizona's Attorney General Terry Goddard hosted a meeting a year ago in

Phoenix between U.S. and Mexican state attorneys general. Increased interactions have fostered greater trust, cooperation, and identified simple practical solutions. For example, Arizona shares with Sonora now their database on stolen cars, which allows Sonora's law enforcement officials to better trace the origin of those abandoned cars that may have been used to smuggle guns and money from Arizona into Sonora.

Merida funds are allowing us to expand these kind of programs. Of course the challenges we confront in Mexico are shared and in fact extend into Central America. Geographic isolation and the lack of economic opportunities makes some communities especially vulnerable to criminal activity, to gangs, and to drugs.

In these locations USAID will support vocational education, computer literacy, and bring together businesses to increase employment opportunities. USAID will expand community crime, and gang prevention programs to strengthen the role of local government officials and citizen groups in leading, organizing, and mobilizing resources to improve security.

USAID will also expand policing initiatives that bring together community leaders, civil society, and police to increase the cooperation, mutual understanding and results.

In conclusion, I would like to add my thanks for the strong bipartisan support in this committee and in the entire Congress as we implement this very important program. Mexico has laid out a very ambitious reform program for their police forces and for their entire justice system. By participating in these programs, our Federal, State and local officials will gain a broader understanding and build a trust that will increase regional cooperation to defeat international criminal syndicate.

Thank you.

[The statement of Mr. Garner follows:]

STATEMENT OF
RODGER D. GARNER
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
USAID MISSION DIRECTOR TO MEXICO
BEFORE THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND
RELATED PROGRAMS

MARCH 10, 2009

Madam Chairwoman, Ranking Member Granger and other distinguished Members of the Subcommittee, thank you for inviting me to appear before you today. I appreciate the opportunity to testify on USAID/Mexico's role in the Merida Initiative. Madam Chairwoman, I also wish to thank you and your colleagues for your recent visit to Mexico where we had the opportunity to discuss some of our programs. I especially want to thank you for the delegation's visit to the Trafficking-in-Persons shelter. The young victims were enormously encouraged by your words of support.

As my State Department colleagues have noted, the Merida Initiative is a timely and historic opportunity for the United States to expand our partnership with Mexico, as well as the countries of Central America and the Caribbean, to fight the international criminal organizations that harm the citizens and communities of all of our countries. This fight will be difficult and it will be long. But it is a fight that, by working together, we will win.

USAID's program in Mexico promotes bilateral cooperation to resolve the challenges that confront both nations. Our programs support Mexican initiatives in justice system reform, economic competitiveness, and sustainable development, so that Mexico can provide its citizens economic opportunities and a safe community in which they can raise their families. Our \$23 million FY 2008 program helped Mexico to improve natural resource management, increase energy efficiency, broaden access to finance, provide educational opportunities and prevent the spread of infectious diseases such as TB and HIV.

Criminal organizations have prospered due to four factors. First, the demand for drugs fuels the entire multi-billion industry. In addition to the

large U.S. market for illicit drugs, criminal organizations have increased their sales in Mexico, Central America and the Caribbean. Mexican parents and educators consistently express their concern over increasing drug use. Drug dealers frequently offer free samples, even on school play grounds, to get young people hooked.

A second factor is unemployment, or the lack of legitimate economic opportunities. Those who are unemployed or underemployed are more easily tempted by offers to work in illegitimate businesses. Mexican criminal organizations have used the internet and banners slung across streets to advertise “good jobs, good salaries, and generous benefits.”

Public institutions that are weakened by insufficient budgets, inadequate equipment and poor training also contribute to criminal success. Mexican civil society organizations estimate that only two percent of criminal cases reach the stages of indictment and conviction.

Finally, criminals prosper when coordination between law enforcement efforts is poor across the region. The narco-traffickers have exploited our differences and our borders. They do not respect our borders, our laws, or human life.

The Merida Initiative provides us the opportunity to support progress in addressing all four of these areas. While each individual government is working to reduce their internal demand for illicit drugs, increased regional collaboration allows us to share best practices in demand reduction campaigns and rehabilitation programs.

Across the region, USAID programs strengthen institutions. USAID supports President Calderon's efforts to strengthen law enforcement and justice sector institutions that are key to addressing crime and violence. Better training, equipment and funding are essential. In Mexico, our programs have supported Mexican federal and state reformers who have passed dramatic reforms to increase the transparency and effectiveness of the justice sector. U.S. states have joined with USAID to support Mexican states as they experimented with new justice models. For example, New Mexico provided technical assistance and training to Chihuahua's forensics experts and labs. Colorado recently completed training for the second group of state police investigators from Baja California.

The Mexican federal reformers drew upon the best practices of those state experiences to formulate their new Mexican justice system. In 2007, Mexican President Felipe Calderon proposed constitutional reforms to change the criminal justice system from a mixed inquisitorial to an oral adversarial system. The Mexican Congress passed these reforms in 2008 and the states promptly ratified the constitutional changes. Mexico has set an ambitious eight-year timeline to implement these reforms in all federal and state jurisdictions. Our Merida programs in Mexico are designed to support those Mexican institutions as they fundamentally change their entire justice system and train an estimated 1 million people in new, more transparent and accountable ways of administering justice.

Our Merida programs also foster greater respect for human rights. Mexico's old justice system relied heavily on confessions to prove guilt. This led to many charges that the police and prosecutors had committed human rights violations as confessions were sought. The new justice system is founded on the presumption of innocence, with evidence required to prove guilt. Our programs will share US best practices in defending human rights and criminal investigation. In addition, our Merida programs encourage police units and communities to work together to solve problems, build trust and get the public to be more involved in reporting crimes.

President Calderon has stated that fighting criminal organizations is his highest priority. His second priority is to create economic opportunities by improving Mexico's competitiveness. It is estimated that 40 percent of Mexico's 110 million citizens live on less than \$2 a day. The Mexican Competitiveness Institute identifies the creation of an objective and reliable justice system as Mexico's top priority to improve competitiveness and to attract both foreign and domestic investment. USAID's programs in Mexico support President Calderon's goals by helping public and private organizations reduce barriers that currently encourage many small businesses to avoid the formal business registry process and then avoid paying payroll taxes and contributing to social security type programs. It has been estimated that as much as forty percent of the Mexican economy is in the informal or gray economy.

In addition to providing scholarships to rural indigenous youth like those you met recently in Mexico, our education program supports cross border university-to-university partnerships. Three of the 64 partnerships

which we have fostered to date are law school partnerships that supported Mexican state experiments in judicial reform. Southwestern University Law School in Los Angeles and Monterrey Technological Institute teamed up as Nuevo Leon became the first state to try justice reforms. American University and the Benito Juarez Autonomous University support the state of Oaxaca as it institutes judicial reforms. The Illinois Institute of Technology's Kent College of Law in Chicago and Monterrey Technological Institute's Mexico City campus have started a new partnership to expand training in the new justice system.

A primary Merida Initiative goal is to increase cross border collaboration in fighting international organized crime. Our Merida training and technical assistance programs in Mexico are all designed to increase that collaboration, in order of priority, at the federal, state, and municipal levels. USAID programs in Mexico seek first the involvement of federal agencies, such as DHS and DOJ law enforcement officials, to share best practices with their Mexican counterparts.

We are grateful to the Conference of Western Attorneys General for reaching out to Mexican colleagues. Arizona's Attorney General Terry Goddard hosted a working meeting a year ago in Phoenix between Mexican and US state Attorneys General. Mexico's Attorney General Medina Mora opened the conference offering his full support for these cross border initiatives. Increased interactions have fostered greater trust, cooperation and identified simple practical solutions. For example, Arizona shares with Sonora their data base on stolen cars, which allows Sonora's law enforcement officials to better trace the origin of abandoned cars that may have been used to smuggle guns or money from Arizona into Sonora. We would also like to recognize the U.S. city police officials who have been active in sharing their experiences with Mexican officials. Merida funds have allowed us to expand this state and city level program.

Of course the challenges we confront in Mexico are shared and in fact extend into Central America. Geographic isolation and the lack of economic opportunities make some communities especially vulnerable to criminal activity, gangs and drugs. In these locations, USAID will support vocational education, job skills training, computer literacy and bring together businesses to increase employment opportunities.

In Central American communities where serious gang and crime problems already exist, USAID will expand community crime and gang prevention programs that strengthen the role of local government officials and citizen groups in leading, organizing, and mobilizing resources to improve security. USAID will also expand community policing initiatives that bring together community leaders, civil society and the police to increase cooperation, mutual understanding and results.

Invigorating local government ownership and their capacity to play a larger role in community security, helping towns and communities to mobilize both private and public funding, and supporting local leaders as they design and develop their own anti-gang and community development programs, are all key elements that lead to the sustainability of this effort.

Interagency team work is a core value in our Embassy in Mexico. Never in my 25-year career with USAID have I seen such great professional cooperation across all U.S. agencies. The Merida Initiative is a very complex undertaking. The interagency cooperation within the Embassy and the superb relationships all of us enjoy with our Mexican counterparts contribute greatly to our success.

CONCLUSION

I wish to add my thanks for the strong bipartisan support in this committee and in the entire Congress as we implement this important program. Mexico has laid out an ambitious reform program for their police forces and their entire justice system. By participating in these programs, our federal, state and local officials will gain a broader understanding and build trust that will increase international cooperation to defeat international criminal syndicates.

The calendar next to my desk is filled with fun photos of my five children and seven grandchildren. It reminds me of why programs like the Merida Initiative are so important - to make our country and our region safer and more prosperous for our children and grandchildren.

Thank you and I would be happy to answer any questions you may have.



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Rodger D. Garner

Director, USAID Mexico



Mr. Garner is the Director of the U.S. Agency for International Development (USAID) in México and Minister Counselor for Development at the U.S. Embassy. He is a member of the U.S. government's Senior Foreign Service with 25 years of experience with USAID, the foreign assistance agency of the U.S. government.

He has served in several posts. Prior to Mexico, he served as director of USAID activities in Romania and in senior management positions in Nicaragua, Dominican Republic, Philippines, and Somalia.

Programs in these countries included energy sector and justice sector reforms. He also has directed programs in electoral reform, environmental protection, small business development, AIDS prevention, agricultural development, and micro finance sector.

Mr. Garner has a M.S. in Agriculture Economics from Iowa State University and is proud father of 5 children and 7 grand children.

Mrs. LOWEY. Thank you very much. I am going to be calling on members based on seniority, the members that were present when the hearing was called to order, and I will alternate between majority and minority and we are going to try to keep our questions to 5 minutes. Thank you all for your testimony.

Some of you may have seen this article from the Los Angeles Times today about the raid Sunday, reporting from Tijuana. Mexican authorities on Monday announced the capture of an alleged lieutenant of a top crime boss along with 21 other organized crime suspects at a weekend party. The raid by Mexican soldiers also led to the arrest of 8 state police agents. And then it goes on.

It was explained to us, as you know, Mr. Garner, about the complexity of the military, the issues that they have and that the police departments have, and they often rotate to be sure they don't have infiltration. But on the other hand, how do you keep an experienced force if you can't compete with the salaries of the gangs? So this was a challenge that certainly was presented to us.

Secondly, as we know, Plan Colombia started as a three-year commitment when it was announced by the Clinton administration. Ten years later we are funding counterdrug programs in Colombia.

Now my question is, and we all mentioned this, we are very impressed with President Calderon's leadership and the political will he has shown in fighting the cartels. But I asked myself after I left what happens after President Calderon leaves office? How do we institutionalize the political commitment and capacity so that the progress that is being made today remains after any changes in political leadership?

And I wonder if someone or all of you can comment, is President Calderon reaching out to his political opposition to create a national consensus on the war on drugs? Are we reaching out to opposition groups in civil society and to subnational governments to ensure that there is political commitment beyond President Calderon's term? And related to that, I mentioned that Plan Colombia was originally designed as a 3-year program, here we are 10 years later. I know it is difficult to commit, but I would be interested in what you foresee as the length of this program, any changes that you see coming from the Obama administration, and what would you recommend to the Obama administration.

In other words, it was clear to all of us that we have a real major problem there, and I wouldn't expect you to say well, on January 1, 2010, everything is going to be hunky-dory.

So if you could respond. Maybe we should begin with you, Secretary Shannon.

Mr. SHANNON. Thank you very much. I am sure my colleagues will have other things they can add in response to your question. It is a very important question and it is an essential question. I would respond in a couple of ways.

First, what President Calderon and the government of Mexico are trying to do now is effect deep institutional change in the national police, in the judiciary, but also driving that change through State and local police. They are responding at the moment in an emergency fashion to an urgent crisis, but they understand that in order to get beyond the emergency they need to build national capabilities and institutional capabilities. That is their focus, and it

is the primary focus of the Merida Initiative. So institutional change will help ensure continuity over time.

Secondly, the fact that President Calderon was able to launch his initiative shows that there has been a sea change in how Mexicans understand the relationship with the United States and has created a political space for President Calderon to build a new type of relationship with the United States that can be sustainable over time. But for that relationship, that kind of cooperative relationship, to be sustained over time, first he needs to show success on the ground, he needs to show that the kinds of steps he is taking now will allow Mexicans to recapture their communities. And this is why it is so important for us to engage as quickly and decisively as we can.

Also, aside from early success, the transparency of the this initiative, hearings like this, the hearings that were held in 2008, the hearings that the Mexican Congress has held have really created a broader public understanding of the challenges that Mexico faces and of what the Merida Initiative is, and this will allow accountability over time and will allow Mexicans to understand that their political leaders are attempting to address a problem in working with us in the course of that.

Mrs. LOWEY. My time is up. Perhaps we can get back to some other responses later. Just one question about the political opposition. I understood and we understood when we were there that Lopez Obrador was traveling around the country speaking to large groups. Has he taken a position on the work that the President is doing?

Mr. SHANNON. He recognizes the problem. He has been critical of the President on a variety of issues. I can't give you a precise answer in terms of how critical he has been in terms of the Merida Initiative, but we can get back to you on that.

[The information follows:]

Mr. SHANNON. All major political parties in Mexico recognize that their country faces a security crisis. Political parties have expressed differing views of how best to confront this threat. All have been appreciative of the U.S. willingness to recognize our shared responsibility, to do our part on our side of the border to reduce demand for drugs, trafficking in arms, and repatriation of drug trafficking proceeds. However, many (including Andres Manuel Lopez Obrador) have expressed concern that U.S. assistance could pose a violation of Mexican sovereignty.

Early on, senators and deputies of all parties in the Mexican legislature expressed a similar frustration to that of U.S. law makers that the executive branches of both governments had not sought early congressional input for the joint effort. As the Mexican legislature has become more knowledgeable about the Merida Initiative, this concern has subsided.

Mrs. LOWEY. I think that is essential, because if we are looking at the long run, it is really important to have some cooperation from the opposition.

Mr. SHANNON. I am not sure I would describe him as the opposition at this point.

Mrs. LOWEY. Okay, well, that is—

Mr. SHANNON. I think the primary political opposition remains the old PRI.

Mrs. LOWEY. PRI.

Mr. SHANNON. And Lopez Obrador's political party is actually split along these lines. I think there is a broad recognition of the national crisis and the urgency of it and the need for a better rela-

tionship with the United States to affect that crisis in a positive way.

Mrs. LOWEY. Ms. Granger. Or Mr. Lewis.

Mr. LEWIS. Hello.

Mrs. LOWEY. Would you like to say something before Ms. Granger proceeds?

Mr. LEWIS. I think it has already been said.

Mrs. LOWEY. Okay, Ms. Granger.

Ms. GRANGER. Thank you. I have two questions, and we may not get to both of them. One is sort of long term. When we took our trip to Colombia and Mexico, I was struck with the similarities of where Mexico is today and Colombia was 10 years ago or when I traveled there the first time. And Assistant Secretary Johnson, you talked a bit about lessons learned. So I would like to know, what do you think is transferable or helpful for Colombia to the Mexico situation or some comparisons we might make that are that are wrong or different in those two countries and the situations they are on.

Mr. JOHNSON. I think we can learn some lessons, although the situations are not by any means exactly the same. I think one of the lessons that we are trying to implement through this program is that what you need is not just addressing a specific problem, but you need to introduce systemic reform. And Colombia did introduce an adversarial justice system where oral arguments take place as Mexico is doing now, which is important both because of what Rodger was mentioning about the human rights issue, but also I think because it gives the public an opportunity to see justice being done. It is not done by closed doors with someone signing a document; it is done in an open courtroom setting. I think that is an important part of that.

The change in the institutional reform in law enforcement is also an important element of this, and that is part of Merida as well, although I must hasten to add it is going to be a bigger challenge in Mexico because it is a federal state, as Ms. Lowey was mentioning just a moment ago about the various levels and the complexities of the law enforcement system. Colombia was able to have a national police service and that made it simpler, if you will, or more direct to make those changes.

Merida does have elements of change that will have an impact on state and local, but it is not focused there. It is focused at the federal level. Among the things that will have a state level impact is an ID system for police officers throughout, up and down, all the way up and down to the beat cop so that they have a better grasp of who the police officers are and if there is a bad apple that they don't move from point A to point B and get rehired.

It also provides for a polygraph training program that gives at the Federal level the opportunity for a complete polygraph and complete vetting of their entire police service. So there is a greater opportunity there to limit the opportunities for corruption. It won't ensure against it, but it will make it harder.

And finally, I would say one of the things we are grappling with here is how to define our strategic objective. I think that is going to be more and more important.

In Colombia I think when we defined it in terms of hectarage of coca, with due respect to my predecessors who were trying to figure out how to deal with this, I think if they had to do it over again they would look at establishing the rule of law throughout Colombia and taking control of Colombian territory. And that has been successful in Colombia, and I think the GAO report and others have recognized that and we have as well.

I think we need to look for some sort of strategic objective in Mexico that we and the Mexicans define together that is really the measure of merit for this program as well.

Ms. GRANGER. Thank you. I am on yellow. Let me ask one very quick question. You were talking sort of like you have a house and you have a foundation problem and you have to fix the foundation but the kitchen is on fire. Right now one of the things that has been mentioned, and we saw there, is the need for equipment and helicopters. I am very disappointed to say that my report this morning is that DOD said it will be 18 to 24 months before the Bell 412s are there, the Blackhawks even longer.

Chairman Lowey said we have this President who is absolutely determined to do something about this and we want to help, and we can't get the equipment that we funded. What can we do about that?

Mr. JOHNSON. I think the helicopters are the odd man out here in the equipment. We are moving rapidly to bring forth the non-intrusive inspection equipment that I understand President Calderon personally asked you or other members of the Congressional delegation about when you were there. We have agreed with the specifications with the Mexicans on about 60 percent of that. The remaining 40 percent we are working on now and anticipate will be agreed within the next several days.

We anticipate the bulk of this equipment will be delivered about September. It is highly technical things and they have to be built to spec.

The helicopters are harder, the FMF process has procedural issues that are associated with it that we are moving through it as rapidly as we can. We are in constant contact with our colleagues at the Department of Defense trying to figure out where the seams are there and push that together as much as we can. We are aiming at reducing that number that you just cited, but I can't tell you what we will achieve.

Ms. GRANGER. Thank you.

Mrs. LOWEY. Excuse me. Before I turn to Ms. Lee, we would like to work with you on it. If there are FMF problems, perhaps we can be helpful. We will certainly put language in the bill if that is helpful, but it is absurd when you have a President who is really working so hard with a target not to provide the most obvious assistance immediately.

I would also like to address what you said about the rule of law, because as you probably recall, when we adjusted the monies to Colombia we put additional funding in support of the Fiscalia and we are pleased that it made a difference. And as we approach next year's bill any advice you can give us certainly will be accepted with graciousness and appreciation.

Mr. JOHNSON. One thing, whether we are talking about Colombia or Mexico or any large country which has an undeveloped transportation infrastructure or hard to reach places, it is this helicopter lift that really makes the rule of law work, moving the security services to where they need to be so that they can create the umbrella under which rule of law can take place. So these are not competing objectives, they are things that work together.

Mrs. LOWEY. No, I understand that. But it is pretty disappointing to me that we just came back, you have been there many times, and you see the urgency, bodies are being decapitated, people are being killed and we will get the helicopters to you, but you'll get them 24 months from now. I don't understand this at all.

So I think we would like to have a follow-up discussion on this. If we are really helping them and pouring in all this money, then where is the product?

Pardon me. Ms. Lee.

OPENING REMARKS OF MS. LEE

Ms. LEE. Thank you very much, Madam Chair, and thank you for this very important hearing. I want to welcome all of our witnesses. And I want to say to you, Mr. Garner, it is good to see you. And thank you again for all of the support you provided for our U.S. delegation to the International AIDS Conference last August. Glad you are still there.

Let me just say, first of all, I have been skeptical on this for years, and I am still not hearing any response in terms of progress that would make me more optimistic that this is working.

I was born in El Paso, Texas, and have many friends who constantly call me about what is taking place in Juarez and El Paso. So I often think about what is going on with the Merida Initiative in that area. So I would like to hear some feedback, if you have any details on that border area.

Secondly, let me just say I recognize that strengthening the security forces to combat drug cartels is an important component, but it is only one component of what must be a comprehensive strategy to combat drug trafficking, drug use, violence, and lawlessness. I don't see this as making a lot of sense yet, it doesn't include any meaningful prevention initiatives such as programs that deal with domestic violence, that address young people at risk, criminally involved youth. It doesn't really address job training and job creation, nor does it address economic alternatives. And I am trying to figure out how we move forward if in fact this is going to continue the way it has in the past.

I believe with this kind of money that we are putting into this initiative it should be more comprehensive and we should look at it in a totally different perspective. And so I would like to hear some feedback on why it is not as comprehensive as it should be and do you believe that it should be. Because from everything that I have learned about what is taking place there, it is just not working the way it is structured at this point.

Mr. GARNER. Thank you very much. I enjoyed your visit down there last summer when you attended the global AIDS conference. Thank you for coming down.

You are absolutely right, we do have a lot of concerns. When the Mexican Government and President Bush and President Calderon got together, actually it was 2 years ago now, in Merida, there was a lot of focus on the military hardware. Remember the administration had just taken office, there was a lot of fear for them to ask the U.S. Government for anything. And of course there is always the issue of sovereignty. So the Mexican Government asked primarily for hardware.

I think that the situation has evolved greatly in Mexico since then, where we have worked together side by side for the last 2 years. There is a greater comfort level that sovereignty is not threatened by us working together as two great nations, the U.S. and Mexico both making investments on both sides of the border themselves and then the Merida program bringing us together.

But you are correct, as the economy has deteriorated in both countries, I think President Calderon initially felt that his own social programs could address the problems in Mexico, but he did not anticipate the economic downturn. So certainly as we look at this program, more and more communities that are unemployed, the narcos are advertising on the Internet, they are advertising with slogans and banners across the streets, good jobs, good benefits, great packages.

So they are really going after those people that are under employed or unemployed. So certainly the economic opportunities are a major concern.

Ms. LEE. What do we do? How do we do this right if that is a component?

Mr. GARNER. It has not been a component in the original request. I think this is an evolving process where each year as we get a new appropriation the Mexican Government and we will sit down together, discuss our priorities and look at the situation as it currently exists.

Ms. LEE. My concern is, is this one of our priorities, Madam Chair?

Mrs. LOWEY. Yes. In fact the language was changed because of your input and my input, and we will continue to move in that direction. But I know we made that position very, very clear. I have felt not just in this last trip, but in other trips you talk to young girls or boys at a hotel and where do they learn their English? Not in school. If you have money, you can go to private school. If you don't have money, you are in public school and you are not learning English until you get that job in the hotel.

So because of your input and I know the concern of this committee, there has been language in the bill since we had the opportunity to draft the bill and we will continue to work in that direction, because unless you are going to provide alternatives, and we did see some alternative development when we were there, and unless the government is going to really focus in its schools, and frankly President Calderon talks about it, but I do think, again repeating myself, if people have money they are going to private schools, they are not going to the public schools and that has to change to give people opportunity.

But one of the key concerns is in the interim it is very hard for the police forces and others to compete with the kind of money that

the narcotraffickers are spreading around. So this combination of giving people opportunity, investing in the schools, investing in economic development, being tough and strengthening the police and making sure you have a rotation system so you are not having the corruption is a balance.

Ms. LEE. Also Madam Chair, that raises the question about the police who are notoriously, as we know, corrupt. So what is being done to make sure the police forces are cleaned up, in essence, if in fact we are going to continue to rely on them?

Mr. JOHNSON. One of the things is what I mentioned a few minutes ago, the efforts that we have underway through this initiative to provide the basics of identification for the police and at the federal level a full vetting and polygraphing of the police.

My first foreign service assignment, you mentioned you were born in El Paso, my first foreign service assignment was in Ciudad Juarez, and I think that is a special place. And I think it is pretty amazing that given the level of violence in Ciudad Juarez is how safe El Paso has maintained itself. And that is hats off to the police and federal agencies there. I think that is a difficult task.

I have a team on the ground right now who are talking with the people in the area about what sort of things that we may be able to do to be of assistance, to be more focused on the border region, because I think that is an area that we need to give further thought to, but it is a work in progress at this point.

Mrs. LOWEY. Thank you. Just one other point and then we are going to turn to Mr. Lewis because I understand he has to leave. We have 73 million for civil society, 5 million for education as part of the program, and I would hope as a result of the reality on the ground when we get your request for additional monies that we can look at the whole picture and see if the proportions are appropriate.

Mr. Lewis.

OPENING REMARKS OF MR. LEWIS

Mr. LEWIS. Thank you, Madam Chairman. I really have just come to listen, but your comments regarding growing concern about the availability of equipment, a new kind of circumstance in relation to and along the border are to me a reflection of this long history of Mexico being very concerned about its sovereignty. It didn't receive foreign assistance from us forever until the positive side of the drug challenge is that suddenly we have a new kind of contact, and maximizing or taking advantage of those relations and helping them with their problem with corruption, et cetera, is a very, very important part of the role we can play here.

Having said that, I would like to, Madam Chairman, work very closely with you and Ms. Granger relative to this equipment question, dealing with Bill Young, et cetera. If we can't get the Department of Defense to recognize that this is an American security challenge, then there is something wrong.

So could I yield my time to Mr. Kirk? Sure.

OPENING REMARKS OF MR. KIRK

Mr. KIRK. Thank you. I am very happy to be here and thank the Chair for this hearing, because I think I am the only graduate of La Universidad Nacional in Mexico here and came from State, WHA, Secretary Shannon's operation. I think about all that we have heard and remember the old Mexican phrase, "Poor Mexico, so far from God, so close to the United States."

We have seen now a real uptick in violence of Mexican drug gangs brought to the United States. AP just reported a spike in killings and kidnappings and home invasions in Atlanta and also some beheadings in Alabama, that they conducted and an uptick in murder for hire and kidnappings in Phoenix.

I wonder if I could submit for the record, this is DEA's list of Mexican major drug operations in U.S. Cities. There are 199 of them. I will just pick some random cities, Albany, Buffalo, New York, Chicago, Miami, Orlando, Tampa, San Francisco, Dallas, Houston and Helena and Billings, just for the record.

This is also a map, if I could give that, of all the major operations, so it is covering all the large population centers.

Also if I could submit for the record, we are seeing a tremendous increase in the weaponry brought in by these groups. So for example, there were average 9-millimeter hand guns, but this model 700P LTR, light tactical rifle, 30 caliber machine gun, Fabrique Nationale submachine gun, Barrett sniper rifles brought in by the cartels to the United States. AK-47 assault rifles, AR-15s, 66 millimeter light antitank weapons, and 40-millimeter automatic grenade launchers, all brought by the cartels into the United States.

Mrs. LOWEY. Do you have the manufacturer?

Mr. KIRK. Well, for example, the 9 millimeters is an Italian pistol, the machine gun looks like an American one, the Fabrique Nationale is a Belgian rifle, the Barrett is made in the USA, AK-47 is made in Czechoslovakia and Russia, the AR-15 is made in the USA. The antitank weapon looks like a LAW, that is an American weapon, and the 40-millimeter grenade launcher also looks American.

Mrs. LOWEY. Does that report detail where they were purchased? I think that would be helpful information.

Mr. KIRK. No.

Mrs. LOWEY. The information that I have received from this committee is that they were purchased in the United States and the gun law is so weak that the weapons are coming over the border.

Mr. KIRK. Yes, it could be from a variety of sources. And so the point that I would like to ask you is where do we go—

Where do we go absent a helicopter end game, because it looks like now things are going to be quite some time but for action of this committee. If we are rolling in on cartels in trucks and cars, what does that operation look like as compared to rolling in on the leaders in helicopters?

Mr. JOHNSON. First of all, I think that it helps to bear in mind that this program is a partnership and the reason the airframes that were proposed in part were proposed is because they are fleets that we are adding to what Mexico already has. So Mexico already has some capability in rotary lift in both the Bell airframe and the

UH-60, and they are using those to operate now against these cartels.

So they are using trucks where trucks are more appropriate, but in their outward planning they wish to establish a greater range and a quicker reaction and the airframes that we would be providing under this initiative would enable them to do that. And so I think while they certainly don't have the capability that they think they need and we think they need to have success, they do have some capability and they are using it.

Mr. SHANNON. Mr. Kirk, you raised a very important point about the transnational nature of the organized crime in North America today and the role Mexican cartels are playing in the United States and their linkage with organized crime in the U.S. And other illicit activities. And this is going to become I think a larger focus of this administration as they try to link up what we are doing in our foreign assistance authority through Merida and what needs to be done with domestic law authority in the United States as we are trying to make sure there are no seams that can be exploited by these cartels.

Although this is a current problem for us and Mexico, it is not a new problem historically. We faced a similar problem in the 1920s and 1930s and 1940s when organized crime in the United States was exploiting seams between municipal governments and between State governments, and before we had the kind of judicial tools necessary to attack organized crime structures. What we are trying to do to a certain extent is take the lessons we learned when we were fighting organized crime in the United States and apply them on an international basis for the first time with a country with whom we have a border.

Mr. KIRK. Madam Chair, may I just conclude to say we have seen tremendous violence in Mexico, but even in Iraq we do not see routine beheadings. We have now seen that in northern Mexico. That practice has come to the United States. It would appear that this is a clear and present danger to the security of major and medium sized U.S. cities, of which the list has been submitted. And so I think this initiative directly relates to the security of the people that we represent. And seeing this kind of practice come across the border is a real call to action for this committee.

Mrs. LOWEY. Mr. Jackson.

OPENING REMARKS OF MR. JACKSON

Mr. JACKSON. Thank you, Madam Chair. Let me begin by associating myself with the gentleman from Illinois, his comments, and his thoughts about interrelatedness of the weapons trafficking and the cartels. We thank the witnesses for coming today and thank the chairlady for hosting today's hearings.

The Merida program has always been a very ambitious program trying to break the impunity of criminal organizations, and I am sure you all can appreciate that those of us who are responsible for appropriating taxpayer dollars to fight these kinds of illicit and criminal organizations, obviously a number of questions that the American people want answered given the nature of what Congressman Kirk indicated, are problems that are now clearly creeping, if you will, across the border.

We have read reports of gun shops on the border States selling weapons and organizations taking advantage of very sophisticated weapons that could ultimately be used against our allies in these countries, but also used against U.S. forces.

So my question at least initially and, Mr. Johnson, Mr. Shannon, it is probably more appropriately directed at you, is how can members of this committee be convinced that they are not providing assistance to individuals or units that have been previously implicated in corruption? Explain to this committee how your confidence and the confidence that we have in appropriating monies for this initiative will not be used and accepted or somehow diverted or somehow end up in the hands of these illicit organizations.

Mr. JOHNSON. I think first of all we have to talk about the nature of what we are providing. The services and equipment we are providing are not attractive to be diverted to the hands of criminals for the most part. It is not intrusive inspection equipment, it is not something that a cartel will be interested in using. It is the type of things that a border service agency working either in a land border or airport or seaport would use to determine whether goods that are coming into the country in containers, and so forth, contain illicit traffic. So that is part of it.

The helicopters as well, while I suppose one could speculate about helicopters being stolen for a particular purpose, they are unlikely to fall into the hands of an illicit trafficker.

The services that we are providing to help in the rule of law reform and to help in police service reform likewise are not the kind of divertable goods and services.

In addition to that, we have an extensive program in place that we have had for some time, because we have had an ongoing relationship with Mexico in terms of law enforcement support so that we can vet individuals and units that they work with in order to comply with the laws that you and your colleagues have passed that require us to do so, and that program is quite robust in Mexico.

Tom may want to speak to it a little more. Those are the procedures and safeguards that we have in place in order to seek to avoid just what you just described.

Mr. SHANNON. More broadly your question I think also refers to the problem of corruption and institutional mismanagement, and one of the things we are trying to do through the Merida Initiative is work with the Mexicans to help them transform their law enforcement institutions, their public security institutions, through a variety of mechanisms, including creating vetting procedures, helping them develop polygraphing skills, creating inspector generals offices, creating a regular consultation mechanism between the Mexican state and civil society organizations in order to get feedback on how law enforcement institutions and the military are behaving in the pursuit of their fight against cartels.

This is part of a broader effort by the Mexicans to unify their national police structure and then use regulatory mechanisms in law to build benchmarks and standards of practice at the national level and then translate to the state and local level.

Mr. JACKSON. Mr. Shannon, let me ask the question because I think you are touching upon it when you raise this question of cor-

ruption, is there any concern that the cartels and these illicit organizations are also engaged in democratic politics within some of these countries, that their destabilizing efforts aren't just in weapons trafficking or drug trafficking or other illicit activities, but they themselves have candidates running for office who could very well end up in charge of U.S. equipment, who could very well turn the other eye, if you will. That is the nature of corruption, that you get elected or participate in legitimate processes. But then you end up being covered for illicit and criminal activity. Any concern about that at all?

Mr. SHANNON. At the national level we have not seen candidates that we have been able to identify as linked to cartels.

Mr. JACKSON. At the local levels?

Mr. SHANNON. At the local levels. We don't track local elections throughout the region closely, but I think especially in some of the Central American countries there probably are local officials who have received funding of one sort or another from drug trafficking organizations. I would assume that in areas where the traffickers have attempted to establish themselves that this is a reality that we are attempting to deal with.

This is one of the reasons why journalists have been targeted in Mexico and in Central America. What journalists have been doing is talking about relationships between cartels and public figures, and the effort to kill and intimidate journalists is designed to shut that down and not bring that kind of transparency to relationships.

We are working with all the countries in the region to build political financing laws and political financing transparency requirements that allow us some insight into who is financing operations or political activities. What organized crime wants to do is not so much control the state, but to weaken it to the point that they can go about their daily business. Unlike political insurgencies, their goal is not to capture the state and then use the state for a purpose. So the degree to which they attempt to corrupt or intimidate political leaders, it is to prevent whatever the entity is, municipality, state or national government, from functioning in a way that hurts the business interest of the cartels.

Mr. JACKSON. Thank you, Madam Chair.

Mrs. LOWEY. Mr. Rehberg.

OPENING REMARKS OF MR. REHBERG

Mr. REHBERG. Mr. Kirk was speaking specifically to the involvement of the Mexicans coming across the border and getting within the communities. My question is do you see an interrelationship with organized crime in America helping in Mexico and Central America as well? You used a Los Angeles family as an example. Are they selling the weapons to the Mexican cartels, are they selling drugs in America that they get from the Mexican cartels, are they using their own organization as a friction between the organized crime in America and the Mexican cartels?

Mr. JOHNSON. I think in the case of the Mexican cartels I can't cite you an example of what you describe. What I would say though is that the Central American gangs are an example of a criminal organization in the United States which has at the very least a cooperative relationship, if it is not the same organization as the ones

operating in Central America itself. And so there is a movement of people, as well as activities back and forth across the borders.

Mr. REHBERG. And organized crime in America doesn't have a problem with that, they are just allowing a free flow of movement across the borders?

Mr. JOHNSON. Well, I think these Central American gangs, in at least one case, are alleged to have actually started in the United States and shipped themselves south, rather than the other way around. So there is a—

Mr. REHBERG. But there was already organized crime established in America, and they are either displacing or supplementing or creating friction.

Mr. JOHNSON. As far as I am aware, it is a supplement, rather than a displacement.

Mr. REHBERG. Okay. The second question I have is for Mr. Shannon and Johnson. And that is, does the Merida Initiative allow for the opportunity for the Mexican government to use their military; and do you endorse their use of the military, as opposed to a domestic police force?

I know we would rather have the public involved. We would rather have domestic police involved and domestic judges involved. But there is a constant pressure on us to place National Guard on our border. We know that they are using their military in Mexico. Does the Merida Initiative address the military, how much they can use it, and is that something our government endorses or encourages or would oppose?

Mr. SHANNON. The Merida Initiative is primarily focused on enhancing the capability of civilian public security institutions. There is a component of equipment that will go to the military, both helicopters and some interdiction equipment.

Mr. REHBERG. This is individuals, people that they are using in Mexico.

Mr. SHANNON. Well, I mean, for instance, there will be helicopters and some interdiction equipment that the military will use in the pursuit of its relationship with the police force. But the use of the military at this point in Mexico is an emergency measure, which highlights the urgency of the crisis that Mexico is in.

Mr. REHBERG. How many then are they using in this emergency category? How many infantry?

Mr. SHANNON. Well, I believe—for instance, I believe there is in the area of 9,000 troops in and around Ciudad Juarez now. The Mexican military has, I think, 45,000.

Mr. REHBERG. Okay. Then the question is, does the American government endorse that?

Mr. SHANNON. This is a sovereign decision of Mexico. We have not expressed a position on what we consider to be a sovereign decision and probably a necessary decision at this point in time.

Mr. REHBERG. Mr. Johnson.

Mr. JOHNSON. I would just concur with that, that we are working with Mexico in a very challenging environment. The military was an organization that had the capability and the integrity believed to be by the Mexicans to be the most effective instrument that they had at their disposal now. But, as Tom was mentioning, the aim

they have and we have is to build sufficient capacity in their civilian police force so that they will not have to rely on this too long.

Mr. REHBERG. Okay. Thank you.

Mrs. LOWEY. Mr. Crenshaw.

OPENING REMARKS OF MR. CRENSHAW

Mr. CRENSHAW. Thank you, Madam Chairwoman; and thank you all for being here today.

Having just met with the President of Mexico and then the President of Colombia, you get the impression that Mexico is just beginning this, you know, to kind of stand up and say enough is enough, kind of what they did in Colombia 10 years ago. And I guess that is step one. Once you say we are not going to tolerate it anymore, then things kind of blow up, and that is why we saw 6,000 people get killed and more and more.

So my question really is about the money that we are going to spend. Because if you look at Colombia, as somebody pointed out, we started out with a 3-year program. It has been 10 years. It has been \$7 billion. And so the money we are spending now in Mexico—how significant is that in light of this huge problem? Number one. Is it being spent the way you anticipated that it was going to be spent? Do we have some accountability measures there?

And the long-run question is, as it relates to how significant it is, what is your view of the long-range aspect? Are we looking at another Colombia? Is \$400 million—is that a drop in the bucket? Is that a one-time shot? Or is that the beginning of a long involvement together that we may spend a whole lot more down the road?

Could you touch on that just in terms of the money aspect?

Mr. SHANNON. Let me start and Assistant Secretary Johnson can address some of the accountability issues.

But the Mexicans are making the major investment here. In 2009, President Calderon's government will spend upwards of \$5 billion on security-related issues. And their investment is not only in money, it is also in blood.

But I would say that the money we are providing is of catalytic importance. In other words, it is focused on providing the Mexicans some key training and equipment that they don't have right now and that they need in short order and that this is going to allow them to accomplish their goal at a much more rapid pace than they would have been able to do previously.

But I also think that it is a symbol of partnership that also will allow us to transform our relationship with Mexico, and we are seeing this already in terms of security cooperation. And, in that regard, what we are going to get out of the money we are spending in the short- to mid-term is a greater degree of security cooperation with Mexico as we address a transnational problem, which is already affecting us here in the United States. And so we will not only be helping Mexico with this funding, but we will also be helping ourselves in a significant way and laying a foundation of cooperation that is going to pay large dividends in the future.

The Merida Initiative, as initially envisioned, was a 3-year program. We are going to work hard with all of you to meet our commitment to make this 3-year program what we thought it was and make sure it is successful. But then, we are going to have to sit

down with the Mexicans and determine what comes next. Because 3 years, I think, will be a good start and a good way to get the Mexicans along over a critical security hump, but after that it is really going to be up to the Mexicans to come back and indicate to us what else they might need in terms of help from the United States.

Mr. CRENSHAW. Do you have an example of an early success? As you talk about this, is there anything you can point to that this is what we set out to do? Is it too early to tell, or this is something that's really working?

Mr. JOHNSON. The things that we have done so far are describing things of inputs, if you will, rather than outputs or outcomes. We put in a server farm, which is not a visible police thing, but it is entirely necessary so that their new program to track evidence and police operations all the way from the scene of the crime through the Court system can actually work. That was done in December.

We are working now finalizing—we finalized one set of specifications. We are finalizing a second set over the next couple of weeks for this nonintrusive inspection equipment. Then the contracting process will take place.

We anticipate this equipment will be on the ground around September. It is highly technical gadgetry. You have to build it from scratch. Those sort of the step-by-step things are happening.

And we have put in place—in terms of accountability, what we have concentrated on are the kinds of thing related to internal controls and decision making: Accountability for equipment, on-site inspection to make sure that it is being used for the purpose for which it was provided. Those sorts of things are what we are working on now.

We are working with the Mexicans to try to describe, if you will, a strategic outcome; and we haven't really come up with what I am comfortable with yet to come to you and say if we do this we will have succeeded. And I think that's where we need to concentrate our efforts right now in terms of defending what we are requesting the American people to provide here.

But we think it is very much in their interest to be supportive of Mexico. Exactly what we want to have at the end of the program I think we are still struggling to define clearly.

Mr. SHANNON. But in terms of collaboration and the powerful symbol that Merida is in Mexico, we are seeing the Mexicans start to take apart some key drug trafficking organizations; and we are also seeing in their willingness to extradite people to the United States, a very important measure of success for us. And I think that this is going to become more evident with time.

In fact, if we had our colleagues from DEA or FBI or ATF here, I think they would describe a relationship with Mexican law enforcement officials that is unprecedented in terms of its openness, the fluidity of flow of information, and the degree to which they work together.

Mrs. LOWEY. Thank you.

Before I turn to the next panel, I have one additional closing question; and I know Ms. Granger did as well.

For clarification, in 1997, the United States signed but never ratified the InterAmerican Convention Against Illicit Manufac-

turing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials, CIFTA.

In 2005, the Bureau of Alcohol, Tobacco, Firearms, and Explosives, ATF, launched its Southwest Border Initiative to attack the firearm trafficking infrastructure of cross-border criminal organizations.

Congressional Quarterly's cover story for this week relates that Mexican cartels have taken advantage of openings in U.S. gun control laws to stock up on military grade assault rifles, grenade launchers, bazookas, and even heavy machine guns, smuggling them back into Mexico. And when we met with President Calderon he spoke of the flow of weapons coming from the United States into Mexico. I told him I agree with him about the problem of illegal movement of weapons from the United States to Mexico and have written to President Obama that the ban on assault weapons must be enforced.

So, whoever wants to respond, to what extent are arms trafficked from the United States into Mexico and then further trafficked to Central America? What cooperation exists between Central American, Mexican, and the United States officials to address this problem? How is the Merida program addressing this issue?

Is the United States in compliance with all parts of the convention against the illicit manufacturing of and trafficking in firearms, ammunition, explosives and other related materials? What are we doing to fully comply with CIFTA? Will the President press the Senate to ratify this treaty? And what is the President's time line for ratification of CIFTA?

You can answer part or all of those questions.

Mr. SHANNON. I will talk about CIFTA. I will leave arms trafficking and our e-trace activities to Assistant Secretary Johnson.

But, in regard to CIFTA, we believe we are in compliance with CIFTA. We have signed CIFTA. CIFTA has been sent to the Hill. It has not been placed on a priority list yet for ratification. We understand the importance of CIFTA. We have heard the Congress loud and clear. The administration is in the process of reviewing CIFTA with an eye to being able to say clearly to the Senate that it is time to ratify.

Mrs. LOWEY. Secretary Johnson.

Mr. JOHNSON. On the arms trafficking issue, it is clear that a significant portion of the arms that are used by the cartels and other criminal organizations in Mexico originate in the United States. I think that the indictment about a week ago of an arms trafficker who was seemingly operating legitimately but clearly not, based on the affidavit that was issued, is a significant move; and it illustrates what can be done within our legal system in order to deter activities by individuals who would assist these organizations and use legitimate commerce to do so.

In terms of the work that we are doing within Merida and its companion, one of them is in Mexico last year we were able to establish e-trace facilities at all of our consulates, as well as a long-standing one at the embassy, giving Mexican law enforcement an opportunity to use those facilities in order to trace weapons.

We also have a program which is outside of Merida, because it is a domestic program that is changing, or is providing program-

ming so that this system can be used with Spanish name conventions. That program should be in place before the end of this calendar year.

As part of that, and within Merida, we are providing that opportunity for all of the states of Central America to have access to this program as well so that they can trace weapons; and I think the combination of our police agencies working together holds the best promise for actually doing something about this problem and addressing the criminals that are abusing the system.

Mrs. LOWEY. Thank you.

Ms. Granger.

Ms. GRANGER. Just briefly—and thank you, Madam Chairwoman, for this.

President Calderon has asked for our help, and he is—as we know in this room, this is an all-out war on the drug cartels. He has got 2½ years. He is through in January of 2012. The question was asked, you know, what—after 3 years, what—kind of give us a long term. This is Mexico, our neighbor. And there is no doubt of what Mr. Kirk was saying, the threat to our cities and where we are. So I just have great concern about the urgency, for instance, you know, when there's that length of time.

When we were on the trip, what we heard over and over is equipment. I am just going to use that as the example. That is not the whole answer, of course. But whatever we need to give that helps, we need to have an urgency, too, that you can't deny when you just turn on the television every day or read the newspaper. So I would encourage you to let us help on that. But understand that 3 years is certainly not the end of this.

Mrs. LOWEY. I want to thank Ms. Granger for her final comments and thank the panel for appearing before us.

It was clear, as you know, in our activities in Mexico, meeting with the President, seeing some of the programs, the urgency was palpable. I mean, this is really a problem not just for Mexico but the United States of America.

Frankly, I grew up in government hearing about hydroponic lettuce being grown. And when we had a meeting, the cartels are obviously having some trouble at the border, and so they're moving in and even growing products like marijuana, hydroponically, forgetting about the border. They are just moving right in. So we share the sense of urgency.

It is a bipartisan commitment, and we hope that this new administration will be evaluating the programs and presenting proposals to improve the program, change the program, if, in fact, that is what you conclude, sooner rather than later so we can move on it.

And, again, I thank the panel for your presentations. We look forward to continuing the dialog.

Thank you. We will stand in recess for a moment while the next panel comes up.

[Recess.]

TUESDAY, MARCH 10, 2009.

THE MERIDA INITIATIVE

WITNESSES

LISA HAUGAARD, EXECUTIVE DIRECTOR OF THE LATIN AMERICAN WORKING GROUP

JOY OLSON, DIRECTOR OF THE WASHINGTON OFFICE OF LATIN AMERICA

ANA PAULA HERNANDEZ, GENERAL DIRECTOR OF THE COLECTIVO POR UNA POLITICA INTEGRAL HACIA LAS DROGAS (CUPIHD)

Mrs. LOWEY. The subcommittee will come to order, and I thank you for being here today.

I would like to welcome our second panel: Ms. Lisa Haugaard, Executive Director of the Latin American Working Group; Ms. Ana Paula Hernandez, who is a consultant on human rights and drug policy; and Ms. Joy Olson, Executive Director of the Washington office on Latin America.

I want to alert you to the fact that your written statement will be placed in the record; and if you would like to summarize, we certainly look forward to having a good dialogue with you. Thank you very much.

Why don't we begin with Ms. Lisa Haugaard.

OPENING STATEMENT OF MS. HAUGAARD

Ms. HAUGAARD. Thank you so much, Chairwoman Lowey and Ranking Member Granger and other members of the subcommittee, for the opportunity to share perspective on this important issue.

As all of you have said this morning, it is very important for the United States to respond to the explosion of drug-related violence in Mexico. But it must happen in a strategic and careful way that addresses the underlying causes. I am going to outline some ways in which the United States should shoulder its own burden of responsibilities for the violence and then talk about ways in which the United States can make sure as it goes forward that its aid and policies protect human rights.

The subcommittee is tasked with responding to damage in Latin America caused by the illicit drug trade, but the main solutions aren't in foreign policy but in domestic policy. Each year, barely one-fifth of the Americans in need of treatment for drug abuse receive it. Expanding access to high-quality treatment would be the best single contribution the United States could make to this problem of drug-related violence in Latin America. Any aid package, however perfectly designed, will not solve the problem without that; and we are going to be back in this hearing room in another 5 years talking about the shift to another area of Latin America. So we need to really do something more about the problem of find-

ing an effective and humane public health solution to this problem of drugs and drug-related violence.

I was very pleased to hear all of the talk this morning about the problem about arms and the contribution of the arms flow from the United States to Mexico. That is the piece of the problem that we can deal with. The solution to these problems are not easy, but they are pretty well defined in terms of enforcing the ban on importing assault weapons and strengthening the ATF's inspection capabilities in the border region in particular, for example.

The second point I would like to make is that, as the United States goes forward, it should not support and encourage a Mexican military role in domestic law enforcement, particularly an open-ended one, and should encourage the Mexican government to define its plan to withdraw the military eventually from public security and including its plans for forming strength in the civilian police force. And USAID should really be conceived of as helping to support this transition, rather than reinforcing this role.

We are seeing that the growing role of the Mexican military in public security is resulting in increased human rights complaints against the civilian population. Complaints rose, for example, from 182 in 2006 to 631 in 2008. If you look at the State Department's recent human rights report you can see that there are no less than five incidents listed where soldiers killed civilians at checkpoints just in 2008, and these crimes are generally not effectively prosecuted.

We know the subcommittee has been very sensitive to this issue, and we will really appreciate that. We are concerned still that there may be assistance through Defense Department authorities that don't take this adequately into consideration.

Finally, I would like to talk a little bit about some lessons. You had mentioned the question of the Colombia experience, and I just want to say some lessons from the Colombia experience for Mexico. And this is not to say that the two situations are comparable but, rather, there are some ways in which the U.S. government responds to these kinds of major aid packages and major aid relationships that could help us as we go forward.

The first lesson is that human rights training is good but not enough. And U.S. government tends to have the concept that if you add human rights training for security forces, that will solve the problem. And that—we saw that going forward with Plan Colombia; and yet rights groups have documented growing violations by the Colombian Army, particularly killings of civilians, in which soldiers were seen taking civilians dressed in civilian clothing, they would later show up dead dressed in guerrilla outfits, and they were claimed by the army as killed in combat. And these really spiraled up.

Why did this happen with all of this human rights training and all of these good intentions? There is nothing wrong with the training. The training is good. But it failed to address certain structural issues.

For example, there is a body count mentality where officers were—soldiers were rewarded for the number of people killed. And that, as well as the lack of investigation and prosecution of such crimes, resulted in this increase. Basically, no amount of human

rights training can work when a justice system fails to investigate and prosecute crimes committed by security forces.

Second lesson, very briefly, is just that judicial assistance is very good. We are very, very pleased to see the attention to judicial assistance and training in this package. But, as you move forward, there is kind of a standard package that DOJ provides, the transition to the adversarial justice system, all very good. And prosecutorial training. But unless you have an analysis of why there's still impunity in each judicial agency, you still can give all this training and it won't result in what you want. So you need to pay attention to that.

And the final lesson is that, for human rights to improve, diplomacy and not just aid and training is the answer. With these kinds of major aid packages, what we have seen is that there is this natural human tendency to just—for our officials to really think of the aid recipients, the country, not just as a partner but as we are now kind of one entity; and that can result in not pushing on some important human rights issues.

As this major aid package moves forward, it is really important for the U.S. government to maintain a little daylight between itself and its partner. And this is just—a healthy relationship is, you know, sometimes you have to say to each other, you know, well, you have a little flaw. It is important to maintain that kind of relationship.

And what we found in the Colombia experience, what was very important was the existence of human rights language in the package and the willingness of Members of Congress, particularly of this subcommittee and its Senate counterparts, to look at that language and encourage the State Department to take that seriously. Without that, frankly, I don't think we would have had access as human rights groups to the State Department to encourage them to talk to their Colombian counterparts and to try to address this issue, for example, of civilian killings by the army.

So, as you move forward, it is very important to really think about maintaining that little bit of distance. That is helpful in order to encourage the partner, in this case, particularly, the Mexican government, to really overcome problems of impunity.

And, finally, just as the United States needs to preserve a little objectivity in relationship to recipient governments in these large-scale aid programs, it is also important for the Mexican government, in particular, to continue to raise its concerns with us about our failure, if it still is, to reduce demand for illicit drugs, to deal with the flow of arms, and to achieve immigration reform and neighborly border solutions, which brings me back to the first point, which is that, in this relationship going forward between the United States and Mexico, if the two countries are to resolve their joint problems, there needs to be an objective dialogue that is this two-way street.

Thank you.

Mrs. LOWEY. Thank you.

[The information follows:]

The Merida Initiative
U.S. Responsibilities & Human Rights

**Testimony presented by Lisa Haugaard, Director, Latin America Working Group
to the House Committee on Appropriations Subcommittee on State, Foreign Operations,
and Related Programs**

Thank you, Chairwoman Lowey, Ranking Member Granger and all the members of this subcommittee, for the opportunity to share perspectives on this important issue.

Day after day we hear nightmarish stories of gangland slayings in Mexico, as drug-related violence expands, affecting the lives of countless families and communities across Mexico, as well as the U.S-Mexico border region. Mexico's Attorney General estimates that rival drug cartels killed 6,262 people in 2008, including 522 civilian law enforcement and military personnel.¹ The United States must respond, however, in a strategic, careful way that addresses the underlying causes of the violence.

I am going to outline some ways in which the U.S. must shoulder its own responsibilities for the violence, and then suggest ways in which the United States can ensure its aid and policies support strengthening respect for human rights.

I. The United States must address its own contribution to the violence.

U.S. foreign policy agencies and congressional subcommittees are tasked with responding to the severe damage in Latin America created by illicit drug trade. But the main solutions do not reside in foreign policy but in domestic policy. Above all, the United States simply must take effective action to reduce the demand for illicit drugs. There has been greater rhetorical support for the need for the United States to get its own house in order in the discussion around the Merida package, and this is welcome. But the Congress and the administration need to develop comprehensive solutions and put funding, programs and policies behind these rhetorical acknowledgements. And that will require working in new ways that bridge the domestic/foreign policy jurisdictional divide.

The core of an effective U.S. strategy is improving access to high-quality drug treatment programs, with expansion of services as well as research. Each year barely one-fifth of the Americans in need of such treatment receive it.² Budgets for treatment, as well as prevention, are inadequate; indeed, in the FY09 request, prevention programs were cut by 25 percent compared to the previous year. Expanding and improving treatment and prevention would be the single most important contribution that the U.S. government could make in addressing the problem caused by the illicit drug trade in Mexico and Central America. Any U.S. aid package, however well designed, will not solve the problem but at best temporarily shift it, after enormous human suffering, to another geographical area. We owe it to our neighbors and to ourselves to finally test out more effective and humane public health solutions to this enduring problem.

The United States must also do its part to curb the "iron river" of assault weapons into Mexico.³ Drug gangs using assault-style weapons are murdering Mexican citizens, including law enforcement officials, with ruthless efficiency. According to the U.S. Bureau of Alcohol,

Tobacco, Firearms and Explosives (ATF), 90 percent of the weapons confiscated from organized crime in Mexico originate in the United States.⁴ Mexico's Attorney General, Eduardo Medina Mora, recently asserted: "The three highest priorities for me in terms of U.S. cooperation are these: guns, guns, guns. These drug groups intimidate society and government because of their firepower. And their firepower comes from the U.S."⁵ The solutions are fairly well defined—we just need to muster the political will to accomplish them. They include:

- Resuming enforcement of the ban on importing assault weapons, fully manufactured abroad as well as imported in parts, as was carried out under the administrations of Presidents Clinton and George H.W. Bush. This was recently called for by 53 members of the House, including some members of this subcommittee.⁶
- Strengthening the ATF's oversight and inspection capabilities, particularly in the U.S.-Mexico border region, including programs targeting noncompliant federally licensed firearms dealers, straw purchasers and arms traffickers. Many of the guns ending up in the hands of Mexican cartels originate in four border states, Texas, California, Arizona and New Mexico.⁷
- Enforcing existing regulations assertively to limit the "straw purchases" of arms, often at gun shows. Drug traffickers enlist Americans with clean records to purchase and transport a few guns at a time across the border in a "parade of ants" to arm the cartels.⁸
- Instituting an effective ban on the sale of assault weapons in the United States. It was encouraging to hear Attorney General Eric Holder indicate that a reinstatement of the ban, which expired in 2004, is under consideration.
- Requiring that ammunition be sold through licensed dealers, with background checks.
- Expanding resources to enhance prosecutorial efforts targeting gun smuggling crimes.
- Senate ratification of the Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other Related Materials,⁹ which promotes the exchange of information, cooperation, and training to control illegal weapons, and is already ratified by most OAS members, including Mexico.

As well as expanding drug treatment and increasing enforcement over weapons smuggling, the United States should meet its share of responsibility by strengthening existing efforts to investigate and prosecute money laundering and bulk cash transfers.

II. The United States should not encourage and support an open-ended role for the Mexican military in domestic law enforcement.

President Calderón has mobilized 27,000 army troops and federal policemen in joint operations in ten states. Just last week, approximately 3,200 additional troops were placed on the streets of Ciudad Juárez, for a total of over 8,000 soldiers and law enforcement officials in the city.¹⁰ In certain areas, soldiers are patrolling streets, operating highway checkpoints and conducting searches and other operations. The Mexican government justifies its use of the military in counternarcotics efforts by citing that police forces are too weak and corrupt to effectively combat organized crime. Although police forces, particularly municipal and state, are wholly inadequate, this only reinforces the urgent need to focus on measures to reform and professionalize civilian law enforcement.

National and international human rights leaders, including United Nations Human Rights Commissioner Louise Arbour, have called on President Calderón to return soldiers to their barracks. President Calderón has described military involvement as a temporary measure, referring to a plan to withdraw the military from domestic law enforcement.¹¹ However, the Mexican government has not released a specific plan or timetable to withdraw the military from public security.¹² The United States should not provide support for a military role in domestic law enforcement and should encourage the Mexican government to make clear its exit strategy for withdrawing the military from public security.

The growing role of the Mexican military in public security is resulting in increased human rights violations against the civilian population. This is reflected in the rising number of complaints filed against Mexico's Department of Defense (SEDENA) before the National Human Rights Commission, which more than doubled during the first year of the Calderón administration, rising from 182 in 2006 to 367 in 2007. In 2008, the CNDH received 631 complaints of human rights abuses by members of the military. Between January 2007 and December 2008, the National Human Rights Commission issued an unprecedented 19 recommendations to SEDENA regarding human rights abuses committed by members of the armed forces, the majority for violations that occurred in the context of public security tasks.

Particularly troubling are killings of civilians at military checkpoints. For example, the following cases from 2008 alone were cited in the State Department's most recent Human Rights Report:

- On January 11, soldiers from the 12th infantry battalion in Michoacan allegedly opened fire on a pick-up truck, killing a minor and injuring an adult passenger. According to the Human Rights Commission in Michoacan, the National Defense Secretariat (SEDENA) awarded civil damages to the family of the deceased victim; the criminal case against the soldier involved remained under investigation.
- On February 16, soldiers at the gate of a military installation in Reynosa, Tamaulipas, opened fire on a vehicle that failed to stop at a checkpoint, killing the driver and injuring a passenger. SEDENA assumed responsibility for investigating the case; no further information was available at year's end.
- On March 26, soldiers at a checkpoint in Badiraguato, Sinaloa, allegedly opened fire on a group of civilians, killing four and injuring another. On April 11, SEDENA announced the arrest of five army officials in connection with the case. No further information was available on this case at year's end.
- The CNDH announced an investigation into an incident that occurred on June 8, when military officials in Chihuahua opened fire against a vehicle. Allegedly, the vehicle had failed to stop at a military checkpoint and ran over a soldier when its brakes failed. As a result of this incident, four persons died, including two occupants of the vehicle, one soldier, and another civilian who was near the area. SEDENA maintained that it had found weapons inside the vehicle and was investigating the case at year's end.
- On July 22, soldiers in the state of Aguascalientes shot and killed 17-year-old Guillermo Soto Garcia as he was traveling in a vehicle with three other teenagers. The Aguascalientes Attorney General's Office was investigating the case at year's end.¹³

To give a sense of what it means to live with such a military presence in law enforcement, here are some tips from the manual that municipal authorities in Ciudad Juárez just handed out to its citizens. The manual recommended that when approaching a checkpoint, you turn on your

interior car light and turn on and off your headlights to indicate to the soldiers that you will be obeying them. Put your hands on the top of the steering wheel, only carry in your car the items that you need, and carry official identification at all times. At night, keep your interior lights on and your windows rolled down.¹⁴

In another disturbing case, in May 2007 in the area of Carácuaro, Nocupétaro and Huetamo in Michoacán state, following an ambush in which five soldiers were killed, more than 1,000 soldiers were deployed for three days, during which time numerous cases of torture were reported and four minor girls were allegedly sexually abused by soldiers.¹⁵

Abuses by members of the military are not effectively investigated and prosecuted, resulting in impunity in such cases. Despite an article in the Constitution establishing that crimes against civilians by members of the military correspond to civilian institutions,¹⁶ almost no such crimes are tried in civilian courts.¹⁷ Mexico's Defense Secretary recently publicly reaffirmed that these cases would remain in military courts. Major Mexican human rights groups assert that "the use of military jurisdiction to investigate and prosecute grave human rights violations worsens the situation of impunity in Mexico and is contrary to international standards and innumerable recommendations to the Mexican State made by organisms of human rights protection."¹⁸ SEDENA is notoriously opaque, and little information is made available regarding status of cases within the military system.

One of our concerns in commenting on the Merida package from the start is that although foreign operations subcommittees approved only limited military equipment, the discussion around the plan appeared to open the door to further largely untransparent and unaccountable aid through the Defense Department. The U.S. government will not have a coherent policy with the Merida Initiative if substantial military aid flows through Defense Department authorities, without oversight of the State Department and this subcommittee and its Senate counterpart.

In sum, it is important that the Mexican government clarify the details of its plan to withdraw the military from a public security role, including its plans to reform, strengthen and professionalize civilian law enforcement institutions. U.S. aid should be conceived as helping to support this transition, rather than reinforcing the armed forces' public security role.

The Merida Initiative of course will have to take into account and seek to encourage reforms to address the very serious human rights abuses committed by police. Three persistent problems are the use of torture to elicit confessions, despite existing prohibitions; the use of lengthy pre-trial detention; and the excessive use of force and grave human rights abuses in confronting social protests, with extreme examples such as the police response to the 2006 Oaxaca protests, and the flower growers' 2006 protest in San Salvador Atenco, in which two flower growers were killed, some 47 women detained and many detainees were allegedly raped and tortured.

III. Solutions to the spillover of violence across the border must incorporate the concerns of border state communities.

Concern about spillover from the violence in Mexico has led to calls for deploying National Guard and soldiers in the border area. However, a number of elected officials and community

leaders from the border region have expressed opposition to the deployment of soldiers on the border. The dangers associated with the deployment of the military in the border region are illustrated by the 1997 incident in which an unarmed high school student in Redford, Texas was shot and killed while herding sheep by a U.S. Marine engaged in a training mission.

Another reaction to potential for spillover has been calls for completing the border fence. However, there is long-standing opposition to this plan from border communities. Eight border state members of Congress recently called for a temporary suspension of fencing while border security operations are evaluated, and have asked for community consultation on such projects, including by tribal nations whose land is affected.¹⁹ Rather than focusing on deployment of soldiers or fencing, a number of border state officials have called instead for a more strategic targeting of state and federal resources, such as increases in staffing (particularly inspectors) and improvements in technology and infrastructure at ports of entry to improve screening capabilities. This could enhance security while reducing wait times and allowing for the flow of goods and persons necessary to the local economies on both sides of the border.

The concerns and first-hand perspectives of elected officials, law enforcement officials and community stakeholders from the border region must be taken into consideration in the design and oversight of border enforcement measures and the national debate over responses to the violence in Mexico.

IV. Human rights must be central to U.S. policy.

As the United States continues what is already a multi-year, substantial aid package to Mexico and Central America, it is essential to make human rights an integral part of aid and diplomatic policy. This is not a peripheral concern. Without explicit attention to human rights, U.S. assistance will not contribute to strengthening the rule of law and ending the cycle of violence.

But this is a lot harder to put in actual practice than to merely express rhetorically. I am going to refer to another recent experience, the decade-long aid package to Colombia, in order to draw out some lessons about how to apply human rights criteria, particularly to Mexico. In doing this, I am in no way saying that the situation of the two countries is remotely comparable or indeed that the human rights situation in Mexico is similar to the situation in Colombia. Rather, it is a reflection of how the United States government can take into consideration, or fail to take into consideration, human rights in these kinds of partnerships.

Lesson 1. Human rights training can be helpful, but is by no means sufficient

The U.S. government tends to conceptualize human rights as including human rights training for security forces or otherwise budgeting funding for human rights activities. When the United States launched Plan Colombia, later called the Andean Counternarcotics Initiative, in 2000, the Clinton Administration responded to human rights groups' concerns by promising that human rights training would be incorporated into military training. And indeed, the U.S. and the Colombian governments made good on this promise and incorporated such training broadly, including by institutionalizing such training through "train the trainer" courses.

And yet, Colombia's major human rights groups documented 955 extrajudicial killings allegedly committed by the Colombian armed forces between July 2002 and June 2007, compared with 577 over the previous five-year period. All over the country, soldiers were seen detaining people in civilian clothing, who later turned up dead in guerrilla uniforms, claimed by the army as killed in combat. In October 2008, this scandal splashed all over the front pages of Colombia's papers, when it was revealed that an organized ring of soldiers were working with paramilitaries who were recruiting young men, staging mock battles, and killing them, apparently out of purely venal motives. Why had all of the human rights training not prevented such a development?

There's no quarrel with the training itself, and perhaps it curbed other abuses—certainly it was not objectionable. But there are several reasons why training did not solve the problem. First, the training failed to address two structural problems, the existence of monetary incentives for dead combatants which led to a body-count mentality, and a promotion system which rewarded security force officers despite abuses clouding their records. A national policy intended to produce results in the war pressured the military to produce results at any cost. Second, no amount of human rights training can work when the justice system fails to investigate and prosecute crimes committed by security forces. In Colombia as in Mexico today, many of these crimes were being investigated by the military justice system, despite clear jurisprudence that indicated human rights crimes attributed to the military have to be investigated and prosecuted by the civilian justice system. Terrified witnesses had to go on to military bases to speak to military judges, military judges were dismissing cases, and justice was nowhere to be found.

With the Merida Initiative, this lesson must also be applied to the police: including human rights courses is not sufficient. U.S. policy must also pay attention to structural reforms, including reforms to ensure that abuses are investigated and prosecuted; that citizens' complaint bureaus and other oversight mechanisms are fully functional; and that, in the Mexican case with its array of municipal, state and federal police, a comprehensive registry of law enforcement personnel is deployed to ensure that corrupt or abusive officers are not simply dismissed by one agency and then hired by another.

Lesson 2 Judicial assistance is positive, but not sufficient

The Merida Initiative includes substantial judicial assistance and training to strengthen the rule of law, which we support, and indeed we were very glad to see that this focus was incorporated from the start of the package. However, past experience in Colombia as well as Central America indicates that the kinds of assistance and training provided by the U.S. government is helpful, but does not by itself resolve problems of impunity, particularly in regards to difficult cases such as abuses by official security forces. The aid in transitioning to an accusatory justice system and prosecutorial training which the Department of Justice typically provides need to be complemented by an understanding of the specific obstacles to reducing impunity in each country and each judicial agency. Ideally, judicial assistance should be accompanied by benchmarks for reducing impunity produced jointly by the donor and recipient governments with strong input from local human rights groups, the ombudsman's office and, if relevant in a given country, the United Nations High Commissioner for Human Rights local office. USAID can provide assistance to strengthen judicial and oversight agencies that can be more tailored to the specific situation and needs of each agency than the standard DOJ training. Finally, there seems

to be a real problem at INL in getting funding for judicial assistance out the door, if we are to judge by the Colombia experience. That needs to be solved.

Lesson 3 For human rights improvement, diplomacy and dialogue, not just aid and training, is the answer

When the U.S. government initiates these large-scale, multi-year aid packages, it is a natural bureaucratic and human tendency for U.S. government officials to begin to think of the two governments not just as partners but as one entity. Concerns about human rights begin to be blunted and softened, and officials' speeches sing only the praises of our partner, and often the State Department's human rights reports get watered down. Both our highest-level officials and members of Congress meet primarily with the partner government, and human rights and other important civil society leaders get limited access. If the United States government wants to protect human rights, it needs to maintain a little daylight between itself and its partner, it needs to retain a bit of objectivity and a willingness to raise difficult issues, whether publicly or privately. Retaining this willingness to raise difficult issues with a major aid partner seems to be hard for career officers and policymakers to do, and this is a bipartisan problem.

The saving grace in the Colombia experience was the existence of human rights conditions within the package. These did not prevent human rights abuses from occurring but at least provided a way to raise them after the fact. Without the human rights conditions and the willingness of the Congress, particularly the foreign operations subcommittees, to insist that the State Department take the conditions seriously, human rights groups in the United States and Colombia would not have been able to get the attention of the State Department and the U.S. Embassy, and the widescale killings of civilians by the Colombian army would have passed virtually without U.S. comment and probably would have continued unchecked. The conditions helped ensure that the State Department dialogued with the Colombian government about killings of civilians and resulted in the Colombian government transferring cases from the military to the civilian justice system; the dismissal of officers implicated in the scandal; and at least a few high-profile cases resulting in convictions. This problem is far from over; many cases now are still mired in the civilian as well as military justice system; extrajudicial executions continue; increasingly, disappearances are taking place; body counts may still exist and incentives and promotions still lack civilian control. The U.S. Congress and the State Department must focus on the next steps in prosecuting those involved in committing and covering up these crimes and in ensuring, through effective civilian oversight, that there are no longer incentives that promote abuses. But U.S.-Colombian dialogue did help to encourage the limited progress that has occurred.

Making human rights progress is not some cookie cutter set of programs. It means having an analysis of the obstacles to overcoming impunity which shifts with time as some obstacles are overcome and new ones emerge. The only way to have such an analysis is through close dialogue with human rights groups on the ground, as well as receptive government and judicial officials and academic experts. Turning this analysis into action requires active congressional engagement, especially from this subcommittee and its Senate counterpart. It makes it imperative that members as well as aides listen to civil society human rights experts and victims.

And it requires that the U.S. government stand by and stand with human rights defenders, especially when they are under threat.

I know that Latin American governments can be understandably sensitive to human rights scrutiny by the United States. But to that I would say, real progress in addressing human rights problems will mean such scrutiny will not come to bear. And, just as the United States needs to preserve a little objectivity in relation to the recipient governments, it is equally important for the Mexican government in particular to maintain its refreshing willingness to call the United States to task for our failure to comply with our own responsibilities in reducing the violence caused by the drug trade, reducing the flow of arms into Mexico, and not managing to achieve immigration reform and neighborly border solutions. And that brings me back to my first point: The objective dialogue which needs to happen if the United States and Mexico are to resolve their joint problems is a two-way street.

March 10, 2009

¹ The U.S. Department of State, *2008 Human Rights Report: Mexico*, February 25, 2009.

² Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, National Survey on Drug Use and Health, 2002-2007.

³ For a comprehensive treatment of the issue of U.S. obligations, see *The United States and Mexico: Towards a Strategic Partnership: A Report of Four Working Groups on U.S.-Mexico Relations*, Woodrow Wilson International Center for Scholars, January 2009.

⁴ ATF Assistant Director William Hoover, Testimony before House Western Hemisphere Subcommittee hearing, "US Obligations under the Merida Initiative," February 8, 2008. For an excellent treatment of the issue of U.S. obligations, see *The United States and Mexico: Towards a Strategic Partnership: A Report of Four Working Groups on U.S.-Mexico Relations*, Woodrow Wilson International Center for Scholars, January 2009.

⁵ Joel Millman, "U.S. Guan Trial Echoes in Drug-Torn Mexico," *Wall Street Journal*, March 2, 2009.

⁶ Letter to President Obama from Reps. Eliot Engel, Michael Castle, and 51 other members of the House of Representatives, February 12, 2009.

⁷ James C. McKinley, Jr. "U.S. is Arms Bazaar for Mexican Cartels," *New York Times*, February 25, 2009. "In 2007, the firearms agency traced 2,400 weapons seized in Mexico back to dealers in the United States, and 1,800 of those came from dealers operating in the four states along the border, with Texas first, followed by California, Arizona and New Mexico."

⁸ See Tom Diaz, "Disrupting Arms Trafficking to Mexico," Violence Policy Center, October 17, 2008.

⁹ Peter DeShazo and Johanna Mendelson Forman, "A Treaty that Can Help Stem Drug Violence in Mexico," *Washington Times*, February 24, 2009.

¹⁰ Ramón Bracamontes, "Mexico's Military Influx Leaves a City on Edge," *El Paso Times*, March 3, 2009.

¹¹ President Calderón most recently referred to this plan to withdraw the military when Mexico underwent the Universal Periodic Review before the Human Rights Council of the UN in February 2009.

¹² Documents such as the National Defense Plan for 2007-2012 seem to indicate a role for the military in law enforcement at least through 2012. Jesus Aranda, "Ordena Calderón mantener al Ejército en las calles hasta 2012," *La Jornada*, January 25, 2008.

¹³ <http://www.jornada.unam.mx/2008/01/25/index.php?section=politica&article=003n1pol>

¹⁴ The U.S. Department of State, *2008 Human Rights Report: Mexico*, February 25, 2009.

¹⁵ Ruben Villapando, "Distribuyen manual en Juarez para convivir con los militares," *La Jornada*, 6 March 2009.

¹⁶ Manuel Roig-Franzia, "In Mexico, War on Drug Cartels Takes Wider Toll; Military Campaign Draws Accusations of Rights Abuses," *Washington Post*, April 14, 2008.

¹⁷ Article 13 of the Mexican Constitution defines military jurisdiction as covering only "crimes against and violation of military discipline."

¹⁸ "Cases in which military jurisdiction has been used in Mexico as a cloak for impunity are numerous: the disappearance of Rosendo Radilla Pacheco, which is currently under consideration before the Inter America Court of Human rights; the torture of environmental defenders Rodolfo Montiel and Teodoro Cabrera; the rape and torture of indigenous mixteca women Francisca Santos and Victoriana Vázquez; the rape and torture of indigenous tlapaneca women Valentina Rosendo Cantú and Inés Fernández Ortega; the rape and torture of sisters and indigenous tzeltal women of Chiapas, Ana, Beatriz and Celia González Pérez, as well as the extrajudicial executions verified in the municipality of Santiago de Caballeros, Sinaloa." From "Mexican Human Rights Organizations Speak Out Against Statements Made by Military Authorities," press release, February 24, 2009, signed by the National Network of Human Rights Civil Organizations "Todos los Derechos para Todas y Todos"; the Mexican Commission for the Defense and Promotion of Human Rights; the Human Rights Center of the Montaña Tlachinollan; the Center for Justice and International Law; the Center for Human Rights Fray Francisco de Vitoria; the Miguel Agustín Pro Juárez Human Rights Center; the Center for Human Rights Fray Bartolomé de las Casas; and FUNDAR.

¹⁹ *Ibid.*

²⁰ February 10, 2009 letter to President Obama from Reps. Ortiz, Reyes, Hinojosa, Grijalva, Filner, Cuellar, Susan Davis, and Rodriguez.

Mrs. LOWEY. Ms. Hernandez.

OPENING STATEMENT OF MS. HERNANDEZ

Ms. HERNANDEZ. Thank you very much for the opportunity, Madam Chairwoman, Ranking Member Granger and other distinguished members of the committee.

I have been working in the promotion and defense of human rights in Mexico for over 12 years, and I want to focus my testimony on speaking about the current situation in Mexico as a result of the war on drugs but from the perspective of civil society.

I want to talk about militarization, and militarization of public security and the use of the army as a means to fight the war against drugs has been a policy of the Mexican government since the 1980s. Yet, clearly, the use of the military has never been as evident or as intense as with President Calderon's administration.

Direct participation of the military in public security is increasing on all levels of government, and military presence has become more and more common in principal cities in Mexico. In states like Guerrero, where I lived for 4 years, the presence of the military is not only in the cities but also in the rural and indigenous communities where poppy and marijuana are cultivated. This is a problem that is rarely talked about in Mexico, where the growers of illicit crops are forgotten in the drug war and there is not even talk of alternative development as occurs in other countries like Colombia or Bolivia.

Instead of fighting the structural causes of the situation, recognizing its social and economic implications and formulating an integral development plan for the community, the government has continued to use the military as a way to manually eradicate illicit crops. The situation with drug cultivation in Mexico exemplifies, for me, the way the Mexican government has decided to tackle the entire war on drugs: above all, short-term, often dramatic actions with immediate but very limited impact and not sufficient long-term strategic actions that truly combat the structural causes of the situation Mexico faces today: poverty, corruption, impunity, and weak institutions.

The use of the military has been presented by the government as a temporary measure that is needed due to the uncontrollable violence related to organized crime and that civilian institutions have proven incapable of dealing with the problem in an effective manner. With this we turn once more to the structural causes: clearly, a police force on all levels that is extremely corrupt and that has been profoundly infiltrated by organized crime, with almost no levels of confidence on behalf of citizens.

To illustrate this, I want to refer to a civil society organization operating in municipalities in the mountain region of Guerrero, one of the poorest in all of Mexico, called the Civil Police Monitor that promotes transparency through rule of law and human rights within regional police forces.

In its first year, in 2008, the Civil Police Monitor documented 117 cases of abuse committed by municipal police forces and judicial police, particularly arbitrary detention and extortion. At the same time, it received complaints by police recording the fact that they didn't have the most basic equipment, such as boots and am-

munition, that they worked shifts of over 24 hours, they didn't have life insurance, that they were often not paid their salaries, which is less than \$300 a month in this region. With these conditions, can we be surprised that the municipal police forces are so easily corruptible and infiltrated by organized crime?

Lack of accountability, transparency, internal and external controls, and human rights abuses characterize the vast majority of police forces in the country. Lack of adequate training in crucial matters such as the use of force, few material and human resources, poor incentives, and low salaries are the police force's other characteristics. The police reforms in Mexico that have taken place and that have been very positive have been focused almost all on the Federal level, leaving the state and municipal police forces almost untouched, in spite of the fact that these are the ones that are directly in contact with the majority of the population.

If the use of the army is a temporary measure, the only answer is a profound democratic reform of the police force which is the civil institution in charge of public security. Yet this reform on all levels, particularly the state and municipal level, is not occurring sufficiently.

There are concrete reasons why numerous international human rights protection mechanisms have clearly stated that the military should not be in charge of public security tasks. They are trained in the doctrine of war and confrontation, not of collaboration and work with the community. For this reason, as Lisa just pointed out, the risk for abuse of power and human rights violations is extremely high; and that is precisely what has occurred.

When military personnel are accused of human rights violations, the military courts apply article 57 of the Military Justice Code in order to keep cases involving their members within their jurisdiction. Although the Mexican Army may not be legally immune, military jurisdiction in practice is a *de facto* amnesty law that guarantees impunity for military personnel who violate the fundamental rights of the population.

It is imperative that Mexico abolish its military jurisdiction and puts an end to impunity in cases of human rights violations committed by members of the army. This is even more urgent if the army will continue to be on the streets and within communities in many states as part of this temporary or urgent measure in fighting the drug war.

The Merida Initiative contemplates that 15 percent of the funds are conditioned to the progress shown by the Mexican government in certain key areas of human rights: transparency and accountability within the police force, consultations with civil society, investigations and prosecutions of security forces accused of abuse, and enforcement of Mexican law prohibiting the use of testimony obtained through torture. These are, in my opinion, the minimal things that Mexico should be held accountable for; and it is of extreme importance that the mechanism to monitor their fulfillment is clear and effective.

Many of the things contemplated in the Merida Initiative, such as equipment and technology we have talked about a lot this morning are very important. Yet, as has also been very much talked about, they contribute to short-term immediate actions but not to

long-term structural reform. It is important to emphasize that this war on drugs, fight against organized crime, or however we choose to call it, is destined for failure unless it considers these long-term actions to strengthen Mexican civilian institutions on all levels, not just the Federal level.

And it must be insured that this long-term reform agenda is not lost in the response to immediate crisis. This is not a battle that will be won in 4, 2, 6 years and clearly not within one Presidential administration; and it is important that clear benchmarks for short, medium, and long-term change be established in order to know if we are moving forward or backward.

Mrs. LOWEY. Thank you.

[The information follows:]

Testimony of Ana Paula Hernández
Consultant in Mexico on Human Rights and Drug Policy
on the Merida Initiative

before the

House Appropriations Committee
Subcommittee on State, Foreign Operations and Related Programs

March 10, 2009

My name is Ana Paula Hernández and I have been working in the promotion and defense of human rights in Mexico for more than 12 years. I first worked in the Mexico City based Miguel Agustín Pro Juárez Human Rights Center (PRODH) and was then deputy director of Tlachinollan Human Rights Center, located in the Mountain Region of the state of Guerrero. In 2005 I became a consultant for the Office in Mexico of United Nations High Commissioner for Human Rights and am now working as a consultant for a number of foundations who fund human rights work in Mexico. In the past year I have also helped form the first civil association working primarily on the issue of drug policy from a human rights perspective, the Collective for an Integrated Drug Policy (CUIHD).

I want to focus my testimony on speaking about the current situation in Mexico as a result of the “war on drugs” from the perspective of civil society, drawing on the direct experience I have had particularly when living in the state of Guerrero and from my work on both human rights and drug policy.

Militarization in Mexico: the norm, not the exception

Militarization of public security and the use of the army as the means to fight the war against drugs has been a policy of the Mexican government since the 1980s. Yet the use of the military has never been as evident or as intense as with Felipe Calderón’s administration. The operations that deployed thousands of troops in 2007 and 2008 to some of the states most affected by drug trafficking and organized crime have been the most highly publicized actions of his administration. The use of the military is clearly at the core of President Calderón’s drug strategy, something that was again evident just two weeks ago by the deployment of 5,000 additional troops to the city of Ciudad Juárez apart from the 2,500 already there. This city is currently the most violent in the country, where last month 231 homicides occurred in just 28 days, almost equaling the total number of homicides in all of 2006.¹

The military has also taken over the Secretariat of Public Security in the Juárez municipality, something that has progressively occurred in the past two years on a state and federal level as well. At the beginning of December, President Calderón assigned Major Javier de Real Magallanes as deputy secretary of Police Strategy and Intelligence, giving the military direct control both of the operations of the Secretariat of Public Security against organized crime as well as the actions that it carries out in coordination with other federal offices, state and municipal governments.

¹ Turati, Marcela, *La toma de Ciudad Juárez*. Proceso n. 1688, March 8, 2009.

Direct participation of the military in public security is increasing on all levels of government and military presence has become more and more common in principal cities in the states of Nuevo Leon, Tamaulipas, Baja California, Michoacan, Sinaloa and Guerrero. In states like Guerrero, the presence of the military is not only in the cities but also in the rural and indigenous communities, where poppy and marihuana are cultivated. The Mountain region of Guerrero, where I lived for four years, is the principal cultivation area for poppy in the country. For over three decades the military has maintained eradication activities in the area, in spite of the fact that these have systematically been proven to be completely ineffective, both in Mexico and in other countries. Yet the Mexican government continues to use the numbers of hectares of destroyed illicit crops as an indicator of success in the war on drugs.

This is a problem that is rarely talked about in Mexico, where the growers of illicit crops are forgotten in the drug war and there is not even talk of alternative development as occurs in other countries like Colombia or Bolivia. In this region, which holds the poorest municipality in Mexico, the cultivation of illicit crops has not represented any economic growth for its population, who are the weakest link in a long chain of buyers, processors and traffickers. Since poppy is neither processed nor consumed in the communities, it has not been a way for the population to overcome the extreme poverty they live in. A kilo of the gum from the poppy flower will take an average family from three to six months to collect, depending on the climate, and will sell for \$1,000 to \$1,500 dollars. Although this is much more than they will earn from selling corn, beans or any legal crop, it is by no means a sufficient amount for a family of at least four members to get by for the following three to six months, until the next harvest.

Instead of fighting the structural causes of this situation, recognizing its social and economic implications and formulating an integral development plan in the communities that can give them alternatives for employment and access to the most basic rights such as food, health and education, the government has continued to use the military as the way to manually eradicate illicit crops. The situation with drug cultivation in Mexico exemplifies the way the Mexican government has decided to tackle the entire war on drugs: short-term, often dramatic, actions with immediate but very limited impact instead of long-term, strategic actions that truly combat the structural causes of the situation Mexico faces today: poverty, corruption, impunity and weak institutions.

Democratic police reform: an urgent need

The use of the military has been presented by the government as a “temporary” measure that is needed due to the uncontrollable violence related to organized crime and the fact that civilian institutions, concretely public security forces, have proven incapable of dealing with the problem in an effective manner. And with this we return once more to the structural causes of the situation: a police force on all levels that is extremely corrupt and that has been profoundly infiltrated by organized crime, with almost no levels of confidence on behalf of citizens who see them much more as part of the problem of insecurity than part of the solution.

To illustrate this I want to refer to a project operating in the Mountain Region of Guerrero and implemented by three civil society organizations, Tlachinollan Human

Rights Center, INSYDE Instituto de Seguridad y Democracia, and FUNDAR, Centro de Analisis. The Civil Police Monitor (CPM) is a civil society organization that promotes transparency, rule of law and human rights within regional police forces. The CPM documents cases of human rights violations committed by police forces, as well as complaints made by the police themselves when their own rights are violated, particularly labor rights. The CPM aims to establish a constructive dialogue that can lead to effective, accountable police forces that fully respect human rights.

In its first year (2008) the CPM documented 117 cases of abuses committed by municipal police forces and judicial police, particularly arbitrary detention and extortion. At the same time, it received complaints by police regarding the fact that they didn't have the most basic equipment such as boots and ammunitions, that they worked shifts of more than 24 hours, that they were often not paid their salary ² (which in this region is less than 300 dollars a month), and that many didn't have life insurance, among other things. Poverty in the region permeates all institutions, including the police force, who work in inadequate offices with dirt floors and thin steel roofs and don't have adequate vehicles or guns to carry out their work. With these conditions, can we be surprised that the municipal police force uses extortion as a systematic practice or that they are so easily corruptible and infiltrated by organized crime? Is it a surprise that the police forces, particularly at the municipal level, are both unable and often unwilling to take on organized crime, whose members have by far much greater technology and weaponry? This is just one example in one region of the country, but the reality is similar all over. Lack of accountability, transparency, internal and external controls, and human rights abuses characterize the vast majority of police forces in the country. Lack of adequate training in crucial matters such as the use of force; few material and human resources; poor incentives and low salaries are the police force's other characteristics. The police reforms in México that have taken place have been focused almost all on the federal level, leaving the state and municipal police forces almost untouched in spite of the fact that they are the ones directly in contact with the majority of the population.

If the use of the army is a temporary measure, the only answer is a profound democratic reform of the police force, which is the civil institution in charge of public security. Yet the reform on all levels of government that is urgently needed is not occurring. Recent declarations by President Calderon stated that the army would be on the streets until the police authorities and institutions could guarantee the rule of law.³ How will this be measured? How are resources being allocated to ensure that the long-term reform agenda is not lost in the response to immediate crises?

There are concrete reasons why numerous international human rights protection mechanisms, such as the Inter-American Human Rights Commission, have clearly stated that the military should not be in charge of public security tasks. They are trained in a doctrine of war and confrontation, not of collaboration and work with the community. For this reason the risks of abuse of power and human rights violations is very high, and this is precisely what has occurred as they have increased their presence in Mexico's principal cities. Of a total of 23 recommendations directed at the Secretariat of Defense by the National Human Rights Commission (CNDH) since 2000, 20 have been emitted in the past 2 years. From January 1, 2007 to December 31, 2008 the

² Monitor Civil de la Policia y Cuerpos de Seguridad Pública, *A un año de creación Monitor Civil documenta 117 casos de abuso policiaco*, November 26, 2008.

³ Jimenez, Sergio Javier. *FCH califica de traidores a quienes usan a la gente*. El Universal, February 20, 2009.

CNDH received a total of 1,602 complaints of abuses committed by members of the military, including arbitrary detentions, robbery, threats, intimidation as well as violations to the right to life and integrity.⁴

The Miguel Agustín Pro Juárez Human Rights Center, a well-known center in Mexico City, recently presented its report titled “Supreme Commander? The absence of civil control of the armed forces at the beginning of the Calderon Administration” which documents grave human rights violations committed by members of the military in their fight against organized crime. They tell of the story of Marlene Caballero, a girl who was shot at a military checkpoint in the community of San Luis de la Loma, in the municipality of Tecpan de Galeana, Guerrero, on June 29, 2007, when the soldiers there opened fire on the truck she was traveling in, claiming they thought the van was going to “run them over”. They also report on the death of the Esparza Galaviz family, whose five members were shot and killed on June 1, 2007, near a military checkpoint in la Joya de los Marínez, in the municipality of Sinaloa de Leyva, Sinaloa. The soldiers stated the van they were traveling in did not stop on time and that is why they opened fire.

In the state of Guerrero where I lived for four years, militarization in response to the drug war resulted in members of the military becoming one of the main human rights violators, in addition to the judicial and municipal police. Between 1996 and 2006 the Tlachinollan Human Rights Center documented 125 cases of human rights violations committed by members of the military, among them abuse of authority, arbitrary detentions, harassment and rape. It is important to mention that this was before the Calderon administration increased the military presence in the communities and the cities. These violations have now become even more frequent, as can be seen with recent declarations made by the President of the Human Rights Commission of the State of Guerrero, Juan Alarcón, who stated that just in the past three months, the Commission has received 75 complaints against members of the military.⁵

In addition to these grave violations, the presence of the military in general has threatened the peace and harmony within the communities. The soldiers intimidate the population, stopping them on the roads and interrogating them; they enter their homes, often stealing their food and belongings; they set up camp, many times destroying their crops in the process and take the water from the community. For a population that suffers severe marginalization and vulnerability, the presence of the soldiers, instead of providing greater security, symbolizes a continuation of the repression, threat and harassment to which they have historically been subjected.

Military jurisdiction: a guarantee for impunity

When military personnel are accused of human rights violations, military courts apply article 57 of the Military Justice Code in order keep cases involving the military under its jurisdiction. With this, civilian authorities, responsible for investigating these crimes, are subordinate to the military. The results are easily seen: there is systematic denial of justice for victims of abuse by the army: impunity protects members of the military

⁴ Carrasco, Jorge. *El fuero militar: garantía de impunidad*. Proceso 1688, March 8, 2009.

⁵ Arreola, Yamilet. *En tres meses registra la Coddehum 75 quejas ciudadanas contra soldados*. La Jornada, March 8, 2009.

involved in these violations and civilian institutions are weakened, not holding accountable those who shield themselves within military jurisdiction.

Although the Mexican army may not be legally immune, military jurisdiction in practice is a de facto amnesty law that guarantees impunity for military personnel who violate the fundamental rights of the population. In this sense, the military is responsible for human rights violations on two levels: one as the agent directly responsible for the crimes and the other as the agent that guarantees impunity, reserving to its jurisdiction cases in which military personnel are involved and not investigating cases thoroughly or impartially.

Mexico has received a number of recommendations by international human rights protection mechanisms on the issue of military jurisdiction, the most recent being those resulting from the Universal Periodic Review (UPR) it underwent before the United Nations Human Rights Council on February 10th of this year. Mexico approved the UPR, receiving approximately 91 recommendations, 83 of which it accepted. Regarding the other 8 recommendations, it postponed accepting or rejecting them, saying they require a much more detailed and thorough analysis, and they will report on these recommendation in the final report which will be approved in July by the Human Rights Council. The majority of these 8 recommendations are directly related to military jurisdiction, concretely recommending that 1) Mexico review the Code of Military Justice with a view to extending the jurisdiction of civil cases involving violations of human rights by the military 2) Mexico abolish military jurisdiction 3) Mexico have the civil legal system prevail over a military judicial process in its entire territory.

It is imperative that Mexico accepts and implements these recommendations, abolishing military jurisdiction and putting an end to impunity in cases of human rights violations committed by members of the army. This is even more urgent if the army continues to be on the streets and within rural and indigenous communities in many states of Mexico as part of the drug war.

The importance of support for justice reform

Another important recommendation made to the Mexican government as part of the UPR was regarding the *arraigo*, approved in 2008 as part of the justice reform package that allows a detainee to be held up to three months without charges. The *arraigo* has been denounced as both unconstitutional and going against numerous human rights treaties ratified by Mexico. It is another clear example of the serious consequences of the “fight against organized crime” on fundamental human rights. Justice reform in Mexico has been an urgent need for many years, and significant advances were made in 2008 with reforms that implicate a transition from an inquisitorial to an adversarial judicial system, including oral trials. Although these advances are positive, other reforms were approved that imply a regression in civil rights, the *arraigo* being the prime example. In a judicial system clearly marked by corruption, a figure like the *arraigo* is extremely dangerous. The UPR calls for an end to the *arraigo*, yet again, this is one of the recommendations Mexico did not accept.

Justice reform in Mexico must implicate an advance, not a regression, in the guarantee and respect of human rights. Support in this area is key, so that Mexico can make a successful transition into an adversarial judicial system that is efficient and effective in

punishing those who have committed crimes and violations, but that also guarantees the rights to due process of both the victims and the accused.

Conclusion

The Merida Initiative contemplates that 15% of the funds are conditioned to the progress shown by the Mexican government in certain key areas of human rights, a number which have mentioned in this testimony: transparency and accountability within the federal police; consultations with civil society; investigations and prosecutions of security forces accused on abuse; and enforcement of Mexican law prohibiting the use of testimony obtained through torture. These are, in my opinion, the minimal things that Mexico should be held accountable for, and it is of extreme importance that the mechanism to monitor their fulfillment is clear and effective.

Many of the things contemplated in the Merida Initiative, such as equipment and technology, are important. Yet as mentioned when we began this testimony, they contribute to short-term, immediate actions but not to long term, structural reforms. It is important to emphasize that this “war on drugs”, “fight against organized crime”, or whichever name one considers more adequate, is destined for failure unless it considers these long- term actions to strengthen Mexico’s civilian institutions in charge of public security, and administration and procurement of justice. Clearly it is the interest of United States to help Mexico “win” this war. It is precisely in these long-term changes where its assistance can be most useful.

This is an impossible war to win if it is primarily waged by the military and continues to implement strategies that have proved to be insufficient and ineffective in other countries, such as eradication. The war will be lost if it does not take into account the rights of the population. Civil society is a key actor in this strategy, yet its active participation and support is weakened if all people experience is extreme violence, human rights violations and lack of access to justice.

A more integrated strategy must be considered, and this also means greater acknowledgement of responsibility by the United States in its role in fighting this drug war, beginning with greater actions for demand reduction within its own country as well as taking effecting measures against arms trafficking into Mexico.

This is not a “battle” that will be won in two, four or six years, and clearly not within one presidential administration. But clear benchmarks for short, medium and long- term change must be established in order to know if we are moving forward or backward.



Ana Paula Hernández, a sociologist, has been working for over twelve years in the field of human rights. She worked in human rights education and promotion for six years in the Miguel Agustín Pro Juárez Human Rights Center in Mexico City, and for four years was Deputy Director of Tlachinollán Human Rights Center, located in the Mountain Region of the state of Guerrero, one of the poorest regions of Mexico. She has carried out consultancies in fundraising, strategic planning, organizational development, capacity building and human rights education for a number of organizations and networks. For three years she was a consultant for the Office in Mexico of the United Nations High Commissioner for Human Rights. For the past year she has worked as a consultant for the Angelica Foundation on their grant making strategy in Mexico on the issues of human rights and drug policy reform, and as the consultant in Mexico for the Open Society Institute's Latin American Program. She has also led the initiative to form the Collective for an Integrated Drug Policy in Mexico, which is in the process of becoming a civil association.

Mrs. LOWEY. Ms. Olson.

OPENING STATEMENT OF MS. OLSON

Ms. OLSON. Thank you, Chairwoman Lowey. It is a pleasure to be here. And thank you, Ms. Granger, as well. We appreciate the opportunity to present this morning, but we also appreciate your work and work with your staff.

And I wanted to say to Representative Kirk that I thought I was going to be the only graduate of the UNAM here. I am so glad to hear that there is another.

WOLA has followed the development of the Merida Initiative and consulted extensively with colleagues in Mexico with a variety of expertise, including human rights, constitutional law, judicial reform, policing and the military.

We believe that the U.S. can most effectively address drug trafficking and violence in Mexico in three ways: First, by launching an ambitious effort to reduce drug demand at home, particularly by providing access to high-quality drug treatment; second, by combating the flow of arms and illicit drug profits from the U.S. back into Mexico; and, third, by supporting institutional reforms in Mexico's police and judicial systems.

My testimony will focus on this last point, where we think that the resources that are appropriated by this subcommittee might have the most impact.

Since the first tranche of the money was just released, it is too soon to assess impact. However, WOLA is concerned about imbalances in the assistance package, which we believe focuses too heavily on hardware and equipment and not enough on support for judicial and police reform.

Other witnesses have talked about the serious violence taking place in Mexico. Suffice it for me to say that President Calderon has enacted a series of initiatives to strengthen public safety institutions by professionalizing and purging the police and by providing financial support to over 150 municipalities most affected by crime and violence. Nevertheless, the predominant element of Mexico's security strategy continues to be large-scale counterdrug operations.

The military dominates these operations with the participation of approximately 45,000 troops. That is the number of troops that are involved in the drug war, not the total number of troops in the Mexican Army. And the military is increasingly involved in other public security tasks.

Mexico's counterdrug efforts are hampered by abuse, corruption, lack of transparency, all to varying degrees in police, judiciary and the military, and torture is still a problem. But Mexico didn't get to this place overnight; and the tactics being used to confront the drug trade—purging the police, bringing in the military—are not new either. Efforts to purge the police go back at least to the 1980s. And June of 2005 saw the start of something called Operation Safe Mexico, which included the deployment of large number of troops to Mexican cities, as well as—much similar to what we are seeing today.

History is important here because past efforts to purge Mexico's police and create new security agencies have all failed to put in

place the structural reforms needed to insure police accountability and the continual ferreting out of corruption. Follow-through is everything. They have also generated a serious lack of faith in the police and attempts at police reform.

Military deployments have not provided lasting solutions either and have produced more human rights abuses. The military can occupy a city, but after a few months they go back to the barracks, and the fundamental dynamics have not changed.

U.S. policymakers should explore ways for the United States to support and strengthen Mexico's effort to evaluate police performance at the federal, state and local levels. One such mechanism, the National Police Registry, which I understand is still not fully functional—one is the police registry. Without a complete registry, there is no way to do thorough background checks and keep corrupt officials and human rights abusers out of the police. A functioning registry would be a minimal benchmark for assessing institutional reform.

There is a real opportunity for the U.S. to contribute to lasting reforms in the justice system. Historic constitutional reforms were just approved in 2008. These represent a procedural revolution in Mexico, including oral trials and reducing the likelihood of testimony obtained through torture of being used. This reform, however, is not a quick fix. The government estimates that it will take 8 years to fully implement. But history tells us that quick fixes don't work and that the U.S. needs to invest long term.

I know that the human rights language in the Merida Initiative has been controversial, but it is important and appropriate. Mexico's police and justice institutions are known for corruption, and the majority of human rights violations are committed by state and local police. There has also been a dramatic rise in the report of cases against the military. Because most of the human rights abuses committed by the military and against civilians are remitted to military jurisdiction, those responsible are seldom punished.

Merida engages these institutions, policing and justice institutions—the police and the military, excuse me—so, *Ojo*, as they say in Spanish, or watch out, because you are giving assistance to unreformed and untransparent security forces. The U.S., especially in Latin America, has a bad track record of providing assistance to unreformed security forces that in turn commit human rights abuses in which the U.S. is implicated.

The 15 percent withholding that Congress has required until the State Department reports that Mexico is taking action on human rights issues is completely appropriate and important.

There is another problem with the structure of the Merida Initiative that should be addressed. It is one-sided. Although the initiative was pitched as cooperation between the two countries, it contains no additional commitments or funds for the U.S. side of the border. Many studies have shown that treatment for heavy drug users is by far the most cost-effective way to reduce problem drug use, and yet these programs are chronically underfunded. Any next stage for the Merida Initiative should contain a truly binational plan.

One last concern. While the foreign ops process is funding the Merida Initiative, the Defense Department also has the authority

to provide foreign military training for counterdrug purposes; and, last year, Mexico was added to the Defense Department's authority to provide equipment as well. Congress needs to consider and monitor all sides of the U.S. counterdrug effort, not just the Merida Initiative funded through this committee.

In conclusion, success in Mexico's counterdrug effort will not hinge upon helicopters or ion scanners. What the U.S. decides to fund through the Merida Initiative signals what we think is important. Strong, effective rights respecting institutions and rule of law have the best chance of making a difference; and that is where the limited U.S. dollars should be spent.

Thank you.

[The information follows:]

Testimony of Joy Olson
Executive Director of the Washington Office on Latin America
on the Merida Initiative

before the

House Appropriations Committee
Subcommittee on State, Foreign Operations and Related Programs

March 10, 2009

My name is Joy Olson and I am the Executive Director of the Washington Office on Latin America (WOLA). I have close ties to Mexico. My daughter is a Mexican citizen and I have a master's degree in Latin American Studies from the National Autonomous University of Mexico (UNAM). I have followed U.S. security assistance to Mexico for more than ten years as part of the "Just the Facts" project. WOLA has studied the drug trade and U.S. drug policy in Latin America for more than 20 years. WOLA's newest program addresses the issue of organized crime from a human rights perspective, viewing organized crime as a viable threat to democracy and the rule of law.

As excellent background for this hearing, I ask that you include for the record a publication entitled, *At a Crossroads: Drug Trafficking Violence and the Mexican State*, written by WOLA Associate Maureen Meyer, and published by WOLA and the Beckley Foundation Drug Policy Programme.

WOLA has followed closely the development of the Merida Initiative and consulted extensively with colleagues in Mexico with a variety of expertise including: human rights, constitutional law, judicial reform, policing and the military. These discussions, which continue, have informed our view of the Merida Initiative.

The U.S. can most effectively address drug trafficking and violence in Mexico in three ways, by:

- 1) launching an ambitious effort to reduce demand for drugs here at home, in particular through improved access to high-quality drug treatment;
 - 2) combating the flow of arms and illicit drug profits from the US into Mexico;
- and
- 3) supporting institutional reforms in Mexico's police and judicial systems that can lead to the rights respecting arrest and prosecution of drug traffickers.

My testimony will focus on the last point, where the resources appropriated by this subcommittee might have the most impact.

WHERE WE ARE

In spite of president Calderon's large-scale efforts to combat organized crime, there has been a dramatic increase in drug-related violence in Mexico since the beginning of his administration in December 2006. It is estimated that there were over 6,000 drug-related killings in 2008 and more than 1,000 people were killed in the first two months of 2009. The recent arrests of several government officials for passing on information to drug-trafficking organizations, reports of campaign financing by drug traffickers in state and local elections, and widespread corruption among federal, state and local police agents illustrate the penetration of drug trafficking into state structures and the daunting challenges faced by the Mexican government to effectively address the security crisis in the country.

As the State Department's 2008 Human Rights Report indicates, there is corruption, inefficiency, and lack of transparency in the Mexican judicial system, as well as "impunity and corruption at all levels of government".¹ The Mexican Citizen Institute for Research on Insecurity's (INCESI) estimates that only one out of every five crimes are ever reported. Initial investigations are begun for only 13% of the crimes reported and in only 5% of these crimes are the alleged perpetrator brought before a judge.² Widespread police abuse also contributes to a lack of trust of the civilian population of their law enforcement institutions.

To respond to this crisis, the Calderon Administration has enacted a series of initiatives to strengthen its public security institution such as efforts to professionalize and purge the federal, state and local police and financial support to the 150 Mexican municipalities most affected by crime and violence. Nonetheless, the predominant element of Mexico's security strategy continues to be large-scale counter-drug operations which have been launched throughout Mexico. The military dominates these operations with the participation of approximately 45,000 soldiers, and the Mexican military is increasingly becoming involved in other public security tasks. In the most recent stage of the Joint Operation in Chihuahua, an additional 7,000 soldiers were sent to Ciudad Juarez in early March and personnel from Mexico's Defense Ministry (*Secretaría de Defensa Nacional*, Sedena) took charge over the municipal Public Security Ministry, the local prison and traffic office.³ Although Mexico's National Human Rights Program establishes the objective of progressively removing the armed forces from public security tasks linked to organized crime, there are no clear signs that this is taking place and human rights violations perpetrated by military personnel have dramatically increased.

¹ 2008 Human Rights Report: Mexico, Bureau of Democracy, Human Rights, and Labor 2008 Country Reports on Human Rights Practices

² *Instituto Ciudadano de Estudios sobre la Inseguridad*, "Fifth National Survey on Insecurity", 2007. <http://www.icesi.org.mx/documentos/encuestas/encuestasNacionales/ENSI-5.pdf>

³ Cano, Luis Carlos, *Militares controlan funciones municipales*, El Universal, March 4, 2009.

HOW WE GOT HERE

Mexico did not get to this point overnight, and the tactics being used to confront the drug trade - purging the police and bringing in the military - are not new. Efforts to purge the influence of drug trafficking on the Mexican police go back at least to the 1980's and the presidency of Miguel de la Madrid. Subsequently, President Salinas de Gortari set up the Center for Drug Control Planning (Cendro) and the National Institute to Combat Drugs and declared drugs a national security threat, leading to the expansion of the military's involvement in counter-drug activities. President Zedillo continued expanding the use of the military, substituted Federal Judicial Police with members of the army and placed high-ranking military officials within civilian law enforcement agencies. More attempts at police reform were made in the Zedillo and Fox administrations. June of 2005 saw "Operation Safe Mexico" which included the deployment of large numbers of troops to combat drug-related violence and corruption in Tamaulipas, Baja California and Sinaloa, and was later expanded to Michoacán, the State of Mexico, Guerrero and Chiapas. One of the perceived intentions of this operation was to purge municipal police corps of corrupt agents. Indeed, when the federal police and military arrived in Nuevo Laredo as part of the operation they removed the 700 municipal police officers from their posts and investigated for corruption.⁴ Less than half were cleared to return yet corruption continues to be widespread among Mexico's state and municipal police forces.

History is important here- as is illustrated above, there have been many past efforts to purge Mexico's police of corrupt agents and create new security agencies, but all have failed to put into place the structural reforms necessary to ensure police accountability and have generated a serious lack of faith in the police and attempts at police reform. Often implicated in crimes and struggling to exhibit legitimate authority, the police and past efforts at reforms are viewed with great cynicism and mistrust by civilians. In public opinion, there is often a fine line between the police and the criminals.

The problem with each police purge was that it was incomplete, and internal and external controls were not put in place to enable the continual ferreting out of corruption. Military deployments are equally problematic. Military and police are not interchangeable entities. Military forces are trained for combat situations, with force used to vanquish an armed enemy. Police are a civilian corps, trained to address threats to public security using the least amount of force possible, to investigate crime and identify those responsible, and to arrest criminals with the cooperation of the people. The military can also only occupy a city for so long. They aren't the police and they are unable to arrest and prosecute the traffickers. Ultimately, they go back to the barracks and the fundamental dynamics don't change.

⁴ Freeman, Laurie, "State of Siege: Drug Related Violence and Corruption in Mexico, unintended consequences of the War on Drugs," WOLA, June 2006.

US-MEXICO SECURITY COOPERATION AND THE MERIDA INITIATIVE

In the first year of Merida Initiative funding, Mexico is receiving \$400 million in security assistance, with an additional \$300 million currently being discussed as part of the FY09 omnibus. Since the first tranche of the money was just released, it is still too soon to assess the impact of this support for Mexico. However, the recognition implicit in the Merida Initiative that Mexico and the United States share responsibility for addressing drug trafficking and violence is important, as are the unprecedented levels of security cooperation between the two countries.

However, WOLA continues to be concerned by the imbalances in the assistance package, which focuses too heavily on hardware and equipment and not enough on support for judicial and police reform and institutional strengthening. Equipment and technology will do little to bring the accountability, transparency and reform that Mexican security forces need to fight criminal groups over the long haul.

Success in Mexico's counter drug efforts will not hinge upon helicopters or ion scanners. These may contribute to tactical victories, but ion scanners are only useful if those who use them are not corrupt. An increased number of detained drug traffickers is also ineffective unless there is a judiciary who is capable of prosecuting them.

The Merida Initiative also continues to be one-sided. Although the Initiative was pitched in the framework of "cooperation" between the two countries, it contains no additional commitments or funds for actions to be taken on the US side of the border. Many studies have shown that treatment for heavy drug users is by far the most cost-effective way to reduce problem drug use and yet treatment in the U.S. has remained under-funded, with federal spending on treatment since 2002 growing at less than half the rate as spending on source-country programs and less than one-quarter the rate of spending on interdiction. Efforts to curb firearms traffic into Mexico continue to fall short and when developed, are done in isolation of US security assistance for Mexico. Now is the time for coordinated budget priorities that integrally address the security crisis along the US-Mexico border. Any next stage for the Merida Initiative should contain a truly bi-national plan of action.

What is clear in Mexico is that the security situation continues to deteriorate and although rampant violence remains concentrated in select border cities, insecurity and the infiltration of drug traffickers into more Mexican towns and institutions is an increasing concern. The platitudes that "increased violence means that the state is winning," and "things will get worse before they get better" are getting stale, leading to the question - what more needs to be done?

Compared to what the Mexican government is investing in counter drug efforts, the U.S. contribution is a drop in the bucket. The aid we give this year or next is not what will turn this situation around. It is a change in police and judicial institutions that will make a difference and that is where the limited U.S. dollars should be spent. What the U.S. decides to fund signals what we think is important. Strong, effective, rights respecting

institutions and the rule of law have the best chance of addressing the problems of insecurity, violence and corruption in the country.

POLICE REFORM

A lack of accountability and corruption in the Mexican police forces plagues the public security system. A January 2009 tally by the Mexican newspaper *Reforma* reports that in 2008, 759 police in 16 states were arrested, most of them due to ties to drug trafficking organizations.⁵ Operation Clean-up (*Operativo Limpieza*), launched by Mexico's Attorney General's Office (*Procuraduría General de la República*, PGR), has detained numerous Mexican officials for their links to organized crime, including members of the President's security team, the former director and other agents from the federal organized crime unit (SIEDO), and two former directors of Interpol Mexico's office.

The Calderon administration has adopted several measures to vet Mexico's police forces and establish centers (*centros de control de confianza*) that have begun to carry out annual reviews of police performance utilizing a series of evaluations. President Calderón has stated that between January and October 2008 the Office of Control and Confidence within the Public Security Ministry (*Secretaría de Seguridad Pública*, SSP) evaluated 56,065 officers, which is approximately 15% of the police in Mexico. These police were primarily state and municipal police from the Subsidy for the Municipal Public Security (SUBSEMUN) program and various programs within the Federal Preventive Police (FPF). Of the police evaluated, 41.7% were found to be "recommendable," and 49.4% were "not recommendable."⁶ President Calderón did not provide information on what procedures were undertaken for those police who were "not recommendable" and whether these police officers remain in service. To date we have been unable to obtain specific information on this issue.

Information is lacking in order to fully assess the effectiveness of these centers and there is a risk that, like past efforts, they will never be fully operational or will lack the follow-up necessary to be effective. Experts on policing in Mexico have affirmed that there is interest among Mexican police institutions to improve aspects such as recruitment criteria, training and creating more standardized hiring and promotion procedures. However priorities are not focused on establishing or strengthening internal and external accountability measures. Significant political will is necessary to implement mechanisms designed to combat corruption and curtail police abuses.

US policymakers should explore ways for the United States to support and strengthen Mexico's efforts to evaluate police performance at the federal, state and local levels. This should ensure that there are mechanisms in place to investigate, sanction or retrain police who do not "pass" the performance evaluations being implemented by the government.

⁵ "Detienen a 759 policías ligados al narco en 2008," *Reforma*, January 6, 2009.

⁶ Pregunta No. 6, Partido Acción Nacional, *Respuestas a las preguntas formuladas en relación con el Segundo Informe de Gobierno*. <http://gaceta.diputados.gob.mx/Gaceta/60/2008/nov/2PAN.pdf>

Likewise, Mexico's National Registry of Police Personal is not fully functional and consulting this registry to hire police at the state and municipal level is only done erratically. Without a complete national police registry and an established consultation mechanism, there is no way to ensure the service record, educational background, places of employment, etc. of the police (federal, state and local), impeding thorough background checks and vetting processes. This is essential so that police sanctioned or removed because of corruption or abuse from one entity are not simply rehired by another. The first year of the Merida Initiative provides \$3 million to assist Mexico in making its national police registry fully operational. Before additional US assistance is provided to Mexico's police forces, the progress made by the Mexican government to complete and fully apply the police registry should be assessed. A functioning police registry should be a minimal benchmark for assessing the seriousness of institutional reform.

JUDICIAL REFORMS

The police are part of a larger set of criminal justice institutions. The persistence of corruption and impunity within the Mexican criminal justice system encourages police to take matters into their own hands, and contributes to a lack of trust in the justice system, legal bodies and police forces. An effective system would ensure efficient investigations and adequate collection of evidence while respecting due process guarantees. A reformed criminal justice system would also increase citizen trust, leading to a greater willingness to report crimes and offer evidence.

Historic constitutional reforms to Mexico's justice system were approved in 2008. These judicial reforms represent an authentic procedural revolution of the judicial system, including conducting oral trials and opening up alternative means of conflict resolution in criminal procedures. In sum, they aim to strengthen the rule of law in the country and put pressure on law enforcement agents to carry out more professional investigations, as well as address corruption. It is expected that these reforms will reduce the level of impunity for crimes, which is currently estimated to be around 96%.⁷ Furthermore, the implementation of oral trials should in principle reduce the likelihood of testimony obtained through torture of being admitted in legal proceedings. Torture is still a problem in Mexico. This year's State Department Human Rights Report says, "...cruel treatment and physical abuse in particular continued to be a serious problem, particularly among state and local law enforcement elements."

The breadth of Mexico's transition from an inquisitorial to an adversarial judicial system, including oral trials, implies an overhaul of the Mexican judiciary. As such, a transition period of up to eight years has been established for these reforms to be fully in force at the federal as well as state level.

⁷ A study by the Mexican Citizen's Institute for Research on Insecurity (INCESI) indicates that only 4 out of every 100 people accused of crimes are convicted. If one takes into consideration the number of crimes never reported, the rate of impunity is even higher.
http://www.icesi.org.mx/icesi_hoy/impunidad_en_mexico.asp

The United States government has been a firm supporter of judicial reform in Mexico, particularly through USAID Mexico's rule of law program, which has been important in promoting judicial reforms in several states such as Chihuahua and Oaxaca. US policy makers should provide additional funding for Mexico to support judicial reform undertaken at the federal and state levels. Possible support could include funding for: revamping law school curriculums and text books; exchange programs for judges and lawyers to countries experiencing similar changes; programs to strengthen Mexico's judicial work in the areas of evidence handling and chain of custody and for equipment and training for expert services (ballistics, criminology); and Victim and Witness Protection and Restitution programs as an essential component for effective criminal investigations.

SUPPORT FOR HUMAN RIGHTS IS IMPORTANT

Drug trafficking and violence in Mexico are a serious problem and we believe that the U.S. must be a part of the response, but *OJO*, as they say in Spanish, or watch out, because you are giving security assistance to unreformed and un-transparent security forces. The U.S. has a bad track-record of providing assistance to unreformed security forces that in turn commit human rights abuses in which the U.S. is implicated.

The human rights reporting requirements in the Merida Initiative should not be viewed as simple window dressing. Human rights abuses continue to be widespread in Mexico. While the majority of the perpetrators of human rights violations are state and local police, there has been a disturbingly dramatic rise in reported human rights violations perpetrated by military personnel during the Calderón administration and in relation to the military's role in the drug war.

The number of complaints filed against Mexico's Department of Defense (Sedena) before the Mexico's National Human Rights Commission (CNDH) more than doubled during the first year of the Calderón administration, going from 182 in 2006 to 367 in 2007. In 2008, the CNDH received 1,231 complaints of human rights abuses by members of the military⁸, resulting in 13 recommendations, particularly regarding violations against civilians such as torture, arbitrary detentions and sexual abuse.⁹ The majority of these violations occurred as a result of the military's deployment in counter-drug operations throughout the country. Several cases involve the unlawful death of civilians, whose vehicles failed to stop at military checkpoints, including several minors¹⁰ and illegal detentions, searches, and acts of torture and sexual abuse that occurred in counter-drug operations in the state of Michoacán in May 2007.¹¹

⁸ Comisión Nacional de Derechos Humanos, "Informe anual de actividades" 2008, pg. 36.

⁹ "Recibe el Ejército el mayor número de quejas: CNDH", *Milenio*, December 26, 2008, <http://www.milenio.com/node/137794>

¹⁰ For example CNDH Recommendations 34/2008 and 40/2007

¹¹ Recommendations 38/2007 and 39/2007

Because most cases of human rights abuses committed by members of the military against civilians are remitted to military jurisdiction, those responsible are seldom punished. In fact, although over 700 investigations were opened against members of the military for crimes such as bodily injury and homicide from 2000-2008, only 10 soldiers have been sentenced.¹² We know of only one case in which civilian authorities assumed the investigation and prosecution of members of the military, involving the rape of a group of women in Castaños, Coahuila in 2006. The lack of objectivity, transparency, and independence that characterizes the military justice system's investigation into abuses committed by members of the military fosters a climate of entrenched impunity.

The 15% withholding that Congress has required until the State Department reports that Mexico is making progress in four human rights related areas: transparency and accountability within the federal police; consultations with civil society; investigations and prosecutions of security forces accused on abuse; and enforcement of Mexican law prohibiting the use of testimony obtained through torture is completely appropriate and important. Congress should also monitor the State Department's implementation of the Leahy Law.

CONCLUSION

No matter what Mexico does, it will remain stuck between cocaine production in the Andes and drug users in the United States. It continues to be a significant source of the marijuana, heroin and methamphetamines consumed in the United States and now has a growing population of drug consumers itself. Drug trafficking, consumption, and organized crime are serious problems shared by the U.S. and Mexico and require common remedies. The U.S. should start by developing a U.S. component to the Merida Initiative detailing what we will do here to reduce consumption, bulk cash transfers and arms trafficking.

Drug traffickers in Mexico are committing horrendous crimes. To contain the drug trade, traffickers must be identified, prosecuted and punished, and prevented from carrying out their illegal activities from behind bars. Effective police and judiciaries, free from corruption, are essential in achieving that end. Transparency and accountability, and internal and external controls (mechanisms for routing out corruption and abuse) in security forces are mechanisms for preventing human rights violations and holding abusers responsible for their actions. Police and justice reform, holding criminals accountable and human rights in Mexico should all go hand-in-hand. Those are the areas where U.S. should prioritize support through the Merida initiative.

Lastly, I want to say a few words about the Central America component of the Merida Initiative. The Initiative recognizes that the violence and the crime experienced in Central America is not only about drugs. Violence related to drug trafficking is a serious problem in the region, especially along the borders, and the Atlantic coast. In addition

¹² Aranda, Jesus, *Se disparan las denuncias por lesiones u homicidios cometidos por militares*, La Jornada, January 19, 2009.

though, youth gang violence has been a serious problem in Guatemala, Honduras and El Salvador for a number of years and while there are at times connections between drug traffickers and youth gangs, they are not one and the same. All the experts agree that any serious strategy to reduce youth violence must include community-based prevention programs along with law enforcement. Yet prevention programs in Central America are chronically under funded.

After Congress revised the Administration's first year's funding request for Merida, the 09 supplemental allocated serious resources, \$20 million for prevention and related social and economic development activities in Central America. However, how much of the FY 2009 funding will support prevention is unclear. We renew our recommendation that approximately a third of Merida funding ought to be devoted to violence prevention programs. We respectfully request that the committee encourage the administration to maintain a serious commitment to youth violence prevention and we recommend that 2010 funding for Merida on Central America reflect this commitment as well. Ultimately, these kinds of programs need to be supported by national governments. We hope that the U.S. encourages such a shift, encouraging Central American governments to adopt and fund these efforts out of national budgets as the Merida funding comes to an end.

Joy Olson



Ms. Olson is the Executive Director of the Washington Office on Latin America (WOLA), a human rights organization that promotes democracy and socioeconomic justice in Latin America and the Caribbean with a focus on U.S. foreign policy. WOLA's analysis and foreign policy proposals are informed by strong partnerships with civil society counterparts in the region. She has directed WOLA for more than five years and developed cutting edge new programs at WOLA addressing critical problems in Latin America like youth gang violence, and organized crime.

A policy strategist and a partner in dialogue with policy and opinion makers in both Washington, DC and Latin America, Ms. Olson has a long-standing commitment to promoting greater transparency in U.S. military programs in Latin America. She co-founded the "Just the Facts" project (www.ciponline.org/facts) and co-authored its three books on US military programs with Latin America.

Her achievements include campaign leadership to end the U.S. deportation of Salvadoran refugees during the civil war. She led NGO efforts to increase U.S. funding for Central American peace accords implementation and a successful advocacy effort to lift restrictions on food and medicine sales to Cuba.

Prior to joining WOLA, Ms. Olson served nine years as Director of the Latin America Work Group (LAWG), a coalition of 60 non-governmental organizations working together to promote peaceful and just U.S. foreign policy toward Latin America. She has also worked for Church World Service on immigration and refugee policy and served two years as a community development worker in Honduras.

Ms. Olson has a Master's degree in Latin America Studies from the National Autonomous University of Mexico (UNAM) and did her thesis on the development of the non-governmental human rights community in Mexico. She has a B.A. in History from Trinity College in Deerfield, Illinois.

She is fluent in Spanish.

3/09

Mrs. LOWEY. Well, thank you very much for your testimony, and I hope this will be the beginning of a dialogue, because the information you have shared has been invaluable. The key here is how do you provide a balance between security and accountability, and this is what we have tried to do in our bill, and I appreciate your comments.

I have found, especially after our visiting there, that it is very difficult to achieve that balance. Of course, it is early, as you mentioned. But achieving the balance between trying to address the security objectives of breaking the cartels, simultaneously ensuring that security forces do not overstep and abuse the very population that they are trying to protect is difficult; and it is clear that all three of you don't think that Mexico has achieved that balance.

You have mentioned various areas where you think they can do better, so I am not going to ask you that again. And you have also made suggestions about how we can do better to help Mexico.

We know that the Merida Initiative intended to break the power and impunity of criminal organizations; assist the governments of Mexico and Central America in strengthening border, air, and maritime controls from the Southwest border of the United States to Panama; improve the capacity of the justice systems in the region to conduct investigations and prosecutions; implement the rule of law; protect human rights; curtail gang activity in Mexico and Central America; diminish the demand for drugs in the region.

These are laudable goals. I think the other panel and you could all agree on those goals. It is difficult and probably too early to evaluate what has actually been accomplished by the Merida program, whether it is having the desired impact.

I have been in the Congress for 20 years. Drug use in the United States is not a new challenge, exactly. I also serve on the committee that funds labor, health, human services, and education. We have been talking about increasing money to stop the demand for a very long time. We know, whether it is that committee or this initiative, we are not putting enough money into it; and so I certainly respect that suggestion. Hopefully, we will be more successful.

In terms of judicial and police reform, we have addressed that in the bill; and I think you mentioned that. And you also mentioned that efforts to purge the police go way back. We know we need structural reform in the police.

We know we have to address poverty. What I find difficult—and perhaps you can comment—to deal with now, when we were there and talking to President Calderon and others, because of the tremendous differences in salaries between the police and the narco-traffickers, they have even tried to keep a rotation in the police. But then it is hard to develop professionalism if they come in, and then they go out and they join a cartel.

I appreciate your testimony. You have addressed so many of the issues. But keeping the corrupt officials out of the police has been going on in Mexico for as far back as I have been going to Mexico, and this issue of competing with the narcotraffickers on salary is really very difficult. So on all the other issues I think we just have to do more of the same, but on that issue we are never going to match their salaries.

And I wonder if you have any suggestions. Do you agree with the rotation policy? Then you don't get the professionalism. If they are there too long, the President is concerned that corruption is certainly alive and well. How do you deal with that? Now. I mean, you are not going to solve the poverty issue overnight. We all know we have to do that. We have to reform the judicial system. We know that. How do you deal with those things now while you are dealing with all the other goals, protecting the population?

Ms. OLSON. I start with the fact that this has been going on for a long time, the fundamental problem of corruption and the fact that clearly the narcos have more money than the cop on the street, but that is true of almost any place in the drug chain. So there are other problems. I mean, salaries are one thing. Salaries need to be raised definitely. But that is not the only component.

I think what Mexico has failed to do in past police reforms is follow through. There is an initial reform. There is an initial vetting. People are pulled out. Sometimes the military are brought in to temporarily take on roles while the police are supposed to be built up again. Often the military will come in, but that second stage of building up the local police capacity actually doesn't happen before the military leaves again.

So, for me, the big thing on police reform is that it is continual, that it is consistent, and that there is follow-through.

Mrs. LOWEY. Does the polygraph work?

Ms. OLSON. Well, you know polygraphs are controversial.

Mrs. LOWEY. I know.

Ms. OLSON. They are controversial there. They are controversial here. I think polygraphs are a component. It is one thing that can be used, and it shouldn't be the only thing.

So as you go about vetting police forces there are other things you can do, you know, continual review of taxes and financing of local cops. There are strategies that are being put in place and being put in place much more at the federal level than at the state and local level, and where you see the biggest problems with corruption are at the state and local level. So I think that part of the challenge for Calderon right now is that he has made some, I think, really good steps on the federal level with police reform. How that filters down to the state and local level is really one of the main challenges.

Ms. HERNANDEZ. I would agree clearly with everything that Joy has said; and I think it is about also having reforms on this level, particularly the municipal level which is so, you know, where is the greatest contact with both the population but also with the drug traffickers in certain degrees. And I think there are minimal things that can start to be done. It is such a huge problem. It is not something that is going to be tackled in one year or in one administration.

But I think if at least there are better conditions for the police, I mean, if their rights are also respected—and this is a little bit of the example that I referred to. You know, they have violation of their labor rights if they are also within a very corrupt system. If they are also extorted by their own bosses within that chain, then if you don't start combating those things then there is no possibility to combat the big things.

So it is about raising salaries, but it is also taking into consideration what they have to say.

You know, we talk a lot about police reform, but I think it is a democratic police reform with the police themselves taking into account their needs and at least starting to improve those things on those levels, a very local level, I think, which is something that is almost forgotten many times. And you have got many, many very poor municipalities that were still working with dirt floors, with thin-sheet ceilings, you know, where the police don't have life insurance. I mean, these are basic things that I think you can start changing and that are going to make a difference. They are not going to solve the full problem, but they are going to start building up, I think, progressive solutions.

Mrs. LOWEY. Well, you probably know that we added \$5 million for a police literacy program. It is probably too early to make them literate at this point, but, hopefully, it will help.

Why don't we just take another short comment—my red light is on—if you have one. Otherwise, I will turn to Ms. Granger.

Ms. HAUGAARD. Well, just one reform that is important is this establishing of a police registry so that if someone is fired by the municipal police, they don't get rehired by the federal or whatever.

Mrs. LOWEY. You know, that is in the bill as well.

Ms. HAUGAARD. That is in the bill, and it is very important to monitor that and make sure that that moves forward. Because that is an agreed-upon reform that is already going forward that could make a difference. But you really need to keep your eye on that.

Mrs. LOWEY. Thank you.

Ms. Granger.

Ms. GRANGER. Thank you.

Mine is a fairly short question, I think, but you talked just briefly about human rights training. Is there human rights training for the Mexican police as well as the Mexican military? And give me an idea of what it is like.

Ms. HAUGAARD. Perhaps Ana Paula can talk more about what is actually taking place.

In the case of how the United States has done it in other countries, there is a standardized human rights training about, you know, the laws of war and the laws of military and a democratic society; and it is a very standardized training. It is good. There are no problems with it. It can be helpful. But if you don't couple it with making sure that if you actually have a police or a military official who violates human rights and if they never get caught, it doesn't matter how many good, wonderful courses they go to. So the point is really that it has to be coupled but not that this isn't useful in and of itself.

Do you want to go into a little bit more about the kind of training?

Ms. HERNANDEZ. I wouldn't have an answer of exactly the kinds of training. For example, there is a recent Secretariat created within the Secretariat of Defense of Human Rights. And I mean those are important things. But, clearly, if you have got this contribution where military personnel that commit violations cannot be held accountable, you have got the military jurisdiction, I mean, how can

you have—I mean, what is the point of the training if they know that if they commit violations they won't be held accountable?

And these were recent recommendations made to the Mexican state before the Human Rights Council. They just went through the universal periodic review, and all the recommendations that they have not accepted yet have to do with military jurisdiction. And I think that is a key—that would be a key political, you know, sign of political will of really taking serious human rights issue within the military if this started to change.

Ms. GRANGER. Thank you.

Mrs. LOWEY. Mr. Rothman.

Mr. ROTHMAN. Thank you, Madam Chairman.

I have appreciated the testimony today, and I just want to put it in context perhaps for myself. I thought I heard someone say most human rights violations are occurring by the police and the army. Is that including the drug cartels?

Ms. OLSON. The understanding of human rights in the context of international law is that human rights are crimes against individuals committed by the state and that the horrendous things the drug traffickers are doing are crimes. So they are not defined as human rights violations because of, you know, the legal framework.

Mr. ROTHMAN. Okay, so the comment in no way minimized the horror and the magnitude of the violence and slaughter and torture and maiming, decapitation, all those things that are being conducted by the drug cartels.

Again, I appreciated your testimony; and I think that the chairwoman and other members of the committee have struggled and are trying to incorporate in our bill ways to address your concerns.

I read a statistic that 90 to 95 percent of the guns used in Mexico's drug violence come from the United States and a very large number of high-caliber automatic weapons, assault weapons.

Any thoughts on how the U.S.'s efforts to stop that flow are going?

Ms. HAUGAARD. That figure comes from the ATF, I believe; and it isn't going very well, right now. One of the issues has been that the import or the ban on importing assault weapons in the United States has not been enforced, and that coincides a bit with the period of really expansion of the violence in Mexico. So that is an issue.

Mr. ROTHMAN. Is it your belief then that there are sufficient laws on the U.S. books to prevent the export of assault weapons across the border into Mexico?

Ms. HAUGAARD. Enforcing that existing ban would be helpful. That doesn't solve all the problems, however. It would also be important to deal with the question of the sale of assault weapons within the United States, and it would be very important to strengthen ATF resources.

Again, this is a question more of enforcing existing laws. So that basically what is happening is that the drug cartels are recruiting Americans to go and buy weapons.

Mr. ROTHMAN. Straw purchases.

Ms. HAUGAARD. Yeah, just a few at a time at gun shows or wherever, and the regulations are not sufficiently enforced. There also aren't adequate regulations on ammunition, on sale of ammunition,

which is another issue, simply enforcing what is already on the books.

But I think you would also have to look at what more could be done in order to really put a stop to this. But it is a very serious issue, and I don't think enough is being done right now, yet.

Mr. ROTHMAN. And how would you judge, if you have an opinion, the coordination amongst Department of Homeland Security, Department of Defense, and all the other U.S. agencies that are now involved, DEA and national intelligence services? Do you have an opinion on how that coordination is going in terms of this Merida Initiative?

Ms. HAUGAARD. I don't think I could speak to that.

Ms. OLSON. I don't think I can answer that.

The one aspect of the Merida Initiative that I have looked at the interagency process on has been related to youth gang violence. And, to be honest, the interagency process is not very effective; and it needs work.

Mr. ROTHMAN. How is it falling down?

Ms. OLSON. Turf disputes and who is going to do what and who is responsible for what, and I think it ended up with the overall program not being as effective as it could be.

Mr. ROTHMAN. Thank you, Madam Chair.

Mrs. LOWEY. Thank you very much.

I just wanted to follow up with one last question. What type of support should we be providing to civil watchdog groups, and what sort of protection does Mexico make available to citizens who claim they have been abused or mistreated by law enforcement and security forces? And what more should Mexico be doing?

Ms. OLSON. I am going to let Ana Paula address the issue of what kind of protection is provided, because I am not sure on that.

What I do know is that, as we have looked at witness protection issues in Mexico, the system is really weak and needs strengthening; and I think that the farther we get into really going after organized crime the more important the witness protection program becomes. I think that is one important place where the committee could focus.

Mrs. LOWEY. And perhaps you can give us some information, who in the Mexican government works well with you? We have made many changes in the bill, as you know, based upon the input you have given us and others. Who else should we be empowering?

Ms. OLSON. In terms of parts of the Mexican government?

Mrs. LOWEY. Well, or in the country, there are civilian watchdog groups that come to talk with us. How can we make this package of aid, Merida package more effective?

Ms. OLSON. That is a very good question.

Mrs. LOWEY. You don't have to answer it today. You can think about it. Because I believe you had said, Ms. Olson, that it is early and we can't really evaluate. So if I am putting you on the spot, you don't have to answer it.

Let me just say to the panel, we really appreciate your input, your work; and, as we prepare for 2010, I do hope that you can stay in touch with the committee. We constantly try to fine-tune the package. The balance, as I said many times during this hearing, is very difficult to achieve.

Demand, for example, we have been worried about for more than 20 years. That is as long as I have been in the Congress. So we really do appreciate your testimony, and I thank you again, and I look forward to continuing the dialogue.

Ms. OLSON. Can I make one last comment?

Mrs. LOWEY. You certainly can.

Ms. OLSON. One last comment, because I think—Mr. Rothman, partly in response to your question, I think that when we talk about justice and police reform, what we are talking about is how you capture and prosecute criminals. I very much see the issues that we are talking about, police and justice reform, human rights, and catching and holding criminals accountable, they all go hand in hand. And I think that when the process starts working that way is when we will see the most impact.

Lastly, because I think it is important to encourage the administration on this, is this idea of balance that you talked about, but balance between what the U.S. is going to do on our side of the border and what we think needs to happen on the Mexican side of the border. I know it runs completely counter to the budget system, because we budget in the different—the 150 account, and domestic demand treatment is not there. But I think, as it is conceptualized and presented, the different aspects of what the U.S. is going to do on its side of the border, it is very important that those be articulated to Mexico.

Mrs. LOWEY. Well, I would hope that it would be. As these agreements are negotiated, I would expect that it's not just our committee that is changing the balance but that Secretary Shannon and others are making their case as forcefully as they can for improvements in the balance.

Why don't I just give Ms. Hernandez and Ms. Haugaard—if you have any last comments, we would welcome them.

Ms. HERNANDEZ. Well, I think, just touching on the last thing that Joy said, I think that is very important in terms of access to justice. As you were asking, Madam Chairwoman, what could we do and what could be most effective I think, as Ms. Olson was saying, if access to justice starts working in regards to how citizens denounce crimes, how they are protected—I think there is such a lack of confidence by the citizens, both of police institutions, of the justice system, that as those reforms that are currently hopefully being implemented, as they start working, I think that will improve and that will advance an overall thing.

As I was just saying in my testimony, I think it is very important that these things, the minimal things that are established within the initiative in terms of things that Mexico has to report progress on, I think that is very important that that is effectively measured. Otherwise, those just fall as kind of empty words that are not—

Those are very important. They are the minimal things I think that need to be taken into account. In that sense, the possibility to dialogue with civil society organizations, the role that civil society can also play in that I think is also very important.

Mrs. LOWEY. Thank you.

Ms. Haugaard.

Ms. HAUGAARD. Well, along the same lines, this is a really complicated package; and the reforms we are talking about in terms of

the justice sector and police are really complicated issues. The more that you can, obviously, both as we can see from this hearing and listen to perspectives of civil society, Mexican civil society, the more that you can encourage the administration and embassy to meet regularly with both human rights and justice reform and police reform kinds of groups monitoring groups in Mexico.

I think the better the analysis, the broader the analysis the U.S. Government will have and the better you can watch as this develops. Because I have always found if you are trying to improve a justice system or trying to make police or military more accountable, you will move forward in one way and then all of a sudden it kind of goes off in the wrong direction. And you need that good analysis to be able to be on top of that and to be encouraging in the right direction.

So the more there is that flow of information with civil society experts in Mexico in particular, the sort of better the U.S. Government's analysis will be and the more we will see this going in the right direction.

Mrs. LOWEY. Thank you again for your testimony and your time. This concludes today's hearing, examining the implementation of counternarcotics funding associated with the Merida program.

The Subcommittee on State, Foreign Operations, and Related Programs stands adjourned. Thank you.

**Question for the Record Submitted by
Chairwoman Nita M. Lowey (#1)
Assistant Secretary David Johnson
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

Questions have been raised about the capacity of Mexico's civilian law enforcement agencies to combat organized crime and major drug trafficking operations. These questions include serious concerns about corruption, the investigative capacity of police forces, and a legacy of abusive police practices, including torture.

- a) What is the capacity of Mexico's law enforcement agencies to combat drug traffickers and organized crime?
- b) What has the Mexican government done to improve the crime-fighting ability of the police?

Answer:

- a) What is the capacity of Mexico's law enforcement agencies to combat drug traffickers and organized crime?

The main purpose of the Mexico portion of the Merida Initiative is to assist the Government of Mexico (GOM) in their effort to confront and defeat criminal organizations that are primarily drug trafficking cartels whose activities weaken the government's ability to maintain public security and expand the rule of law. For the most part, the GOM is fully capable of taking action to confront the drug trafficking and transnational criminal

organizations on its own, and has made many notable successes, including significant seizures and arrests.

The GOM has been steadily increasing security budget spending since 2007, up to approximately \$6 billion for 2009. While previous year budget figures are in pesos, the budget increases shown are illustrative of the substantial increases in resources that President Calderon has dedicated to these efforts:

2007	57,248,300,000 pesos
2008	68,584,800,000 pesos (a 19.5% increase from 2007)
2009	91,153,200,000 pesos (a 33% increase from 2008)

The purpose of the Mérida initiative is to provide support through equipment and expertise in those areas where the United States has particular strengths and where it is most needed to complement Mexico's own efforts. U.S. contributions focus on interdiction, crime prevention, and administration of justice. Interdiction addresses the immediate, security-related attack on drug cartels and other criminal organizations. Crime prevention is designed to give Mexican police and law enforcement agencies the tools and training they need to improve operations and ensure public safety. Finally, administration of justice focuses on the long-term

strengthening of Mexican state institutions and rule of law to ensure that organized crime cannot return to Mexico once it has been defeated.

- b) What has the Mexican government done to improve the crime-fighting ability of the police?

The GOM is strengthening its legal framework and promote rule of law throughout its society through such legislation as placing greater emphasis on oral trials, promoting greater transparency throughout the legal process, increasing protection of victim's rights and establishing alternative dispute resolution processes to reduce court congestion. Other proposed reform efforts are aimed at empowering authorities to remove public prosecutors and police officers more easily for cause, reforming the Constitution to provide better instruments to fight organized crime, and enhancing the professionalization of its police system, including the creation of a civil service career track for local, state, and federal police. In addition, the GOM seeks to reform its national penal system in order to reduce prison overcrowding, and the Initiative includes prison reform projects to assist in these efforts.

Mérida Initiative programs will complement Mexican reform efforts already underway. Some Mexican states are already implementing systems

that place a greater emphasis on an oral, adversarial trial system. To support the move to oral trials, one program will assist developing a case tracking system and the complete re-engineering of the prosecutorial process. Mérida includes various other measures for improving the criminal justice system, including improving courts management and prosecutorial capacity, as well as providing training in several areas, such as victim and witness protection, asset forfeiture, and evidence preservation and chain of custody procedures. Technical support will also be provided to forensic laboratories within the Office of the Attorney General (PGR).

The U.S. and Mexican governments have a shared concern that all individuals engaged in policing should hold to a high standard of integrity and professionalism, without distinction between federal, state or municipal forces. The Mexican federal forces already are held to a higher standard (*Control de Confianza*), and vetting a force requires development of a single standard which can then be propagated throughout the law enforcement community. This is most effectively done from the federal level down. The Mexican military already possesses a high degree of integrity and the confidence of the Mexican public, their participation in joint projects has added value to Mexican government efforts.

**Question for the Record Submitted by
Chairwoman Nita M. Lowey (#2)
Assistant Secretary Thomas Shannon
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

There are 1661 different police departments in Mexico and while modernizing Mexico's judicial and police system is a positive step can you tell me:

- a) How is the Mérida program addressing the very real problem of corruption?
- b) Has the central computer system to track police officers who may have been fired in one community for corruption been put in place yet?
- c) What type vetting procedures are included in the Mérida program to assist in weeding out corrupt officers?

Answer:

- a) How is the Mérida program addressing the very real problem of corruption?

Anti-corruption measures are a key portion of the Mérida Initiative, and seek to complement the Government of Mexico's great efforts to minimize corruption in law enforcement as well as other sectors of the federal, state and local government.

On January 1, 2009, President Felipe Calderón of Mexico signed into law the General Act on the National Public Security System, which

establishes vetting and certification standards for all police officers nationwide. These standards, which aim to weed out corrupt officers, include requiring all police forces to submit to a common screening program that includes a drug test, medical exam, psychological screening, review of personal assets and polygraph. Through the Merida Initiative, USG law enforcement agencies will train vetted law enforcement personnel who administer these tests in the proper use of the polygraph.

The Initiative is also combating corruption through programs for police professionalization and training, including ethics and anti-corruption training; support for the Government of Mexico's federal anti-corruption agency (Secretariat of Public Administration); training and equipping investigators in the Attorney General's (PGR) Inspector General office; providing assistance to the PGR in establishing citizen complaint offices to provide a venue for the public to register complaints of malfeasance or abuse; and strengthening the Secretariat of Public Security's (SSP) Office of Professional Responsibility, to improve internal integrity mechanisms in the Mexican law enforcement community. The Initiative will also provide training for civil society NGOs to educate the general populace concerning their rights, responsibilities and recourse to redress grievances; and will

encourage NGO participation on advisory boards to monitor the effectiveness of citizen complaint centers and internal oversight bodies.

We will also expand existing “Culture of Lawfulness” (COL) programs that will reach across governmental institutions in order to promote respect for the rule of law among a variety of societal actors, including public school students and recruits at police academies. In FY2008, the USG-funded COL Project of the National Strategy Information Center (NSIC) will work principally with Mexican government and non-governmental entities in two sectors -- schools and police. For FY2009, NSIC is following a two-track approach -- working with border states and federal, state and local governments to expand COL programs nationwide. First, in Baja California, Sinaloa, Nuevo León, it is pioneering, evaluating, refining, and institutionalizing COL educational programs. Second, NSIC is seeking to turn effective state and municipal programs into national initiatives. It is bringing to the attention of the Mexican federal government tested techniques for COL education, and soliciting federal assistance in spreading these programs throughout the country.

- b) Has the central computer system to track police officers who may have been fired in one community for corruption been put in place yet?

While a central system to track police officers has not yet been put in place, the procurement process is underway. We expect initial installation of the equipment to begin this fall.

- c) What type vetting procedures are included in the Mérida program to assist in weeding out corrupt officers?

Through the Merida Initiative, USG law enforcement agencies will train vetted law enforcement personnel who administer these tests in the proper use of the polygraph. In addition, each Narcotics Affairs Section (NAS) conducts end use monitoring of condition and maintenance of equipment provided through the Merida Initiative. They use this information to produce an *End-Use Monitoring Report* which forms part of a comprehensive annual report to Congress.

**Question for the Record Submitted by
Chairwoman Nita M. Lowey (#3)
Assistant Secretary Thomas Shannon
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

The Merida program was intended to break the power and impunity of criminal organizations and assist the Governments of Mexico and Central America in strengthening border, air, and maritime controls from the Southwest border of the United States to Panama. What are the prospects for continued meaningful bilateral cooperation with Mexico, the countries of Central America, Haiti, and the Dominican Republic? Is the bilateral relationship between Mexico and the United States undergoing a fundamental and long-term change? Do Mexico and the United States have coherent policies toward each other?

Answer:

The Merida Initiative is based on the principle that the governments of Central America, Haiti, the Dominican Republic, Mexico, and the United States share common goals and responsibilities in meeting the threat posed by transnational crime and drug traffickers and protecting our citizens. The initiative was developed through a meaningful dialogue with the participating countries and builds on the bilateral cooperation that already existed between the United States and our partners in the region. The various programs in the Merida Initiative will enable even better cooperation between not only the United States and our regional partners, but also among

our regional partners. Our goal is to further both bilateral and regional cooperation to meet the regional threat.

The United States and the Central American Integration System (Spanish acronym: SICA) states have established an annual Dialogue on Security and a process of technical expert exchanges throughout the year to work on advancing concrete and practical measures to combat the threats of criminal gangs, narco-trafficking, and illicit trafficking of arms in Central America. This process includes the participation of Mexico and Colombia in its deliberations. The first U.S.-SICA Dialogue was held July 17-18, 2007 in Guatemala City, Guatemala. The Final Declaration of the first Dialogue pledged concrete and practical efforts to combat criminal activity, emphasized the need for partnership and shared responsibility to address common threats, and provided a roadmap to launch a process to develop common approaches to shared security concerns in the region.

The United States and Mexico have jointly developed Merida Initiative programs. We have organized our joint implementation efforts into nine bilateral working groups. Likewise, our law enforcement elements are coordinating more closely than ever operations against traffickers of

drugs, weapons, people, and bulk cash. These collaborative efforts are further strengthening an already close bilateral relationship.

**Question for the Record Submitted by
Chairwoman Nita M. Lowey (#4)
Assistant Secretary Thomas Shannon
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

We have already provided a substantial amount of funding for equipment to Mexico. Can you give the Committee a status report on when it is expected to be delivered? What additional “big ticket” equipment items do you expect to request in the 2010 budget?

Answer:

When foreign assistance is used to purchase equipment, there are numerous legal requirements that must be completed prior to delivery. We are well into the process of defining and validating requirements and providing the appropriate congressional notifications as required.

Foreign Military Financing (FMF) is being used to fund most larger pieces of equipment to include:

- Bell 412 helicopters (up to 5) – Mexico submitted a Letter of Request on December 18, 2008 for up to five helicopters, and the formal 30-day 36(b) notification to the Defense Security Cooperation Agency filed with Congress is set to expire on April 12, 2009. Upon completion of the congressional notification, the Letter of Offer and Acceptance for the helicopters can be completed and signed, and negotiations with the contractor will commence. Our goal is to procure and deliver as many of

the five helicopters as possible for the Mexican Air Force before the end of 2009.

- CASA 235 – The Mexican Navy (SEMAR) has submitted a Letter of Request for one CASA 235 aircraft. The State Department has approved the CASA 235 transfer to SEMAR and is prepared to engage through informal and formal Congressional consultations and notifications. Delivery is not anticipated before 2011.

Both International Narcotics Control and Law Enforcement (INCLE) and FMF funding:

- Non-Intrusive Inspection Equipment (NIIE) – Under Mérida, a purchase of \$38 million in INCLE-funded NIIE equipment has been initiated, with an additional \$23 million awaiting final validation from Mexico Customs. Handheld devices procured with both INCLE (\$1M) and FMF funds (\$500,000) will likely be delivered during this summer. We expect the larger NIIE items to be delivered prior to the end of the year.

With regard to the 2010 budget, additional equipment is being considered, but we have not yet reached the point where we can lay out what we expect to request.

**Question for the Record Submitted by
Chairwoman Nita M. Lowey (#5)
Assistant Secretary Thomas Shannon
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

Congress provided \$400 million in FY 2008 supplemental and FY 2009 bridge funding and an additional \$300 million in FY 2009 appropriated funds to support Mérida programs in Mexico. Additionally, Congress provided \$65 million in FY 2008 supplemental funding and \$105 million in FY 2009 appropriated funds to support Mérida programs in the countries of Central America.

- a) Can you give a status report on the implementation of funding provided to date for the Mérida program in Mexico and the countries of Central America?
- b) What effect is the \$870 million provided to date having on the flow of illegal drugs to the United States?
- c) What type of coordination is taking place between the United States, Mexico and the countries of Central America and what additional activities are necessary to make this joint effort work?
- d) What are the challenges facing a cooperative partnership between the United States, Mexico and the countries of Central America?

Answer:

- a) Can you give a status report on the implementation of funding provided to date for the Mérida program in Mexico and the countries of Central America?

Mexico

To support the Merida Initiative, \$400 million in FY 08 supplemental funding was appropriated on June 30, 2008. Fifteen percent (15%) of

INCLE and FMF funding, or \$57 million is not available until the Secretary provides Congress with a report on police transparency, human rights and law enforcement. Additionally, a congressional hold has been placed on \$2.8 million of the INCLE funding. At this time, approximately \$340.2 million is available for programming.

The status of the \$340.2 million is as follows:

-INCLE: The total appropriated was \$263.5 million, of which \$221.175 million can be used prior to submitting the 15 percent report to Congress and release of the \$2.8m congressional hold. A Letter of Agreement (LOA) must be signed for INCLE funds, except for program development and support funds (\$24 million). A Letter of Agreement (LOA) for the remaining \$197.175 million was signed with the Government of Mexico on December 3, 2008.

-FMF: The total appropriated was \$116.5 million, of which \$99.025 million can be used prior to submitting the 15 percent report to Congress. The GOM has submitted Letters of Request (LORs) for the CASA surveillance aircraft, Bell 412 helicopters and ion scanners. DoD is reviewing the LORs and

drafting necessary documentation for the notification of the sale of the aircraft and the Letters of Offer and Acceptance that the GOM and USG will sign after the congressional notification of the sale has been completed. The FMF procurement process is lengthy, especially for large equipment such as aircraft.

-ESF: \$20 million is available for programming. These funds are not affected by the 15 percent report or the negotiation of an LOA. Procurement processes are in the final stages on several of the project activities funded by ESF.

Account	Total Figure	LESS: 15% from INCLE and FMF	LESS: Amount on Congressional Hold	Total Funding Available	Total Amount Obligated
INCLE	\$263.5	\$39.525	\$2.8	\$221.175	\$197.175
FMF*	\$116.5	\$17.475	N/A	\$99.025	\$99.025
ESF	\$20.0	N/A	N/A	\$20.0	\$0
Totals	\$400.0	\$57.0	\$2.8	\$340.2	\$296.2

*FMF funds are obligated upon apportionment to DoD.

Central America/Dominican Republic/Haiti

To support the Merida Initiative, \$65 million in FY 08 supplemental funding was appropriated on June 30, 2008; \$60 million for Central America and \$5 million for Haiti and the Dominican Republic. Fifteen percent (15%) of INCLE and FMF funding, or \$4.32 million, is not available until the Secretary of State provides Congress with a report on investigations of alleged police abuses of power, the investigation of alleged human rights violations committed by security forces and the military, and judicial reform

and independence. At this time, approximately \$60.68 million is available for programming.

The status of the \$60.68 million is as follows:

- INCLE: The total appropriated was \$29.8 million, of which \$26.7 million can be used prior to submitting the 15 percent report to Congress (\$22.4 million for Central America and \$4.3 million for Haiti/DR). INCLE funding requires that a Letter of Agreement be signed with each recipient country. The LOA also acts as the mechanism for obligation. All posts have at least been sent draft Letters of Agreement (LOAs). The chart below shows the status of the LOAs, by country.

Country	Date Signed
Belize	February 9, 2009
Costa Rica	pending
Dominican Republic	pending
El Salvador	January 13, 2009
Guatemala	February 5, 2009
Haiti	pending
Honduras	January 8, 2009
Nicaragua	March 25, 2009
Panama	March 13, 2009

-FMF: The total appropriated was \$4.0 million, of which \$3.4 million can be used prior to submitting the 15 percent report to Congress. Of the \$3.4 million, an additional \$116,392 is being withheld from Costa Rica until outstanding parking fines are resolved; this issue is close to resolution. These funds are for programs in Costa Rica, El Salvador, and Panama. Costa Rica has submitted a Letter of Request (LOR) for interdiction boats; it still needs to submit an LOR(s) for refurbishment of its patrol boats. El

Salvador has submitted an LOR for communications equipment. Panama is still developing its LOR for training.

-NADR: The total appropriated was \$6.2 million; none of the funds have been obligated. Memoranda of Understanding and Inter-Agency Agreements are being completed between State and U.S. Customs and Border Protection (CPB) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Aspects of the border security and firearms interdiction programs are expected to begin implementation shortly. Additionally, grants to the Organization of American States for the provision of border security and stockpile management and destruction assistance are being completed. A grant to the International Commission Against Impunity in Guatemala, via the United Nations Development Program, is being drafted. A grant to the Central American Integration System (SICA) to facilitate U.S.-SICA security discussions is being drafted.

-ESF: The total appropriated was \$25 million; none of the funds have been obligated. Of the \$25 million, \$5 million has been transferred to ECA, for educational exchange programs, for which student selection is underway. ESF is not subject to the 15 percent report requirement or negotiation of an

LOA. However, there is a Congressional hold on these funds pending receipt of reports, prepared by the consultation with Central American governments, on how they intend to deal with the security/crime problem, the overall type and amount of resources needed to be successful, what the government is contributing, and where foreign assistance fits in. These reports are being prepared.

Account In Millions	Total Figure	LESS: 15% from INCLE and FMF	LESS: Parking Fines	Total Funding Available	Total Amount Obligated
INCLE	\$29.8	\$3.72		\$26.08	\$7.8
FMF*	\$4.0	\$0.60	\$0.116	\$3.28	\$3.28
ESF	\$25.0	N/A		\$25.0	\$0
NADR	\$6.2	N/A		\$6.2	\$0
Totals	\$65	\$4.32		\$60.68	\$11.08

*FMF funds are obligated upon apportionment to DoD.

Merida and Related Projects Timeline Estimate

June 2008

- Supplemental passed (06/30/08)

August 2008

- 45-Day Report submitted: 09/04/08

September 2008 – ongoing

- Letters of Agreement negotiations and signings

Mexico:	12/03/08	Honduras:	01/09/09
El Salvador:	01/12/09	Guatemala:	02/05/09
Belize:	02/09/09	Panama:	03/13/09
Nicaragua:	03/25/09		

Pending: Costa Rica, Haiti, Dominican Republic

December 2008

- U.S.-equipped Immigration Document Verification/Forensics Lab (INAMI) opened December 17 (NAS baseline budget)
- Ten X-Ray Backscatter vans delivered to Mexican Customs (NAS)
- Installed High-Speed servers for “*Plataforma Mexico*” for law enforcement information sharing (NAS)
- Letters of Request were submitted by Mexico for the CASA surveillance aircraft and Bell 412 helicopters (FMF)

December 2008 – September 2009

- Assess current Culture of Lawfulness Program and implement new projects focusing on law enforcement training, while enhancing existing projects (INCLE)
- Corrections Reform Bilateral Project Plan approved: NAS support to focus on training, equipment and technical assistance (INCLE)

February 2009

- University Law School Partnerships approved. (ESF)
- National Security Law passed by GOM. Law provides new scheme and authorization for SSP training.
- Letter of Request submitted by Mexico for the ion scanners (FMF)
- Letters of Request submitted by Costa Rica (for interceptor boats) and El Salvador (for communications equipment) as part of the Enduring Friendship regional maritime security program (FMF)
- Youth-at-risk sector assessment completed (Panama) (ESF)

March-April 2009

- OASISS system implementation (anti-trafficking in persons system) for Attorney General’s Office (PGR) (INCLE)
- Bilateral workshop on strategies on prevention and prosecution of arms trafficking (INCLE)
- Corrections Reform Curriculum Development Technical Assistance (INCLE)
- First SSP Corrections Reform Instructor Training course (New Mexico) 16 Mar – 24 Apr (Train-the-Trainer) (INCLE)
- Corrections Reform Classification System Technical Assistance Visit 22-27 March (INCLE)

- Corrections Reform Classification Training (Colorado) 6 Apr-1 May (INCLE)
- Bilateral Project Plan for SSP Law Enforcement Training/Institutional Development (Merida/INCLE)
- Develop bilateral equipment lists for SSP and PGR security equipment (INCLE)
- Bilateral Project Plan developed for SSP Institutional Training and Education program. Focus on senior leader development, curriculum and instructor development, and investigator training (basic through advanced) (INCLE)
- Bilateral Project Plan developed for Polygraph project (INCLE)
- Bilateral Project Plan for Police Registry (INCLE)
- Judicial exchanges workplan completed (ESF)
- Victim Assistance workplan completed (ESF)
- Sign a bilateral agreement with Mexico (ESF)
- Pre-trial services workplan completed (ESF)
- First Officer Exchange (Central America)
- Congressional notification packages submitted for the sales of the CASA and Bell 412 aircraft (FMF)
- Non-Intrusive Inspection (NIIE) vehicles for SSP ordered (INCLE)
- NIIE vehicles for Customs ordered (INCLE)
- Ion scanners for military ordered (SEDENA) (INCLE)

April – June 2009

- First SSP Basic Corrections Officer Course at Mexican National Academy of Penitentiary Administration (Xalapa, Veracruz) 200 Officers will be trained (INCLE)
- Judicial exchanges begin. (ESF)
- Community Youth-at-Risk project design (Panama) (ESF)
- Police continuing education workplan complete (ESF)
- Human Rights workplan complete (ESF)
- Citizen Participation Councils (CPC) workplan complete. (ESF)
- UNHCHR workplan approved. (ESF)
- Bilateral plan on training for Canine Units completed (INCLE)
- Assessment for Demand Reduction Network for Addiction Case Management (RENADIC) project completed (INCLE)
- Letters of Offer and Acceptance signed by Mexico, Costa Rica and El Salvador signed and contracts negotiated (FMF)

May 2009

- Police continuing education workplan complete (ESF)
- Human Rights workplan complete (ESF)
- OASISS system implementation (anti-trafficking in persons system) for PGR (INCLE)
- Deliver ion scanners, train SEPOMEX operators (INCLE)
- Ion scanners for military ordered (SEDENA) (FMF)
- Open three INM sites on Mexico-Guatemala border to issue biometric credentials to frequent Guatemalan border crossers (INCLE)
- Deliver hardware equipment for Demand Reduction Network for Addiction Case Management (RENADIC) project (INLCE)

May – September 2009

- Develop victim assistance policies and procedures with PGR and SSP. (ESF)
- PGR and SSP begin training for victim assistance. (ESF)
- CPCs identify areas to expand program. (ESF)
- Training for human rights NGOs and CSOs on justice reforms begins. (ESF)
- Training on pre-trial case resolution alternatives begins. (ESF)

July – August 2009

- Pilot Test police courses identified by SSP. (ESF)
- Implement CPC expanded programs. (ESF)
- Train-the-trainer program for SSP, SAT and PGR canine units (INCLE)
- Second SSP Corrections Reform Instructor Training course (New Mexico) 20 Jul-28 Aug (Train the Trainer) (INCLE)

September – October 2009

- Training of Trainers for police curriculum begins. (ESF)
- Judicial exchanges expand to federal and state judicial training. (ESF)
- Identify best practices for e-government solutions to register citizen complaints and track responses online. (ESF)
- New legal education curriculum in Mexican law schools begins. (ESF)
- Second SSP Basic Corrections Officer Course at Mexican National Academy of Penitentiary Administration (Xalapa, Veracruz), 400 Officers will be trained (INCLE)

November – December 2009

- Expand police curriculum. (ESF)
- CPCs begin e-government solutions to register citizen complaints and track responses. (ESF)
- Third SSP Corrections Reform Instructor Training course (New Mexico) 26 Oct-4 Dec (Train the Trainer) (INCLE)
- Third SSP Basic Corrections Officer Course at Mexican National Academy of Penitentiary Administration (Xalapa, Veracruz), 400 Officers will be trained (INCLE)

January – December 2009

- Enhance GOM polygraph capability (SSP, Customs, INAMI) (INCLE)

January – August 2009

- Support for PGR National Forensics Laboratory (INCLE)

March – June 2009

- Canine training for SSP and Customs (INCLE)

April – August 2009

- Demand Reduction Network for Addiction Case Management (INCLE)

Winter 2010

- Training for Panama as part of maritime security program takes place (FMF)
- Delivery of communications equipment to Panama (FMF)

Spring 2010

- Delivery of ion scanners for SEDENA (FMF)
- Delivery of interceptor boats to Costa Rica (FMF)

Summer/Fall 2011

- Delivery of Bell Helicopters for SEDENA (Army/Air Force) and CASA aircraft for SEMAR (Navy) (FMF)

- b) What effect is the \$870 million provided to date having on the flow of illegal drugs to the United States?

The Department is now preparing the 45-day spending plan for the \$405 million recently appropriated for Merida in the FY09 Omnibus. As explained above, Mérida Initiative projects and programs are just beginning to be implemented; therefore, it is too early to determine the impact of these efforts on the flow of illegal drugs to the United States. However, since the Calderon administration began its effort against the drug cartels, the price of cocaine in the United States has steadily increased and the purity has decreased. There may be multiple factors to account for this change in the narcotics market, but the price and purity of narcotics in the United States is one indication of the impact of overall counternarcotics operations in Mexico.

- c) What type of coordination is taking place between the United States, Mexico and the countries of Central America and what additional activities are necessary to make this joint effort work?

In Mexico, we are working closely with the GOM on implementing the Mérida Initiative, including bi-national interagency working groups for each project, breaking new ground in negotiations related to the Letter of Agreement, and the cabinet-level bi-national High Level Group meeting. In Central America, we have consulted closely with the Central American

Integration System (SICA) through the U.S.-SICA Security Dialogue to which Mexico is an observer. The Central America portion of the package was formulated to support the regional security strategy developed by SICA. Our goal is to develop a substantive, mutually-beneficial security partnership with our Central American neighbors that will improve the security of the region as a whole. We recognize that this multilateral process will be gradual.

In addition, Mexico and the Central American countries have coordinated in countering methamphetamine trafficking in the region. The Mexican Office of the Attorney General has provided training to Central American officials in preventing precursor shipments, and plans to expand its efforts in coordination with the USG and the UN Office on Drugs and Crime (UNODC). In addition, a Mesoamerica conference on prison management is being planned under the Mérida Initiative.

- d) What are the challenges facing a cooperative partnership between the United States, Mexico and the countries of Central America?

We are working very closely with the GOM in implementing Mérida with the clear realization on both sides of the border of the shared responsibility for countering the security threat of the drug cartels. The

structure of the Mérida implementation teams is encouraging links between U.S. and Mexican agencies as well as closer working relations among agencies within each government. As the implementation process progresses, we will see day-to-day working relationships that did not exist in the past, and therefore more effective law enforcement operations.

In Central America, creating a regional approach is complicated by the difficulty of coordinating joint strategies among seven different nations with varying objectives. Encouraging closer regional integration among all partners under the Initiative will be an ongoing challenge.

**Questions for the Record Submitted to
Assistant Secretary Thomas Shannon by
Representative Kay Granger (#1)
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

The first installment of Merida funds included \$66 million for transport helicopters. The funding was provided in the summer of 2008. When do you expect the helicopters to be delivered to the Mexican Government?

Answer:

The \$66 million in question is to acquire up to five Bell 412EP helicopters for the Mexican Air Force. The Department of State began the 30-day formal notification period for this sale, as required by section 36(b) of the Arms Export Control Act, on March 13. The Department of Defense is finalizing configuration, delivery schedules, support arrangements, training schedules, and other logistical details for the aircraft. Based on discussions with Bell, we believe delivery of the helicopters can begin before the end of calendar year 2009.

**Questions for the Record Submitted to
Assistant Secretary Thomas Shannon by
Representative Kay Granger (#2)
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

The increased violent activity among cartels and against police and innocent civilians has led to some negative conclusions about the ability of the Mexican Government to enforce the rule of law. Please provide your comments on the strength of the Mexican Government's institutions. What conclusions can be drawn from the recent increase in the level of violence?

Answer:

The increased violence we see in Mexico today is the direct result of the determination of the Mexican Government under President Calderon to impose the rule of law against the will of drug cartels that have been empowered with firearms and profits, much of which has been illegally smuggled from the United States. Calderon's commitment to the rule of law is demonstrated not just by the mobilization of the military and law enforcement agencies where necessary, but also by his emphasis on combating corruption and working with the Mexican Congress to pass sweeping judicial and police reforms. Constitutional judicial reforms passed by both houses of Congress in 2008 and ratified by the majority of Mexico's

states have become law, starting an eight year timetable for implementation for all Mexican states and the federal government. The law establishes the right to a professional defense, and facilitates the transition to an evidence-based, oral, transparent, adversarial criminal justice system.

The August 2008, 75-point security accord has become the blueprint for action on security legislation. The accord mandated action on federal police reorganization, asset forfeiture, reforms to the penal code, the creation of a new federal code of criminal procedure, anti-kidnapping measures, drug treatment, alternative sentencing for small time dealing and use, and changes to the national public security system, among other priorities.

The Mexican Congress has already passed several of these laws, including penal code reforms, which include key implementing legislation for justice reform. The Federal Law on Responsibility/Accountability of Public Servants establishes that public officials accused of wrongdoing will be removed from office, regardless of trial outcome. The General Law for the National Public Security System is meant to improve coordination between federal, state, and municipal police forces and establishes vetting and certification standards for all police officers nationwide, including establishing a four-year deadline for all police forces to submit to a common screening program that includes a drug test, medical exam, psychological

screening, review of personal assets, and polygraph. A constitutional change on anti-kidnapping laws gives the Mexican Congress the ability to harmonize the kidnapping penal code throughout the country.

The Mexican Congress is working on the following issues during the current legislative session set to end in April:

- Revising the Federal Code of Criminal Procedure (and secondary laws)
- Police Reorganization
- Asset Forfeiture
- Penalties for small-time drug dealing and use

**Questions for the Record Submitted to
Assistant Secretary Thomas Shannon by
Representative Kay Granger (#3)
Subcommittee on Foreign Operations
House Committee on Appropriations
March 10, 2009**

Question:

Are there parallels between where we were ten years ago in Colombia and where we are now in Mexico? Can you identify any “lessons learned” from the U.S. experience in Colombia that might apply to fighting the drug cartels in Mexico?

Answer:

There are some similarities between the situation facing Mexico today and the situation in Colombia ten years ago. Both in Colombia and in Mexico we have political leaders who have taken ownership of the major challenges facing their country and have demonstrated the political will to tackle the problems. They also realize that the drug trade, and its associated violence, is driven by transnational criminal networks operating in their country, as well as the United States. As such, we share in the responsibility for addressing this common challenge. The leaders of Colombia and Mexico have asked for our help, not as supplicants, but as partners. And, as partners, their governments are working closely with us to develop and implement assistance packages effectively. Finally, the situations are similar in that they both require a comprehensive approach to meeting the

challenges posed by drug trafficking and crime. While the mix of programs is different, both countries need support in a wide range of areas, spanning the spectrum from providing aircraft for interdiction to supporting institutional reform.

We have applied several lessons learned in Colombia to the development of the Merida Initiative. As was the case in Colombia, the Merida Initiative supports our partner's plan. Just as Colombian leadership was critical to the success of Plan Colombia, Mexican leadership is critical to the success of the Merida Initiative. While we are providing key support, it was Colombia then, and is Mexico today, that are making the greatest sacrifices and commitments. In addition, as noted above, taking a comprehensive approach to the drug trade and its associated violence was essential in Colombia and is a key component of the Merida Initiative. In Colombia, we also found that attention to human rights issues, a Congressional ban on U.S. personnel becoming involved in combat, and a reasonable limitation on the number of U.S. personnel also contributed to the positive results. On the U.S. side we have learned that a full interagency approach works best in supporting these types of wide ranging assistance programs and have included the full U.S. interagency in the planning and execution of the Merida Initiative. Finally, we learned in Colombia that

demonstrable success can be made in sharply reducing the violence associated with illegal drug trade.

THURSDAY, MARCH 12, 2009.

AFRICA: GREAT LAKES, SUDAN AND THE HORN

WITNESSES

**JOHN PRENDERGAST, CO-FOUNDER, ENOUGH PROJECT
DAVID SHINN, FORMER AMBASSADOR, AND ADJUNCT PROFESSOR OF
INTERNATIONAL AFFAIRS, GEORGE WASHINGTON UNIVERSITY
SULIMAN BALDO, AFRICA DIRECTOR, INTERNATIONAL CENTER FOR
TRANSITIONAL JUSTICE**

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State, Foreign Operations and Related Programs will come to order. Today this subcommittee will examine programs and policies in Africa, specifically in the Great Lakes, Horn of Africa and the Sudan.

I welcome our distinguished panel, Mr. John Prendergast, Co-Founder of the ENOUGH Project; Ambassador David Shinn, Professor at George Washington University and former U.S. Ambassador to Ethiopia and Burkina Faso; and Mr. Suliman Baldo, Africa Director of the International Center for Transitional Justice. Their diverse experience will provide valuable insight to United States policy in these troubled regions of Africa.

As our nation grapples with global security imperatives, including in the Middle East, Afghanistan and Pakistan, we must not neglect the myriad of challenges and opportunities in Africa.

Over the last 40 years, nearly 20 African countries or about 40 percent of subsaharan Africa have experienced at least one civil war. It is estimated that 20 percent of subsaharan Africans now live in countries which are formally at war. Despite this grim statistic, there are glimmers of hope that some countries are emerging from conflicts and consolidating peace.

Optimism—cautious optimism—is spreading from the center of the continent as the Democratic Republic of the Congo and Rwanda join together to face down two rebel factions in eastern DRC. This joint action, which was followed by the retreat of Rwandan forces from the area, has weakened the rebel forces, and the people of the Kivus can look forward to a reduction in violence and a return to peace.

I hope that the witnesses today can provide some direction on how the United States and the international community can help sustain this progress. What should the United States and other donors do to help consolidate the peace in DRC? What efforts can help overcome the destruction of communities as a result of the war and the gender-based violence used systematically as a weapon of war?

Unfortunately, the news out of Sudan has not been positive. The actions of the Khartoum government last week demonstrate that

they continue to thwart every effort to resolve the conflict in western Sudan and continue to oppress the people of Darfur.

The expulsion of 13 international NGOs, the kidnapping of five aid workers which you just saw on the news, the apparent disregard for the health and well being of 1.5 million people living in Darfur is simply genocide by another means.

Some Members of Congress and many in the NGO community have called for a Presidential special envoy to marshal international attention and put pressure on the Khartoum government. Perhaps our witnesses can give us examples of other steps that the Administration must take in the next 30 days to demonstrate that the United States remains committed to a long-term solution in Sudan and Darfur.

I am also deeply concerned about Somalia's decades long descent into chaos. Since the 1990s, the country has been in the state of crisis. Recent actions by the people of Somalia to begin to form a consensus government offers some hope. However, how to deal with al-Shabab is a major challenge, and instability has led to increased piracy off Somalia's coast.

Joint international action seems to be addressing some of these concerns. Could a similar joint effort to reestablish governance in Somalia and collaboration with the new government offer a chance for peace in the country?

Finally, let me note that my colleagues and I have long criticized the narrow focus that provides only health and humanitarian dollars to Africa. While these challenges certainly are great, Africa needs trade, agriculture, economic development to prosper and grow. Additionally, more security assistance in the region would help counter the growth and influence of al-Qaeda and the other terrorist cells.

Perhaps frustrated by the lack of State Department resources, we have seen the Department of Defense deploy greater resources and personnel through Africa, yet we cannot delegate responsibility to the military, nor allow them to be the dominant interface for the nations of Africa.

I hope that the Obama Administration will reverse the years of a one-dimensional Africa assistance policy and put forward a more comprehensive diplomatic and development strategy for the African continent. I look forward to working with Secretary Clinton and all of the officials in the Obama Administration who share my commitment to this goal and expect that we can build on the goodwill and successes we have had in Africa over the past few years.

Now before I return to more impressive witnesses, let me turn to our distinguished Ranking Member for her statement.

OPENING STATEMENT OF RANKING MEMBER GRANGER

Ms. GRANGER. Thank you, Madam Chairwoman, for convening today's panel on Africa, a region increasingly vital to the national interest of the United States. The panelists before us have extensive experience on the African continent and share our goal of bringing peace and stability to the region, and I appreciate your being here today.

The political, economic, security and humanitarian challenges the United States faces in the Great Lakes, Sudan and the Horn

are considerable. The spread of terrorism, regional instability and food insecurity are real threats to U.S. interests.

The Congress has appropriated over \$6.5 billion in fiscal year 2008 for this region to provide humanitarian aid, establish and sustain multiple peacekeeping missions, combat disease and develop and reconstruct nations emerging from conflict.

The picture of this region, as the Chairwoman said, unfortunately is still mixed. In Sudan, over two million people remain displaced in the Darfur region, a conflict that is affecting neighboring Chad and the Central African Republic. At the same time, a fragile peace agreement brokered by the last Administration between North and South Sudan struggles to succeed.

The announcement last week of the Sudanese Government to expel 12 nongovernmental organizations that are delivering life saving humanitarian assistance is unacceptable.

The United Nations African Union Peacekeeping Mission in Darfur authorized at over 26,000 personnel only had 12,359 troops deployed by the end of January 2009, nearly 19 months after its authorization. Maritime piracy based in Somalia is an increasing threat to international trade.

Conversely, the President's emergency plan for AIDS relief, PEPFAR, and the Malaria and Neglected Diseases Initiative have made great strides in improving health care on the continent.

The Millennium Challenge Corporation has become an innovative tool to combat poverty, grow economies and strengthen African democracies. To date, there have been 11 compacts signed with African nations totaling about \$4.5 billion. The Congress has invested billions and demonstrated its concern for Africa, but these resources need to be coupled with an effective and concerted strategy for achieving peace and stability in this region.

I look forward to hearing from each panelist on the approach needed to address these chronic challenges and your expert views on the resources Congress might be asked to provide.

I thank you, Madam Chair.

Mrs. LOWEY. Thank you.

Ambassador Shinn, why not begin with you? We are happy to place your full statement in the record. If you would be kind enough to summarize your oral statement, we want to get to the questions and have a real dialogue. Thank you.

OPENING STATEMENT OF AMBASSADOR SHINN

Mr. SHINN. Thank you very much, Madam Chairwoman, and Members of the committee. I will define for the purposes of this session the Horn of Africa as constituting Ethiopia, Eritrea, Somalia, Djibouti and Sudan. I would make the point that a problem or a conflict in any one of these countries has relevance for one or more of its neighbors. It is very important to treat this area as a region, not on a bilateral country-by-country basis.

The only serious U.S. policy effort that tried to deal with the countries as an integrated region occurred in the mid 1990s. It was known as the Greater Horn of Africa Initiative. The initiative was a good one. Unfortunately, it did not have a lot of success for reasons spelled out in my paper, but I think it would be useful at

some point to review the lessons learned as to why it did not have more success.

The major crises in the Horn today are the failed state of Somalia, the civil war between Southern and Northern Sudan and the crisis in Darfur, the war between Ethiopia and Eritrea and periodic famines in several of the countries. There is also a second tier list of problems that I will not get into and even a third group of localized conflicts that deserve more attention that I will not mention now.

It is also key to work with other players in the region rather than trying to carry out any policy on a bilateral basis. The United States cannot and should not be expected to solve the problems of the Horn on its own.

In addition to working with traditional donors, it needs to work with countries like Egypt, the Arab countries and China. Russia is a little more problematic because of its arms sales, but even Russia needs to be included, also India and even Turkey, which is becoming increasingly active in the area.

Having said that, a new or relatively new arrival to the area is Iran. I am not suggesting we work with Iran. I think Iran has to be monitored very carefully in terms of what it is doing there.

Let me turn first to Ethiopia. U.S. policy towards Ethiopia since the current government took power in 1991 has been a delicate balancing act, and this will continue to be the case. On the one hand, Ethiopia is a strong supporter of U.S. counterterrorism policy in the region. It has been consistently responsive to U.S. concerns about stability and peacekeeping operations in the region.

The United States must weigh very carefully these positive factors against the need for significant improvement in human rights issues and the democratization process. There have been the arrests of political dissidents, harassment of the private press, and unwillingness to allow civil society to engage in advocacy work.

The next general elections occur in 2010, and the outlook for serious competition in these elections is frankly not very good.

Eritrea. Relations with Eritrea have reached the lowest point since Eritrea became independent in 1993. There is a lot standing in the way of improving relations with Eritrea. Any U.S. attempt to improve relations with Eritrea faces huge challenges.

A new Administration has the advantage, however, in that it can look at old problems in new ways. It may not be possible to improve relations with Eritrea, but I think the effort still needs to be made.

On Djibouti, it hosts the only American military base in Africa. Its purpose is mainly to counter terrorist activity in the region. I think it is time, frankly, to have an independent assessment of the CJTF-HOA operation to find out whether it really is doing what it costs. Because Djibouti hosts CJTF-HOA and Ethiopia is dependent on the port, Djibouti becomes an important part of the regional policy for the Horn of Africa.

Somalia has been much in the news of late. The situation is particularly fluid in Somalia today. The first priority is reestablishing security. An enlarged African Union peacekeeping force is not the answer, although it can help play a useful role by keeping open the port and the airport.

Somalia needs to train in the first instance a community-based police force, and the international community has started that, but it needs to put more effort into it. The United States should also continue to support this new government in spite of its imperfections, while remaining in the political background.

This is not the time for the U.S. to be up front and center. Let Somalis work through their differences in their own way. We should eschew military activity in Somalia and provide humanitarian assistance and be willing to step in as quickly as possibly with development assistance when the security situation permits.

Turning to Sudan, the United States has four principal goals in Sudan: Ensuring implementation of the comprehensive peace agreement, or at least avoiding a return to civil war between the north and the south; ending the crisis in Darfur; improving the overall human rights situation; and continuing to receive the support of Sudan on counterterrorism.

Achieving these goals requires a combination of pressure, frank talk and acceptance of some unpleasant truths, which some of you will disagree on. The government in Khartoum is highly flawed—that is unquestioned—but I think there are two positions that need to be reconsidered.

The first is that I do not think U.S. policy is being well served today by continuing in the present tense to refer to what is happening there as a genocide. It is terrible, yes. Genocide? I do not think so.

And the second position is that the United States appropriately put Sudan on the list of state sponsors of terrorism in 1993. In my view, the situation has changed and I think the State Department's annual terrorism report substantiates that.

I think a combination of discontinuing references to genocide in Darfur in the present tense and taking steps to remove Sudan from the list of state sponsors of terrorism just might jolt the situation and create some opportunities. Most, if not all, sanctions against Sudan would remain in place even after it is removed from the list.

I will stop there, Madam Chairwoman. I have some comments on operational issues, but they are in the written record and members can review them.

Thank you.

[The information follows:]

Horn of Africa: Priorities and Recommendations
Hearing before the House Subcommittee on State and Foreign Operations
Committee on Appropriations
12 March 2009

Testimony of David H. Shinn
Adjunct Professor, Elliott School of International Affairs
George Washington University

Madame Chairperson and members of the Subcommittee, thank you for the opportunity to testify on priorities and recommendations for U.S. policy in the Horn of Africa. My name is David Shinn, Adjunct Professor, Elliott School of International Affairs, George Washington University, and former ambassador to Ethiopia and Burkina Faso. One-third of my thirty-seven year career in the Foreign Service focused on the Horn of Africa. I continue to follow the region closely as an academic.

Treat the Horn as a Region

The countries normally considered to constitute the Horn of Africa are Ethiopia, Eritrea, Somalia, Djibouti and Sudan. Some include Kenya and Uganda in the Horn. I will confine my remarks to the first five countries. The challenges and the future of the Horn are interlinked to an even greater extent than is the case in other regions of Africa. A problem or conflict in one country has negative implications for one or more of its neighbors just as political and economic progress benefits neighboring countries. Any strategy that does not take into account the implications for its neighbors of a policy towards one country is probably doomed to fail. I believe that the Horn of Africa, taken as a region, has been the most conflicted corner of the world since the end of the Second World War.

The only serious U.S. policy effort that tried to deal with the countries as an integrated region occurred during the Clinton administration in the mid-1990s. It was known as the Greater Horn of Africa Initiative. In addition to the five core countries in the Horn, it included Kenya, Uganda, Tanzania, Rwanda and Burundi. Its two main goals were to focus U.S. resources on food security and conflict prevention/mitigation. It achieved exceedingly limited success for a variety of reasons, primarily because new conflict in the region overwhelmed efforts to resolve existing conflict. In addition, there was not a total commitment from all U.S. embassies in the field to embrace a concept that did not have as its primary objective an emphasis on bilateral relations. The Initiative was a good one; it is a pity it did not have more success. It would be useful to review the lessons learned from that effort before embarking on a new regional approach for the countries in the Horn of Africa. For example, including Tanzania, Rwanda and Burundi as part of the Initiative may have been too ambitious. On the other hand, it is essential to include Kenya and Uganda as they are critical to many of the issues that impact the Horn.

The United States and others have devoted considerable attention in recent years to the major crises in the Horn: the failed state of Somalia and especially its implications for terrorism, the civil war between southern and northern Sudan and the crisis in Darfur, the war between Ethiopia and Eritrea and periodic famine in several of the countries. An

even longer list of second tier problems such as conflict in Ethiopia's Ogaden, the confrontation along the Eritrea/Djibouti border and conflict in eastern Sudan have consumed much less U.S. time and resources. There is a third group that receives very little U.S. attention. These are largely local conflicts involving disagreements over issues such as pasturage, scarce water sources, cattle rustling and ethnic migration. It is not surprising and, in fact, appropriate to focus on the most serious issues. On the other hand, it is a mistake to exclude the second and third tier problems as they usually contribute to the more serious problems. In a few cases, smaller local disagreements may even lead to major conflict. A much overlooked technique in the West for dealing with these localized issues is the use of traditional conflict resolution mechanisms.

Most of these conflicts are exacerbated by a relatively high annual population growth rate in spite of the negative effects of regular conflict and HIV/AIDS. According to World Bank figures, the population growth rate between 1990 and 2005 for Djibouti was 2.6 percent, for Eritrea 2.5 percent and for Sudan and Ethiopia 2.2 percent. Somalia lagged well behind at 1.4 percent. Each year, Ethiopia adds about 1.5 million people to its population. The country has not produced enough food to feed its population for several decades and there is no prospect that it will be able to achieve this goal in the foreseeable future.

Cooperating with Other Players in the Horn

The United States can not and should not be expected to solve the problems of the Horn on its own. It is essential to continue to work with the countries in the region and the traditional donor countries including the members of the European Union, Norway, Canada, Australia and Japan. Egypt and some of the Arab Gulf states, which have a direct interest in developments in the Horn, should be part of efforts to solve problems in the region. China has become the principal non-African influence in Sudan and has a growing presence in Ethiopia and Eritrea. China will not always agree with western donors on the best approach to the region, but it has cooperated in Sudan and Somalia and should increasingly be brought into discussions concerning the Horn. The role of Russia is more problematic as its primary interest seems to be selling weapons to Sudan, Ethiopia and Eritrea. Nevertheless, it should be part of the consultative process if for no other reason than to try to minimize the potential negative impact of its arms sales and because it has expressed a growing interest in investing in countries like Ethiopia.

There are several other countries with important interests in the Horn whose role has not received much consideration by the United States. India is a major player, especially in Ethiopia, which is its principal African recipient of economic assistance. In recent years, Turkey has made a major effort to increase its relations in the Horn, especially with Sudan, Ethiopia and Djibouti. Although Brazil's main African focus is West Africa and the Lusophone countries, it is expanding ties with Sudan and Ethiopia. All of these countries should be consulted in any regional strategy towards the Horn that would benefit from their material and/or political support. In addition, the United Nations and its specialized agencies, World Bank, International Monetary Fund, African Union, Intergovernmental Authority on Development, African Development Bank, Arab Development Bank and Arab League (Sudan, Somalia and Djibouti are members) have the ability to influence developments in the Horn.

One potential spoiler deserves special mention. Iran is taking a growing interest in Africa generally and the Horn in particular. Iran's goal is not clear, but there are concerns that it is primarily interested in propagating its fundamentalist beliefs in the region. If this is the objective, it will be a tough sell for Shi'ite Iran as virtually all the Muslims in the Horn are Sunni with strong Sufi beliefs. Nevertheless, Iran has an especially long-standing and close relationship with Sudan and has made significant progress recently in improving ties with Eritrea and Djibouti. Eritrean President Isaias Afewerki visited Tehran in December 2008, and Iranian President Mahmoud Ahmadinejad went to Djibouti in February 2009, when he signed five cooperation agreements with his Djiboutian counterpart. Iranian contact with Ethiopia has been occurring at a lower level. Iran has also engaged recently in high level contact with the leaders of Kenya, Uganda, Tanzania and the Comoro Islands.

Ethiopia

Ethiopia has been a good ally of the United States on a number of issues while it offers challenges for U.S. policy concerning its human rights practices and pace of democratization. As a result, U.S. policy towards Ethiopia since the current government took power in 1991 has always been a delicate balancing act. This will continue to be the case.

Ethiopia has been a strong supporter of U.S. counterterrorism policy in the region. Even if the tactics change under the Obama administration for dealing with terrorism, the United States will continue to look to Ethiopia for support. Ethiopia has also consistently been responsive to U.S. concerns about stability and peacekeeping operations in the region and beyond. It supported U.S. policy on the Comprehensive Peace Agreement in Sudan and provided support to the peacekeeping operation in Darfur. It has contributed to peacekeeping efforts beyond the Horn of Africa. Although in my view, both the United States and Ethiopia followed a misguided policy in Somalia, they did it together. It is just not possible to ignore the helpful role of Ethiopia on regional issues that are important to the United States. In addition, the Meles Zenawi government has established a solid economic track record for which it does not receive much credit.

U.S. policy must weigh these positive factors against the need for significant improvement on human rights issues and the democratization process. Since 1991 there have been periodic large-scale arrests of political dissidents, frequently among the Oromo who are perceived rightly or wrongly to have ties to the Oromo Liberation Front, which calls for the overthrow of the government. Although many are eventually released, new groups of political dissidents are routinely arrested. The government has a long history of harassment of the private press and a reluctance to permit civil society groups to engage in advocacy work. The new act covering charities and non-governmental organizations places severe restrictions on their ability to conduct advocacy work.

Democratization in Ethiopia experienced a major setback following the 2005 national elections. Although the election process began well, it ended badly. The political opposition must take some responsibility for the violence that followed the election, but ultimately the government is responsible for preventing violence and maintaining credibility in the electoral system. The 2008 local elections were an opportunity to put the democratization process back on track. They did not. The

government party won all but a handful of the 3.6 million positions. The next national elections occur in 2010 and the outlook for serious competition is not good.

U.S. policy must continue to balance the need for Ethiopia's cooperation on regional issues with its desire to influence positively the human rights' situation and democratization process in the country. Putting pressure on Ethiopia will become increasingly difficult for the United States and other western countries as Ethiopia continues to strengthen its relations with countries such as China and Russia.

Eritrea

U.S. relations with Eritrea during the past year reached their lowest point since Eritrea became independent in 1993. They would have fallen even further if some persons in the previous administration had had their way and managed to place Eritrea on the list of state sponsors of terrorism. Fortunately, this did not happen and the door remains ajar for a possible dialogue with the Isaias government.

There is much standing in the way of better relations with Eritrea. During the past year, the rhetoric on both sides has been harsh. There have never been national elections in Eritrea and the democratization process is virtually non-existent. Eritrea believes that the U.S. has almost single-handedly made it possible for Ethiopia to avoid implementation of the binding arbitration agreement that delineates the Ethiopian-Eritrean border. Eritrea has been aiding and abetting extremists in Somalia in an effort to put pressure on Ethiopia. Asmara serves as the headquarters for the Oromo Liberation Front that periodically launches attacks across the border into Ethiopia. Eritrea sent troops to the border with Djibouti, which it continues to taunt for reasons that are not clear. Eritrea is making a major effort to improve relations with countries such as Iran, which according to an Eritrean opposition group has deployed or intends to deploy Iranian troops in the Eritrean port of Assab. There is no independent confirmation of this report.

Any U.S. attempt to improve relations with Eritrea faces huge challenges. A new administration has the advantage, however, in that it can look at old problems in new ways. It may not be possible to improve relations with Eritrea, but the effort still needs to be made.

Djibouti

U.S. relations with Djibouti are good and generally problem free. Djibouti hosts the only U.S. military base in Africa, Combined Joint Task Force-Horn of Africa (CJTF-HOA). Its main purpose is to counter terrorist activity throughout the region, including Yemen. Djibouti extracts a rental fee for this base; these negotiations have not always been easy. It would be useful to conduct an independent assessment of CJTF-HOA to determine if its costs justify the benefits that it provides. The countries of greatest concern are Somalia and Yemen. CJTF-HOA reportedly has no involvement in Somalia and limited ability to conduct activity in Yemen. As I understand it, U.S. military components other than CJTF-HOA have conducted the actions in Somalia.

Although there is no indication that Djibouti desires to alter its close relationship with the U.S., its recent high level contact with Iran bears watching. Djibouti serves as

the port for nearly all of landlocked Ethiopia's exports and imports that depart/arrive by sea. Ethiopia has an even greater interest in cordial relations with Djibouti than does the United States. Because Djibouti hosts CJTF-HOA and Ethiopia is dependent on the port, Djibouti becomes an important part of a regional policy for the Horn of Africa. It is also in the interest of the United States to quietly support Djibouti in its dispute with Eritrea. Even better, the United States, if it is able to improve relations with Eritrea, might be in a position to help this problem go away.

Somalia

The United States essentially abandoned Somalia following the departure of U.S. troops from the country in 1994 as part of the UN peacekeeping operation. It continued to provide diminishing amounts of humanitarian aid. Following 9/11 and the subsequent invasion of Afghanistan, the U.S. feared that the Taliban might move to Somalia and largely relegated its engagement in Somalia to counterterrorism. This excessive focus on terrorism led to poor U.S. policy decisions that helped to ensure a takeover of most of Somalia by the Union of Islamic Courts (UIC). The United States then supported the secular Transitional Federal Government (TFG) and its Ethiopian allies in forcibly removing the UIC from power only to witness in late 2008 creation of a new government of national unity that combined the TFG and elements of the UIC. U.S. policy towards Somalia in the past year has been realistic; it now supports the new unity government.

The situation in Somalia is especially fluid. It is up to the new government to prove that it can rally most Somalis to its more moderate agenda. The first priority is the difficult task of reestablishing security. An enlarged African Union peacekeeping force is not the answer, although it can continue to play a useful role by keeping the port and airport in Mogadishu out of the control of radical groups. The African Union does not have the capacity, funding, experience or willingness to defend the new Somali government against its opponents. A UN peacekeeping force would be somewhat more effective, but only if there is a peace to keep that all Somali sides endorse. For the time being, security will be messy as the new government uses its own militia to deal with groups that oppose it, especially the extremist al-Shabab and freelancing militias.

The United States and the international community should begin to help Somalia train a professional, community-based police force that draws its recruits from all regions of Somalia. The Arab countries, which have a stake in a stable Somalia, should help finance this effort. If it is possible to neutralize al-Shabab and independent militias, a Somali police force, which has a long tradition of professionalism in the country, should be able to ensure security until Somalia creates a national army.

The United States should continue to support the new government in spite of its imperfections, while remaining in the background. It should give the Somali government an opportunity to build a functioning coalition, neutralize support for al-Shabab and co-opt opposing political organizations. Somalia's new prime minister has stated that he is prepared to sit down with al-Shabab, although its leaders continue to oppose the new government. As much as the United States disagrees with al-Shabab, it is necessary to let Somalis work through their differences in their own way. This is also the time for the United States to eschew military activity in Somalia. The United States should continue to provide humanitarian assistance, help to establish a police force and be prepared to

step in quickly with development aid as soon as the security situation permits. In the meantime, the United States should increase development assistance to Somaliland, which has generally avoided the instability endemic in Somalia.

Sudan

Sudan poses a serious challenge for U.S. policy. The United States has four major goals in Sudan: ensure implementation of the Comprehensive Peace Agreement (CPA) or at least avoid a return to civil war between the north and south; end the crisis in Darfur; improve the overall human rights situation; and continue to receive the cooperation of Sudan on counterterrorism.

Achieving these goals requires a combination of pressure, frank talk and acceptance of some unpleasant truths. The government in Khartoum is highly flawed. While the United States has no interest in supporting the government, it must deal with it as a fact of life. The United States should continue to press both the Bashir government and the leaders of the Sudan People's Liberation Movement to implement the CPA. In fact, this should be the highest priority. A resumption of the north-south civil war would result in more death and destruction than has occurred so far in Darfur. The United States should also continue to press the Bashir government and the Darfur rebel groups to reach an accommodation in Darfur. The Sudanese government is primarily responsible for the situation in Darfur, but the rebel groups have increasingly contributed to the carnage. In the immediate future, the United States has minimal ability to influence the human rights situation in Sudan.

If the United States is to be taken seriously by the Bashir government, there are two U.S. positions that need to be reconsidered. In view of the universally hostile attitude towards Khartoum in Washington, I realize that I am stepping in front of a fast-moving eighteen wheeler by challenging conventional wisdom. Nevertheless, these points need to be made if the United States is to have meaningful discussions with Sudan.

First, U.S. policy is not well served when it says that genocide is continuing today in Darfur. Alex de Waal, one of the world's leading authorities on Darfur, recently made an analysis of the violent deaths that occurred in 2008. The figures he worked with exclude any excess mortality caused by hunger and disease, sexual violence and forced displacement, although he does not believe these numbers are unusually high. In 2008, UNAMID reports there were about 1550 violent deaths in Darfur. Less than 500 were civilians, more than 400 were combatants and about 640 died in inter-tribal fighting. The Sudan government armed all of the militia involved in inter-tribal fighting and is ultimately responsible for these deaths. This is a deplorable situation to be sure, but it is not genocide. Using the term genocide today to describe the situation in Darfur adds an emotional quality that distorts the discussion. It is time to acknowledge that the situation has changed in Darfur.

Second, the United States appropriately put Sudan on the list of state sponsors of terrorism in 1993. Again, the situation has changed. Sudan began even before 9/11 to open the door for cooperation with the United States on counterterrorism. It significantly expanded that initiative after 9/11. The State Department's Country Reports on Terrorism for 2006 stated that "The Sudanese government was a strong partner in the War on Terror and aggressively pursued operations directly involving threats to U.S.

interests and personnel in Sudan. . . . With the exception of HAMAS, the Sudanese government did not openly support the presence of extremist elements in Sudan.” The State Department’s Country Reports on Terrorism for 2007, the most recent one, reaffirmed Sudan’s cooperation and added, “While the U.S.-Sudanese counterterrorism relationship remained solid, hard-line Sudanese officials continued to express resentment and distrust over actions by the USG and questioned the benefits of continued cooperation. Their assessment reflected disappointment that Sudan’s counterterrorism cooperation has not warranted rescission of its designation as a state sponsor of terrorism.” The report went on to note that Sudanese authorities uncovered and largely dismantled a large-scale terrorist organization targeting western interests in Khartoum.

If there is any hope of achieving a more productive discussion with Sudan about those issues of concern to the United States, a good place to start would be discontinuing references to genocide in Darfur in the present tense and taking steps to remove Sudan from the list of state sponsors of terrorism. Most, if not all, U.S. sanctions against Sudan would remain in place even after it is removed from the list. It is not possible to know if taking these steps would result in more responsible actions by Khartoum in Darfur and in implementing the CPA, but these steps would send a signal to Sudan that the U.S. is prepared to acknowledge a new reality.

Operational Issues

I would like to associate myself with testimony by former ambassador Prudence Bushnell before this Subcommittee on 25 February 2009 concerning ways the Foreign Service needs to do its job securely and effectively. Ambassador Bushnell’s comments apply to the Horn of Africa as well as the rest of the continent. I want to underscore several points. Ambassador Bushnell commented that security concerns have trumped policy objectives. I fully agree. While the bombings in 1998 of U.S. embassies in Nairobi and Dar es Salaam necessitated changes in the structure of U.S. embassies in the region and beyond, the fortress embassy concept has been carried to an unnecessary extreme. The embassy in Khartoum, where I served for three years in the mid-1980s, is totally unsatisfactory from a security standpoint and must be moved. The State Department is building a new structure. It will be a fortress in an isolated part of the city, effectively cutting it off from the Sudanese public. The embassy in Addis Ababa, the same structure where I served from 1996-1999, has put security procedures in place since the late 1990s that effectively cut it off from the Ethiopian public other than visa applicants. The U.S. has no mission in Somalia and the security situation there now does not permit the assignment of American personnel. I am less familiar with the current situation in Djibouti and Asmara.

In 2007, I visited a number of missions in Africa and was appalled at the lack of contact between host country nationals and American embassy personnel. Much of the problem was due to the physical isolation of the embassy or consulate in cities like Pretoria, Abuja and Cape Town where terrorism is not even a significant threat. The only antidote to fortress embassies is embassy leadership that forces American staff regularly to get out of the fortress and move around the city and the country. My recent experience suggests that all too often this is not happening. Part of the problem is the enormous amount of time spent in some capitals escorting visitors to the same locations and too few

personnel completing reports required by Washington. But some of the problem is unwillingness to move around the country for security reasons. The Foreign Service is a career that by definition requires a reasonable amount of risk taking. I believe most Foreign Service personnel accept this. I fear that U.S. embassies in much of Africa and perhaps the world generally are becoming too risk averse. The security tail is wagging the diplomatic dog.

One way to get around the fortress embassy concept is to establish more American Presence Posts staffed by one Foreign Service Officer and a couple of local employees. Advances in communications make this solution imminently feasible. There are several cities in Ethiopia and Sudan where the U.S. could formulate more enlightened policy if it had a better understanding of the situation on the ground. I understand, however, that security personnel are reluctant to expand significantly these one person posts because of the possible risk encountered by the American officer.

A corollary to the American Presence Post is the need to increase language training. Persons assigned to one person posts in the northern part of Sudan must have some Arabic. Any American assigned outside Addis Ababa should have Amharic, Afan Oromo, Somali, Tigrinya, etc., depending on the location of the assignment. When it becomes safe to reopen an embassy in Mogadishu, there must be at least one American on the staff who speaks Somali. With the huge number of Somalis who now have U.S. citizenship, this should not be an overwhelming obstacle. Teaching these languages is expensive and can only be accomplished if Congress authorizes funding to increase the number of Foreign Service personnel to take account of down time for long-term language training.

Thank you for your time and consideration.

Ambassador David Shinn



Ambassador Shinn received his BA (1963), MA (1964), and PhD (1980) from George Washington University. He has a certificate in African studies from Northwestern University. He served for thirty-seven years in the US Foreign Service with assignments at embassies in Lebanon, Kenya, Tanzania, Mauritania, Cameroon, Sudan, and as ambassador to Burkina Faso and Ethiopia. He has been teaching in the Elliott School since 2001 and serves on a number of boards of non-governmental organizations.

An expert on the Horn of Africa, Dr. Shinn speaks at events around the world. He is the co-author of *An Historical Dictionary of Ethiopia* and has authored numerous articles and book chapters. He is working on a book concerning China-Africa relations. His research interests include China-Africa relations, East Africa and the Horn, terrorism, Islamic fundamentalism, conflict situations, U.S. policy in Africa, and the African brain drain.

Mrs. LOWEY. Mr. Baldo.

OPENING STATEMENT OF MR. BALDO

Mr. BALDO. Thank you, Madam Chairwoman, other Members of the subcommittee, for inviting me to this hearing. I will focus my comments on the Great Lakes region and particularly the situation in the Eastern Democratic Republic of Congo.

The update from that is grim. There are opposing rebel groups, militias and the Congolese army, plus foreign armies from Uganda and Rwanda to be specific, that are waging wars there against different parcels of the eastern provinces of Congo.

The clashes are becoming increasingly violent from 2007 through late 2008, triggering the displacement of tens of thousands who are fleeing killings, mass atrocities and horrendous rapes and mutilations.

In western Congo, the Kabila government demonstrates its use of abusive force, fronting concerns about narrowing space for democratic governance and political opinion. The mediation efforts in the Great Lakes region has caught only limited successes in containing the violence, and international pressure on President Kabila and his government to create a space for meaningful democratic exchange has not progressed.

Therefore, a lot remains to be done if you want to reverse the cycles of killings and human suffering. Congo has been bleeding for the last two decades because of a lack of decisive policy to really address the root causes of the violence there.

We believe that in the short term a policy intervention could be the appointment of an independent human rights and military observer mechanism, the purpose of which and in light of these ongoing atrocities by all sides in the conflicts to support the mechanisms of accountability and lead a major effort to end impunity, which is responsible for the repeated cycles of violence there.

We believe that a push for a meaningful security system reform is essential. The international community must change its current approach, characterized by piecemeal and uncoordinated bilateral and multilateral initiatives to reform various sectors of the security system such as the army, the police and justice in isolation from each other.

The security sector reform requires a long-term commitment. Further financial and technical assistance on security sector reform must be accompanied by political pressure and benchmarks to promote national ownership of the long-term security sector reform process in the country.

Continued support for civil society in the DRC is key. The country for decades has had an implosion of central power, and in the vacuum alternative power sources have developed.

These are the churches, civil society organizations, community groups that are providing for the needs of the populations at all levels, including local governments, protection of rights, and monitoring of abuses as they happen in civil society in Congo is a major actor in all these areas, and the struggle for accountability there could build on its tremendous efforts in this area.

Now, traditional justice measures are needed. There is little political will in the Congo to really uphold members of the military,

for example, accountable for their role in committing abuses. It is the documented fact by, among others, the United Nations peacekeeping mission that most of the violations that occurred in the country are committed by members of the National Army and the police, and the mechanisms are simply not there.

We are encouraging local actors such as civil society organizations and others to really lead in terms of advocacy. Foreign assistance programs should really make sure that this happens. Recent security developments in Congo demonstrate the influence that the donor community and the international community could help bring about in a positive direction.

As you recall, in January 2009 Uganda and Rwanda agreed to send their forces in a joint campaign into the DRC, in eastern DRC, with the purpose of fighting the rebel predominantly Rwandan Hutu group, the FDLR, the Forces Democratiques pour la Liberation du Rwanda.

That campaign was very much triggered by international pressures both from Rwanda and the DRC due to the revelation in the United Nations report of November 2008 that Rwanda was supporting a very abusive rebel group in Congo led by Laurent Nkunda of particular notoriety and that Congo was also using the FDLR in its effort to contain the forces of Nkunda and to repel attempts.

Therefore, the establishment of the responsibility of this steps in backing abusive rebels has forced them to move towards some reconsideration of their previous negative relationships, and this is what allowed progress in terms of establishing peace. As a result of the reports some European countries suspended their military assistance to the Rwandan Government, as you recall, and this was a triggering factor on this.

Therefore, any progress towards peace in the Great Lakes region and in Eastern Congo would require really making of this alliance between the government of Kinshasa and the government of Kigali a strategic thing with cooperation and collaboration in addressing the security threats in the region and trying to find solutions for them.

The political and humanitarian costs for conflict in the region are otherwise too terrible. We know that Congo is having by default of its own army and the lack of political will to make of it a dependable force to defend national security for all the rebel groups from the region. Lord's Resistance Army of Northern Uganda is settled there.

A joint military campaign between the Congolese army and the Ugandan army that started in November and which is still ongoing has shown the costs of unprepared military campaigns in this case assisted by the United States military at the planning level, you know, that such planning for military operation, if it does not take the dimension of civilian protection into account, could have disastrous effects.

That is exactly what happened. The campaign did not make any provisions for protecting local civilians, and the LRA vanished from the camps that were attacked by the Congolese and Ugandan army, but then retaliated against civilians, committing massacres, including the famous one on Christmas attacking several villages

in Dangu District, Northeastern Congo, as people were celebrating Christmas. Hundreds were killed, and LRA remains at large.

Unfortunately, the current campaign which ended between the Ugandan and the Rwanda army again is the FDLR. We are expecting in the humanitarian community—the United Nations peacekeeping mission in Congo are actually planning—for a backlash with FDLR fighters again taking revenge on defenseless Congolese civilians.

The cycles of violence continue. A key trigger for that is the dysfunctionality of the Congolese army, its corruption, its total absence of capability of providing protection for the population, and in fact it is the perpetration of violence against the population.

Our reading of this is that no matter what effort is put in extending development assistance to a place like Congo such as in the areas of fighting HIV or malaria and development of building the micro and macro national economy, as long as there is no genuine reform at the level of the institutions of governments, the security and the judiciary, all this aid will be jeopardized by the dysfunctionality of the systems in the Congo.

I will stop here and end the discussion. We may address some of these points in more detail.

Thank you.

[The information follows:]

**Statement of Suliman Ali Baldo
Director, Africa Program
International Center for Transitional Justice
Before The House Committee on Appropriations
Subcommittee on State, Foreign Operations, And Related Programs
Hearing on Africa Policy
March 12, 2009**

Thank you, Madam Chairwoman, for the invitation to testify at this hearing on next steps toward peace and reconciliation in the Great Lakes region and the Democratic Republic of Congo.

My name is Suliman Baldo, and I am director of the Africa Program at the International Center for Transitional Justice (ICTJ). This morning I will comment on recent developments in the Democratic Republic of Congo that show the role the donor community – and especially the United States – can play to help achieve peace and progress in the region both at the policy and assistance level.

My own organization, ICTJ, focuses its programs in the DRC on combating the impunity that continues to fuel endless cycles of violence, and on promoting the rights of the victims to justice and redress. Our programming seeks to promote reconciliation through official and non-official forms of truth seeking and the introduction of much needed institutional reforms, particularly in the critical governance, justice, and security sectors.

Almost three years after Congo held democratic elections, the international community should reflect on the successes and failures of its contributions – diplomatically and through foreign assistance – in the region. Let me describe the situation.

In eastern Congo, opposing rebel groups, militias, the Congolese army (FARDC), and foreign troops from neighboring Rwanda and Uganda were fighting on Congolese soil. The clashes became progressively violent from 2007 through late 2008, triggering the displacement of tens of thousands fleeing killings, pillaging and horrendous rapes and mutilations.

In western Congo, the Kabila government demonstrated its use of abusive force, prompting concerns about the narrowing space for diversity of political opinion.

Mediation efforts scored only limited success in containing the violence; international pressure on Kabila to create the space for meaningful democratic exchange, including serious national dialogue on institutional reform, has been

inconsistent. Regional and international actors with influence in the region must redouble their efforts to bring lasting peace to the African Great Lake region and the killing grounds of the eastern DRC in particular.

We believe the international community should focus its development assistance in the following areas:

- **Short-term independent human rights and military observer mechanism.** In light of the ongoing atrocities perpetrated by all sides to the recent conflict, the international community should support the appointment of an independent human rights monitor for the DRC. This monitor would provide:
 - Further support and oversight to an effective process of disarmament, demobilization and re-integration (DDR). Numerous armed and militia groups continue to operate in northern and eastern Congo. Processes such as the recent “accelerated integration” of folding former rebels into the Congolese FARDC armed forces is highly problematic. As such, the international community must insist and provide financial support for a meaningful DDR process. International support, however, should also include increased resources on improving the “R”s – namely reintegration for demobilized Congolese rebels into society, as well as repatriation for Rwandan elements of the FDLR to put down their arms and return to Rwanda. The security and development situation on the ground in eastern Congo, as well as in Rwanda, must be improved to change the incentive structure that has facilitated the ongoing operation of myriad rebel and militia movements.
- **Meaningful security system reform (SSR).** The international community must change its current approach, characterized by piecemeal and uncoordinated bilateral and multilateral initiatives to reform various sectors of the security system – such as the army, police, and justice sectors – in isolation from each other. SSR requires a long-term commitment. Furthermore, financial and technical assistance on SSR must be accompanied by political pressure and benchmarks to promote national ownership of the long-term SSR process.
- **Continued support for civil society.** A vibrant civil society exists in Congo. But since the elections, international donor assistance to support the professionalization of civil society has waned. With economic conditions difficult throughout Congo, continued support to civil society is

necessary to guarantee their role in promoting Congo's fledging democracy and ensuring democratic and popular oversight of Congo's institutions.

- **Support for transitional justice measures.** The experience of Congo's conflicts shows that the culture of impunity must be broken if there is to be meaningful change in Congo's governance and leadership. The international community should support – by financial means and political pressure – a national dialogue on various transitional justice mechanisms. For example, a national policy should be developed on how to vet serious human rights abusers to exclude them from the security services. Furthermore, in the context of justice-sector reform, appropriate legislation should be adopted and policy decisions should be taken on how Congo wishes to pursue prosecutions for alleged perpetrators of grave international crimes.

Let me review security developments; political and humanitarian issues; the failings so far of attempts at demilitarization and security sector reform; the importance of transitional justice measures; and actions by donors.

1. Security Developments in Eastern DRC: A Regional Alliance of Convenience

In January 2009, the Ugandan and Rwandan armed forces were operating in the DRC at the invitation of the government. This was worrisomely reminiscent of the regionalization of the Second Congo War from 1998-2003, known as Africa's First World War.

In the Orientale Province of northeastern Congo, the Ugandan Peoples' Defense Forces – with the support of the United States Government – joined the Congolese army and the Sudanese Peoples' Liberation Army (SPLA) in attacking the rebel Lord's Resistance Army (LRA) forces present in Congo with the objective of hunting down the LRA's leader, Joseph Kony. Kony is wanted by the International Criminal Court and has been the key obstructionist in the Ugandan peace process; the United States considers the LRA a terrorist organization.

While the goals of neutralizing the LRA and arresting Kony are worthy, the joint offensive in northeastern Congo, which continues to this day, has had disastrous consequences for the Congolese population. Not only have the UPDF, FARDC, and SPLA attacks against the LRA led to massive displacement, they also have prompted violent reprisals against remnant LRA troops against the Congolese

population. For example, in the “Christmas massacres” the LRA attacked several villages while the population was attending Christmas mass, killing hundreds of Congolese civilians and abducting children.

In the eastern Congolese province of North Kivu, the rebel National Congress for the Defense of the People (CNDP) of General Laurent Nkunda had been engaged in violent attacks against FARDC troops and remnant militias since 2007. Despite signing a peace deal in January 2008, the CNDP and other militias repeatedly failed to respect the ceasefire agreements. They increased their attacks starting in October 2008, threatening even to capture the North Kivu capital of Goma. Again, the civilian population of North Kivu suffered, with hundreds of thousands displaced. Furthermore, all sides to the conflict are alleged to have committed grave crimes against civilians, such as by the CNDP in the village of Kiwanja on November 4-5, 2008 and by the Congolese army in Kanyabayonga, also in November 2008.

From January 20 – February 25, Rwandan Defense Force troops operated in North Kivu at the invitation of the Congolese government to undertake joint military operations against remnant Hutu rebels of the Democratic Forces for the Liberation of Rwanda (FDLR). Despite recent bilateral rapprochement initiatives between Congo and Rwanda, these joint operations surprised the international community. Nevertheless, this turnaround in bilateral relations was a result of several pressure points from the international community. First, a critical by the UN Expert Panel on the Arms Embargo in November 2008 documented direct Rwandan government support to Nkunda’s CNDP, while also providing evidence that the Congolese government was supporting the FDLR. For once, the proof of the power relations behind the regional rebel conflicts in eastern Congo proved a significant embarrassment to Rwanda and the DRC governments alike. The report unmasked the merger between conflicts in the sub-region and the role of state actors in propping up each other’s abusive militias and rebel groups. Second, the UN Panel’s findings on the support of rebel groups prompted some European donor countries to suspend their financial aid to Rwanda.

Rwandan attempt to persuade its critics of its credentials as a responsible regional power nonetheless demonstrated that international community pressure can make a difference.

2. Political, Humanitarian Costs

Despite various claims of victory, these military operations have achieved limited results, and the security and political situations remain as precarious as ever. Joseph Kony remains at large, and his LRA elements have dispersed, posing an ongoing threat to the civilian population. In North Kivu, the military operations

only destroyed some FDLR bases and the attacks also led to the dispersal of FDLR fighters westward into Congolese territory. The collapse of the CNDP has resulted in its “accelerated integration” into the inept Congolese forces – notorious not only for their inability to fight and maintain effective control of sovereign Congolese territory, but also for their own record of massive human rights abuse against the civilian population.

Furthermore, the DRC-Rwanda alliance has sparked a constitutional crisis in the DRC. The Speaker of the National Assembly, Vital Kamerhe, publicly denounced the secrecy of the deal and demanded guarantees of parliamentary oversight of the operations. In response, Kabila denounced Kamerhe and called for him to resign from his parliamentary leadership position. Confusion reigns in Kinshasa at the approach of the March 15 opening of parliamentary session. It remains to be seen whether the recent military operations will result in invigorated democratic oversight or successful efforts by Kabila to stifle political dissent.

The current situation in the DRC makes clear that support for a purely military solution to the complex legacy of serious international crimes and breaches of international humanitarian law is not the answer.

3. On the Failures of Disarmament, Demobilization, and Reintegration & Security Sector Reform Processes

In the DRC, soldiers and policemen who are supposed to protect civilians from foreign aggressors, marauding militias, and common criminals are the primary perpetrators of looting, racketeering, banditry, and rape.

When a “Global and All-Inclusive Peace Agreement” signed in 2003 ended five years of Congo’s larger civil and international wars, there was little effort at the national level to create accountability mechanisms in the new army and national police forces. Some donors supported a disarmament, demobilization, and reintegration (DDR) process, while others embarked already on providing uncoordinated multilateral or bilateral initiatives supporting security system reform (SSR) – with isolated efforts made to influence army, police, and justice sector reforms. But the DDR and SSR processes were never coordinated, either financially or with political pressure from the international community. As a result, the international community continued supporting the 2006 elections, ignoring that the elections were occurring before disarmament and demobilization process was complete – rendering the region a tinder box.

Today, while some international actors hail the fact that the CNDP is no longer acting as a rebel menace against the Congolese government, its sudden

disintegration illustrates serious ongoing dangers. In the five weeks that followed the CNDP's defection to the government, more than 3,500 CNDP fighters have integrated into the national army's 15th Brigade. Immediately, human rights and military observers documented a marked increase in cases of human rights violations, including rape and sexual violence.

The lack of intervention to improve the professionalism and competence of integrated FARDC troops will likely result in increased commission of human rights violations in the near future committed by FARDC elements. The United Nations peacekeeping force in Congo, known by its acronym MONUC, is now facing a serious dilemma. Mandated to assist the Congolese government, it will be called upon to assist the inept and abusive Congolese army in continuing anti-FDLR operations in the East. This raises grave concerns that MONUC will not only be bystanders, but a companion force to future abusive military operations.

4. The Relevance of Transitional Justice

Last but not least, political and security developments of the last few months in the Great Lakes region clearly underpin the importance of transitional justice as a tool for consolidating peace and reconciliation. Vibrant Congolese civil society and human rights advocates have been making demands for accountability throughout the over-decade long conflict. Unfortunately, the international community has done little to put political pressure on the Congolese government to respond to this demand expressed by the public. Diplomats should increasingly place justice considerations as conditions on future assistance in contexts such as the Congo, facing overwhelming legacies of rights violations in the course of past or ongoing conflicts or after periods of autocratic rule.

Particularly in the short-term, the Congolese government's various positions vis-à-vis pursuing criminal justice for alleged war criminals is troubling. Currently, all four individuals detained at the International Criminal Court (ICC) are Congolese. One of these suspects is Kabila's former presidential challenger, Jean-Pierre Bemba, who is being tried for alleged war crimes committed by his former rebel forces in the Central African Republic.

In 2004, the DRC invited the ICC to investigate and prosecute alleged war crimes committed in Congo arguing that the Congolese justice system was not capable of providing impartial trials to pursue these serious crimes. While Congo initially cooperated with the ICC, it recently has named one ICC suspect, Bosco Ntaganda, a deputy commander of military operations in eastern DRC. Until recently, the Congolese government was seeking to secure Bosco's arrest. The Congolese government has explained its change in position with the dubious claim of seeking to promote peace. At the same time, Congo has requested the extradition of

former CNDP leader, Laurent Nkunda – now under unknown terms of custody in Rwanda – to face war crimes charges before the Congolese military justice system. In sum, the Congolese government’s contradictory positions – pursuing some prosecutions, but not others, at the international and national level – raise grave concerns about setting precedents for the promotion and establishment of the rule of law in Congo.

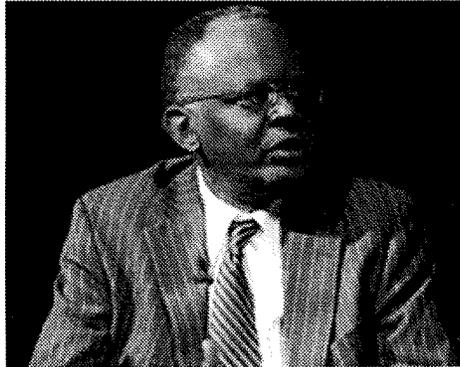
5. Donor Engagement

International assistance to the DRC has been marked by a change in focus from supporting steps toward democratic elections to supporting good-governance or development. But little attention is given to adapting aid policies to achieve results in light of the ongoing protracted armed conflict in northern and eastern Congo and uncontested fact that the Congolese government does not have effective sovereign control over its national territory.

Given recent events in the DRC, the international community must reassess the effectiveness of its aid and make a serious commitment to long-term efforts at meaningful security system reform. Regardless of the objectives of development assistance – be it improved malaria or HIV/AIDS prevention, environmental protection, improved education and access to social services, or improved access to justice for victims of sexual- and gender-based violence – **no measures will be effective unless a minimum of security is established in the destabilized regions, effective sovereign control extends throughout the DRC, and political space exists for democratic growth and meaningful participation by Congolese citizens.**

End

Suliman Baldo



Suliman Baldo is a widely recognized expert on conflict resolution, emergency relief, development, and human rights in Africa and on international advocacy around these issues. He has worked extensively in the Democratic Republic of the Congo (DRC), Ethiopia, Eritrea, and the Sudan, and travelled widely throughout the rest of the African continent. In the 1980s and early 1990s, he worked as a lecturer at the University of Khartoum; a Field Director for Oxfam America, covering Sudan and the Horn of Africa; and, later, as the founder and director of Al-Fanar Center for Development Services in Khartoum, Sudan. He also spent seven years at Human Rights Watch as a senior researcher in the Africa division. Most recently, he worked as a senior analyst before becoming the director of the Africa program at the International Crisis Group.

Suliman Baldo holds a Ph.D. in Comparative Literature (1982) and an M.A. in Modern literature (1976), both from the University of Dijon in France. He also holds a B.A. from the University of Khartoum, in the Sudan.

Mrs. LOWEY. Thank you.
Mr. Prendergast.

OPENING STATEMENT OF MR. PRENDERGAST

Mr. PRENDERGAST. Thank you, Madam Chair, and to all of those on the committee who have turned up today for this with all the competing priorities. By the way, for us in the independent sector it is refreshing not to get buried behind the Administration witnesses. It is nice to get a chance to go first.

What are the stakes here, just to put it in very clear and sharp focus. The region of East and Central Africa is the deadliest war zone in the world since the Holocaust. There is nowhere in the world that is even close, a close second, to this region.

Ten million lives have been extinguished in the context of conflicts over the last 20 years, so the stakes simply could not be higher for what we are deliberating this morning and what the Administration is going to be facing in the coming months.

I would say that our aid and our policy, going back Administrations, has mostly focused on managing the symptoms of these conflicts rather than committing to ending the conflicts. It is a paradigm shift that is needed for U.S. policy. We need that shift in order for us to begin to see an end to some of these cycles of violence and impunity that Suliman just so ably described.

Congress should demand that the Administration that we look to ending these conflicts rather than managing their symptoms as a basic strategy of our government policy. In the strictest sort of U.S. taxpayer term, given the committee we are in front of today, what is a more efficient use of our resources?

Let us just take an example. Was it to spend billions and billions of dollars for 20 years in Southern Sudan on humanitarian assistance or \$100,000 over the space of two or three years to invest in the diplomatic effort that ended that war? I think the answer is obvious and the answer then has incredible implications for today and tomorrow.

Why is there no peace process right now for Darfur? Why are we not engaged in building the peace process for Darfur 6 years into what many of us believe is a genocide still ongoing? Why is it that we do not have, nor are we even deliberating over, a special envoy for Congo and the Great Lakes, which is by itself the deadliest war in the world since the Holocaust?

These are urgent priorities. They are almost cost free in terms of our budgetary implications, and they would save literally billions of dollars over the course of the decade. It is not an exaggeration. We are squandering, in my view, U.S. taxpayers' money with this approach that manages symptoms rather than ends crises and ends conflict.

This is a business model for our foreign policy. If we just keep bailing it out with additional money for more symptom management we will see the continuing cycle of failure that we have. Let us put the resources and money into prevention and cure.

Now, I was asked to focus on the two deadliest conflicts, Congo and Sudan. Starting very quickly with Sudan, and I am just going to make some recommendations about specific U.S. actions, par-

ticularly with respect to the appropriations process, hopefully that will have some relevance to your direct jurisdiction.

President Obama's first major African crisis has officially begun with the expulsion of these humanitarian agencies from Sudan. We are already getting reports from some of the agencies left behind of children who simply have no food.

So we are going to see now I think a dramatic spike, if nothing changes, in severe malnutrition and the diseases related to it that will see a death toll increase fairly rapidly. Directly responsible is the regime that has now been implicated in crimes against humanity through the arrest warrant of the ICC.

I think it is imperative that the President confronts Khartoum's intransigence much more directly with a forceful and coordinated diplomatic response. We have to work with our allies and other countries that have leverage, but to maximize, and here comes the issues related to the Appropriations Committee. To maximize the effectiveness of such a response, it requires an adroit use of all of the elements of the foreign policy tool kit.

The Appropriations Committee and its resources have a crucial role to play in this effort. Let me give you just a few recommendations specifically:

Number one, funding for the Sudan special envoy and not just a person to go running around. A team should be in place under that envoy so that we have a fully developed squad that can be talking to Beijing, talking to the Saudis, talking to the Egyptians and the countries who have leverage—who if we were to work closely with them behind the scenes we could have an influence directly on the situation on the ground now.

We need to be doing that. We need to be 24/7. That is what we do on Iran. That is what we do on Iraq and in North Korea and the issues that matter. We can do it on Sudan on the cheap with a special envoy and a small team with that person.

Second, we need peace dividends for the people of Sudan. They need to see in Southern Sudan after the incredible investment of the United States Government in brokering that peace deal in Southern Sudan, maybe one of the signature accomplishments of the first term of the Bush Administration. The people of Southern Sudan need to see some measure of a peace dividend and so investing more clearly.

We have put a lot of money in there, but not a lot is being shown for it. I go there fairly frequently, and you do not see it. So we need to put it in more visible spending on infrastructure, roads, education, health care, the kind of things that people can say okay, there is a benefit in peace. There is an incentive for peace, which will have an impact in continuing implementation in the south of that deal that we helped broker and in encouraging the Darfurians.

Third is the issue of security sector reform. I think we have to again engage with the Southern Sudanese Government that we have helped in the birthing of with some very specific things with respect to: the preparation for election, the preparation for the referendum, and particularly with the development of military capacities, including the professionalization of their military capacities with respect to air defense and training, and moving from a rebel movement to a professional military.

Finally, we need support for the election. This is one of these make or break issues. If it goes wrong, it could go really wrong. It could break really badly. We could see a resumption of war in Southern Sudan, which makes Darfur look like a footnote in Sudan's history, the death toll in Southern Sudan seven times as high as the estimates for Darfur.

So we have to put some significant assistance into the logistics of making those elections work and the diplomatic muscle to work with the parties to ensure that there is some measure of fairness to the process.

That is a very rapid shorthand of a lot of things that have to happen with respect to bringing about some positive direction on Sudan, but in the interest of time let us move on to the Congo and the surrounding region.

As we have already heard from Suliman, the U.S. helped provide the diplomatic muscle to bring the parties together in Central Africa—the Ugandans, the Congolese and the Rwandans, countries that were just a few years ago at each other's throats. That diplomatic rapprochement to some degree has helped them facilitate the military operations that have allowed for joint operations against the Lord's Resistance Army and the Rwandan militia led by the former genocidaire, the FDLR.

These are encouraging opportunities, but, as Suliman has said, they have resulted again in terrible human rights abuses. We own it because we were part of the conceptualization of the military strategy and military advisors are out there. We need to redouble our efforts to make sure.

If we just walk away from that the repercussions for civilian populations are going to be dramatic in terms of the response by the Lord's Resistance Army and the FDLR and other militias who will see that they are not really serious about this stuff.

So what do we have to do? I will do just the same as I did on Sudan. Just a few quick things that I think some measure of appropriations might make a difference in unlocking the cycle that the Congo and the Great Lakes region are locked in.

Number one, and just as important as it is for Sudan, we need a special envoy and a team for Congo and the Great Lakes to deal with both the issue of Eastern Congo, the deadliest war in the world, and the scourge of the Lord's Resistance Army, which has gone on for 20 years with no resolution. I think a team working with their task being to end these twin crises could actually make a difference.

Second, funding for the DDR account, the Disarmament, Demobilization and Reintegration, providing an incentive for particularly the child soldiers who have been abducted, the younger people who do not want to stay in the Lord's Resistance Army, providing incentives to bring them out that are not just military, that are not just the stick. We need the carrot as well.

Programs where they can see there is a place that they can go back to. Many of them are afraid to go home because of the crimes that they were forced to commit against their own families, so we want to create that opportunity.

Security sector reform. Just like with the Southern Sudan Government, the Congo Government, as Suliman was telling us, is one

of the worst abusers not just in Congo, but in the entire continent of Africa. That requires professionalization of the military, and that requires human rights training.

Finally, there is the issue of funding. The Senate is now working on a bill to deal with the conflict minerals that are fueling the Congo conflict. The tantalum, the tungsten and the tin and the gold are four minerals that are produced in Congo which end up in all of our electronics products, our cell phones and our laptops and our iPods and all the rest of it.

We are directly, as consumers, fueling the war in eastern Congo, the deadliest war in the world. So the Senate is working on that and are going to work with the House on this measure. We need a bill that goes right to the mine of origin to ensure that these companies do not purchase the minerals that actually fuel wars.

This is the same concept as the blood diamond movement. If you can change the logic of the producers from war to peace you can have an impact on the overall stability in the country.

Conclusion. I think Africa's remaining wars require some thinking outside the box, which means that we have to have 24/7 diplomatic effort in this era of diminishing resources.

The cheapest and most effective instrument we have is the vast experience of American peacemaking. I got a little glimpse of it when I worked for President Clinton for four years in his Administration. We have incredibly talented foreign service officers who ought to be deployed in small teams in both of these places, in the Great Lakes and Sudan, and could have an enormous impact.

The cost effectiveness of ending these wars rather than continuing to manage the symptoms would be undeniable. So it is not an exaggeration I think in East and Central Africa to say that literally millions of lives are at stake with what we actually end up doing over these next four years.

The committee's interest in this is extremely, extremely encouraging. Thank you very much to all of you for coming today.

[The information follows:]

**Testimony of John Prendergast
Enough Project's Co-Founder
Before
The House Appropriations Committee
Subcommittee on State, Foreign Operations, And Related Programs
March 12, 2009**

Thank you, Chairwoman Lowey and members of the Subcommittee, for this opportunity to testify on U.S. policy toward Sudan and the Great Lakes region, and to speak in favor of a step-change in U.S. attention to these crises.

East and central Africa is battered by an arch of chronic conflict that stretches from Somalia to the Democratic Republic of Congo. Congo and Sudan alone account for nearly eight million deaths due to the legacy of war in the past two decades. Although the United States has provided billions of dollars in humanitarian aid, support for peacekeeping missions, and electoral assistance, this aid has not yet succeeded in altering the dynamics that have kept this region dangerously destabilized.

At this moment, unprecedented windows of opportunity have opened in both Sudan and eastern Congo, but they coexist with dire dangers for the civilian populations that have suffered enough from genocide and crimes against humanity. In Sudan, the International Criminal Court's arrest warrant for President Omar al-Bashir will make peace more likely, not less. But the decision by Khartoum to cynically deny its own citizens lifesaving aid threatens a profound humanitarian emergency and demands a robust and decisive response from the international community — and the Obama administration in particular.

The opportunities and challenges in the Great Lakes region are no less urgent. Sudden and unexpected political deals among central African governments have led to a reconfiguration of regional politics and joint military operations against both the LRA and the FDLR, two of the world's worst human rights abusers. The United States has played a crucial role in bringing about this transformation, but unless it uses its weight to significantly alter the conduct of these operations, they will only further harm the civilian populations that we have a responsibility to protect.

To exploit these opportunities, the Obama administration will need to shift U.S. policy from simply managing the symptoms of Africa's biggest wars to ending these conflicts. The good news is that a strategic investment in competent, sustained conflict resolution is among the most cost-effective decisions that we can make. A surge of diplomatic support for peace efforts, when backed by focused leverage that draws from our robust defense and development capabilities, can transform the logic of regional combatants from war to peace.

I. Sudan

The issuance of an arrest warrant for Sudan's sitting head of state for crimes against humanity offers the Obama administration a chance to catalyze multilateral efforts to

bring about a solution to Sudan's decades-long cycle of warfare. One of the crucial missing ingredients to conflict resolution efforts has been some form of accountability for the horrific crimes against humanity that have been perpetrated by the warring parties in Sudan, primarily the Khartoum regime. Peace without justice in Sudan would only bring an illusion of stability without addressing the primary forces driving the conflict.

To ensure that any potential leadership change within the regime will actually produce meaningful movement toward peace on the ground, the international community must fashion a firm and coordinated peace strategy conditioned on actions rather than words and policies rather than personalities.

This must begin with a simple and direct message to Khartoum: Access for relief agencies needs to be immediately restored, or the international community will use all necessary means to restore this access. However this immediate message must be linked to a broader strategy to make the pursuit of peace the most attractive option for the National Congress Party. This should be developed through effective multilateral diplomacy, a willingness to call Bashir's bluff, and practical steps to increase pressure on Khartoum in pursuit of a comprehensive peace deal that includes both Darfur and revitalized CPA implementation.¹

The genocide in Darfur has diverted international focus and funds away from implementation of the CPA. Eager to gain humanitarian access and stop the slaughter in Darfur, international actors became less willing to press the NCP to fulfill its CPA commitments. This is sadly ironic given that the root causes of the conflict in Darfur mirror those that drove the North-South conflict, and that President Bashir's decision to cut off humanitarian aid to Darfur as part of his military and political strategy is a strategy that he used repeatedly during the earlier war.

It is imperative that President Barack Obama confront Khartoum's intransigence with a forceful and coordinated diplomatic response. But to maximize the effectiveness of such a response will require adroit use of all of the elements of the foreign policy toolkit. Appropriations has a crucial role to play in this effort. We recommend the following:

- **Funding for Special Envoy for Sudan and team.** Naming a senior special envoy will signal a serious and sustained high-level commitment to both Darfur and the CPA. But this person will need a full team of staff based in the region, adequately funded to rapidly engage with all parties.
- **Peace dividends for the people of Sudan.** Sizeable sums have already been spent, especially in South Sudan, but with little in the way of a tangible peace dividend. The United States should support spending on infrastructure, especially roads, education, and healthcare, including temporary salary support for teachers, doctors, and other critical service providers.
- **Security sector reform and support.** Several areas of support will be critical

¹ For more detailed recommendations on the steps the United States should take to support full CPA implementation as part of an all-Sudan solution, see the Testimony of John Prendergast before the Senate Foreign Relations Committee, February 12, 2009.

to shoring up security in southern Sudan in advance of elections and the referendum. This includes an air defense system for the south, training to both the SPLA and local security forces to curb conflict among heavily armed civilian populations, and efforts to transform Joint Integrated Units (JIUs) which are currently dysfunctional and destabilizing, as indicated by events in Abyei and Malakal.

- **Support to Government of Southern Sudan to build capacity and fight corruption.** Severe shortages of human capital and growing evidence of corruption are costing the Government of South Sudan its credibility. For wider reconstruction efforts to bear fruit, the U.S. must invest in building capacity and battling corruption at all levels of government in the South.
- **Elections and democratic development that delivers.** Elections are a key component of the CPA and a huge element of U.S. support to Sudan. The \$95 million in U.S. assistance is third only to Iraq and Afghanistan. But these elections are a logistical nightmare that could consolidate the peace or help unravel it. This money must be spent more effectively and wisely.

II. Eastern Congo and the Great Lakes Region

With U.S. planning and logistical support, Central African governments have recently joined forces against the LRA and the FDLR, two militias that have plagued this region over the past 15 years, committing some of the world's worst human rights abuses with little international cost for their actions. The LRA is a Ugandan militia specializing in the abduction of children as soldiers and sex slaves. The FDLR, made up of many of the same forces that conducted Rwanda's genocide in 1994, uses mass rape as its war tactic of choice. Both have hidden in the vast forests of Congo to elude any form of accountability while they continue their predatory practices. Moreover, their continued activities have contributed to ongoing instability in the region and exacerbated a range of conflicts at the local, national, and regional levels.

Political deals among Central African governments, which the U.S. helped broker, have led to joint military operations against both of these groups. In the case of the LRA, the Ugandan, Congolese and South Sudanese governments cooperated in planning an attack on the LRA's headquarters in a Congolese game park late in 2008. However, advance warning plus poor execution gave the LRA leadership time to escape, and they have since gone on trademark killing and abduction spree, leaving over 1,300 dead in the absence of any regional or international plan to protect civilians.

In the FDLR's case, the Rwandan and Congolese governments struck a deal in January, which allowed Rwanda's forces to enter Congo and undertake operations with Congolese soldiers against the FDLR. In return, Rwanda arrested rebel leader Laurent Nkunda who had led a brutal offensive and proven a nagging thorn in the side of the fragile Congolese government led by President Joseph Kabila.

The ensuing military operation was developed behind closed doors by Rwandan and Congolese military leaders with little consideration given to the protection of civilians.

Particularly galling was the collaboration with Nkunda's replacement, Bosco Ntaganda, who is wanted by the ICC for war crimes. Human Rights Watch recently documented his direct involvement in CNDP's massacre of at least 150 civilians in the town of Kiwanja, in North Kivu. His participation in the operation is a clear threat to civilians. Meanwhile, the United Nations peacekeeping force, MONUC, has been largely left largely in the dark, as it was in the case of the LRA operations.

Rwanda has declared the operation against the FDLR a success and claims to have removed most of its military forces from eastern Congo, but this has more to do with mollifying broad Congolese antipathy toward Rwandan forces than actual victory against the FDLR. In fact, the withdrawal of Rwandan forces is likely to leave Congolese civilians further exposed to retaliation by the FDLR, who have already begun targeting these populations with sexual violence and other atrocities. Only a hundred deaths have been reported so far, but that is just the tip of the iceberg.

Immediate action is required to increase the transparency and efficacy of the operation, ensure accountability, and more effectively focus the international community on a shared core objective: the elimination of the FDLR as a security threat to the region. Non-military measures, particularly robust support for defections and voluntary disarmament and repatriation to Rwanda of the FDLR's rank-and-file forces, are vital.

Having provided the diplomatic muscle and military assistance that made these operations possible, the United States has a responsibility to ensure that their outcomes provide for movement toward peace in the Great Lakes region. As with Sudan, the United States must align all of the tools and capabilities at its disposal in the Great Lakes region in support of an integrated strategy to end the threat to civilians posed by these deadly militias, and to extend the writ of the Congolese state to the currently lawless East. Priorities should include:

- **Funding for Special Envoy for the Great Lakes and team.** Naming as soon as possible a Special Envoy for the Great Lakes to deal multilaterally with these overlapping issues would be catalytic. The envoy needs a team to work on these issues full time across borders, supported by appropriate carrots and sticks, consulting the wide array of armed groups, political parties, and civic organizations within Congo.
- **Funding for Disarmament, Demobilization and Reintegration programs.** Increasing numbers of FDLR and LRA rank-and-file are seeking to come out of the bush, but the numbers remain relatively low. Increased livelihoods packages for defectors and fully funded DDR programs can incentivize defection. U.S. funding should emphasize the reintegration component of this process, which is often under-funded compared to disarmament and demobilization.
- **Security Sector Reform.** Supporting the professionalization of the army and police is crucial. Human rights training is particularly necessary, along with military justice to prevent abuses.

- **Basic Infrastructure for Eastern Congo.** Roads are a critical prerequisite to improved security and economic opportunities in the east.
- **Funding to address conflict minerals and create legitimate economic opportunities for eastern Congo.** Capabilities to verify and monitor efforts to staunch the trade in conflict minerals, as well as processes to engender a legitimate mining sector in the east, as well as alternative livelihoods.

Conclusion

The opportunities to finally resolve the festering crises in Sudan and the Great Lakes Region exist now, but could disappear at a moments notice unless the United States seizes this moment. Expectations for President Obama remain high throughout Africa, providing more space than usual to help take the lead in forging a global commitment to end these crises rather than to continue managing their symptoms.

Africa's remaining wars require outside-the-box thinking in this new era of diminishing resources. The cheapest and most effective instrument we have is vast American experience in peacemaking. The cost-effectiveness of ending wars rather than continuing to manage their symptoms is undeniable. It requires a decision by the incoming president that containing the damage from the status quo is an untenable goal, which must be replaced by a full-scale multilateral effort to *resolve* Africa's multiple, interlocking wars. The costs of reassigning diplomats to these war zones (*real* transformational diplomacy) and appointing a handful of senior officials and envoys where appropriate are relatively negligible when compared with the billions we will continue to spend on clean-up, conflict containment, and counterterrorism in the context of the present "conflict management" approach.

The administration's proposed budget would include \$51.7 billion in international affairs funding for FY 2010. Specifically, President Obama's international affairs budget aims to increase America's commitment to strengthening diplomatic and assistance tools to address current and future challenges that affect our nation's security. It also further supports United Nations peacekeeping activities and seeks to eventually double U.S. foreign assistance meant to reduce poverty, help countries govern peacefully, and expand democracy worldwide.

There is a 9.5% increase in foreign assistance in current legislation, and such an early push for increased funding is commendable. Given its history and unique position, the United States has an obligation to push for peace in East and Central Africa. Achieving peace requires a comprehensive strategy, robust diplomatic engagement, and strong and capable peacekeeping forces. It also requires the world's sustained attention. Intermittent and inconsistent crisis management must be replaced by a broader effort to deal with the root causes of the conflict.

Chairwoman Lowey and members of the Committee, thank you very much, I appreciate the opportunity to testify.

John Prendergast



John Prendergast is Co-Chair of the ENOUGH Project, an initiative to end genocide and crimes against humanity. During the Clinton administration, John was involved in a number of peace processes in Africa while he was Director of African Affairs at the National Security Council and Special Advisor at the Department of State. John also has worked for members of Congress, the United Nations, human rights organizations, and think tanks, as well as having been a youth counselor and basketball coach in the U.S.

He has authored eight books on Africa, including "Not on Our Watch," a New York Times bestseller he co-authored with Don Cheadle. John is working on a new book which focuses on his 20 years in the Big Brother program. John has helped produce two documentaries on Northern Uganda and been involved in three documentaries on Sudan. He has been part of three episodes of CBS' 60 Minutes which earned an Emmy Award for Best Continuing News Coverage and is helping to develop two additional episodes.

He is helping to spearhead a campaign involving the NBA and Participant Productions to widen awareness on Darfur, as well as a campaign to end the violence against women and girls in the Congo. John travels regularly to Africa's war zones on fact-finding missions, peace-making initiatives, and awareness-raising trips. He is a visiting professor at the University of San Diego and the American University in Cairo.

Mrs. LOWEY. Thank you.

I want to thank the witnesses for your outstanding testimony, and I personally appreciate your focus on next steps. What do we do now? All three of the witnesses certainly presented your observations and your suggestions.

DRC

I would like to focus on DRC, and I know my colleagues will pursue many different lines of questioning, because in DRC you really see multiple challenges. Last month the DRC Government joined with two bordering countries to undertake joint operations to dismantle rebel groups.

Do you think, whoever would like to answer that, that the joint operations represent a strengthened central government willing and able to collaborate with partners? Do you think that these operations represent a desperate government struggling to reclaim control of its own borders?

The joint action in eastern DRC has brought some peace to the area, but you all had several suggestions. What needs to be done to maintain the peace? The United Nations has developed a redevelopment plan for the region. Do you believe that these efforts will make a difference? Then you can talk about MONUC, the U.N. force in DRC.

Perhaps I will stop with my question at that point. Who would like to respond first? Mr. Baldo. Thank you.

Mr. BALDO. It is just totally inconceivable how much the Congolese army is dysfunctional. It is not a dependable fighting force. It is an army where privates and officers are of the same proportion, 53 percent, and the others in the millions are noncommissioned and warrant officers.

There are people from defeated previous armies, you know, the ex Force d'Armee of Mobutu, defeated armies of Laurent Kabila and so on. What Congo is doing, because it does not have any capability to do anything on its own as an army, is it is outsourcing its military needs to armies of the neighborhood that are much more professional.

But these armies have a long history in Congo, including during the deadly war from 1998 to 2002. All the eastern half of Congo was under occupation by the Rwandan army and the Ugandan army in northeastern Congo, and that was a military occupation which was driven by pillaging of natural resources in Congo.

So Rwanda and Uganda are both very much obliged to assist because this interest has not disappeared. In fact, the flow of resources from Congo to the global economy passes traditionally through these two capitals, and there are mechanisms that are now ongoing whereby the two states are drawing a lot of resources from Congo even during this time.

Therefore, there are no good guys in this operation. The international community and the U.S. Administration really have to keep a very close watch over Congo and its neighbors because of the history involved here.

The key issue is to cut the most damaging driver and fueler of conflict in that part of the world, which is the illicit exploitation of

resources. There have to be put in place mechanisms to really make sure that these resources do not feed conflict.

The second important component is that the Congolese army really needs to be reformed at a large scale, and this is a political decision. Pressure has to be put on the Congolese Government to assume the responsibility and protect its own territory and its own population.

No one can do that for them. Therefore, there must be a serious security sector reform in Congo happening if we are to have lasting peace in that part of the world.

Thank you, Madam.

MONUC

Mrs. LOWEY. What role should the MONUC, the U.N. force play in this effort? They have been there for I believe ten years.

Mr. BALDO. Yes. The United Nations mission has a mandate to assist the Congolese National Army in campaigning. Again, it is these abusive rebel groups and militias like Laurent Nkunda's group, the LRA for that matter, the FDLR for that matter and so on.

But MONUC is basically assisting an army that does not even know how to be assisted. It cannot fight in place of the Congolese army and it cannot fight, for example, along side the Congolese army when it invites armies of the neighborhood because the agenda is decidedly to keep the international community out of this bilateral arrangement.

You know, it was a secret deal between President Kabila and Kagami that allowed the joint operation in Eastern Congo. So for the moment MONUC, and rightly so, are staying out of this campaign and are not assisting it. Why? Because none of these belligerents, state armies, militias, armed groups, care about the humanitarian cost of conflict to the local population.

Therefore, campaigning, when it happens, is accompanied by massive killings, massive rapes, pillaging by all parties and no accountability for any of this. Therefore, we cannot expect the United Nations mission to be a party to a campaign which does not really aim to conduct war according to the Laws of Four. Thanks.

Mrs. LOWEY. I am going to turn to Kay Granger and then alternate according to the order of attendance.

We are going to try to keep to the red light because obviously because of the complexity of the issue we could all go on and on. I am going to turn to Ms. Granger, our Ranking Member.

Ms. GRANGER. Thank you.

Mr. Prendergast. I am sorry. I apologize for mispronouncing your name.

Mr. PRENDERGAST. It is not the first time.

DARFUR

Ms. GRANGER. Okay. President Obama and Vice President Biden and U.N. Permanent Representative Susan Rice all called for a no-fly zone for Darfur prior to assuming their current duties, but there are many nongovernmental organizations on the ground that said they do not agree with that, including the ones that were ordered

to leave. They oppose a no-fly zone, fearing its impact on their ability to deliver vital humanitarian assistance.

My question to you is what is your position on a no-fly zone in Darfur?

Mr. PRENDERGAST. A very complicated issue. Thank you for raising it.

First, we have to figure out our policy objectives. If our policy objective, for example, is to protect civilian populations from attacks, particularly aerial attacks, the principal advantage that the Sudanese Government has is its air force. On the ground they are largely neutralized, but when they add air support that is when you see some of the more significant damage done by ground attacks by the Sudanese Government. It makes sense.

So the United Nations Security Council passed resolutions over and over again banning offensive military flights by the Government of Sudan, but then they have not created an enforcement mechanism for that, so that is why we saw Senator Biden and Senator Clinton, when they were senators, and Susan speaking on behalf of these things.

Now, the question then for the purpose of the no-fly zone is will it work, or would it actually make things worse? I think it is not a given that it will work. If we are only prepared, for example, to go in, and let us just say we are not going to patrol the skies like this is Kurdistan.

What we would do, though, is once they conduct one of their offensive flights we would send a plane from the Gulf or from Djibouti and shoot an airplane on the ground and destroy—disable or destroy—one of their planes on the ground, just sort of a quid pro quo, tit for tat.

If the Sudanese Government said well, do you know what? Maybe that is all they are prepared to do and then they shut down all airspace to humanitarian operations for three months let us say, what will we have accomplished? Well, potentially we will accomplish the starvation of hundreds of thousands of people.

So we have to be very careful that if we are going to go down the military road, which I think at some point may be required, we better be darn sure that we are going to back it up with a series of escalating measures perhaps, further targeted bombings, if we are going down that road.

I am just worried that this sort of spurious kind of one-liner—let us start and try a no-fly zone—without thinking through the implications that we have to have a backup plan if Khartoum escalates like they escalated in response to the ICC, I think we ought to go down that road of significant planning with NATO now.

And I think just doing that, by the way, just sending the signal that we go and we start consulting with our NATO allies about the possible enforcement of a no-fly zone, will I guarantee you have a very significant effect on the calculations of this regime in Khartoum. If they think we are finally getting serious about imposing a cost for the kind of things that they are doing, I think they will change their behavior.

More accommodation, more statements without any meat behind them, is going to lead them down a further road of intransigence, and we are just going to see more people die in Darfur.

Ms. GRANGER. Thank you very much.
Mrs. LOWEY. Mr. Jackson.

OPENING REMARKS OF MR. JACKSON

Mr. JACKSON. Thank you, Madam Chair. I have been on this subcommittee for 10 years, and we have never had a hearing on Africa, much less the three regions we are discussing today, and so I want to applaud you and the subcommittee staff for holding this hearing, and I want to thank the witnesses for their testimony and for the work they have done in subsaharan Africa.

Over the last several years I have raised concerns with Secretary Powell and Rice about the need for a comprehensive strategy to deal with failed or failing states so that they will not become havens for terrorists. Programs like the MCC that can make a huge difference with its infusion of capital do not address failed or failing states. What can we do? What resources do we have to mitigate the situation in some of these countries?

Also during the last few years I have served in the Minority on this subcommittee. I was successful in securing funding for humanitarian assistance in a supplemental appropriations bill for Sudan and Liberia, and although I was pleased that the assistance we were providing was going to save lives, I wondered if it was sustainable. Could we year after year solve the fundamental problems that plague some of the poorest countries in the world in an ad hoc and a piecemeal fashion?

I have introduced legislation that specifically deals with Liberia. My legislation does not attempt to provide humanitarian assistance. Instead, it identifies the root causes of Liberia's problems and tries to address those problems, providing Liberia with a foundation upon which to grow and develop and lift itself out of conflict and poverty.

I am not saying this is the Tao or the way to solve the myriad of problems affecting subsaharan African countries, but I think we need to think about new ways to solve these problems that are comprehensive and sustainable.

Now, this is really not a question, but I am interested in the panel's thoughts on this. In his book, *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*, Paul Collier posits the circumstances of the world's population is gradually improving as their countries develop economically, but that there are about a billion people that live in the most dysfunctional, conflict prone and stagnant countries that have experienced little growth since the 1980s and that they are most likely to remain stuck in poverty for the long term.

Collier argues that this bottom billion are susceptible to radicalism, to terrorism, disease and many transnational afflictions that impact our global security. He attributes their lack of growth to several traps, including conflict, poor governance, being landlocked with bad neighbors and excessive dependence on natural resources. The populations of the DRC, Sudan and Somalia are clearly members of that bottom billion.

For the panelists, should the donor community be taking Collier's advice and reorient itself toward focusing primarily on lifting these

bottom billion countries out of their development traps? In whatever order you would like to address it.

Thank you, Madam Chair.

Mr. SHINN. Congressman Jackson, I am very sympathetic to the approach that you take, and I am also a fan of Paul Collier.

I am not sure that it is feasible to deal with all of those who are at the bottom of the pecking order, but I think an effort certainly has to be made, if I could just bring it back to the Horn of Africa since that is the area I specialize in.

I would reiterate a point that I made in my written testimony on something that was a little bit like what you are suggesting today that was tried in the mid 1990s in the Clinton Administration. That is the Greater Horn of Africa Initiative, which had its faults, which did not achieve a great deal for a number of reasons.

The focus of that effort was to deal with, one, improving food security through the Greater Horn of Africa, which consisted of 10 countries and included Rwanda, Burundi, Tanzania, Kenya and Uganda, but did not include the Congo, and two, preventing conflict and mitigating conflict.

We found that two things happened. One, new conflicts kept piling on the existing conflicts to the point that we never got ahead of the game. That was a pity because it just wore everyone down. As a result there was not the success that we had hoped to see in it.

The other problem, quite frankly, was a bureaucratic one. The embassies in the field, some of them, were not really enthusiastic about this effort. They did not fully support it. They wanted to do their old bilateral thing. What is the United States Government going to do for Tanzania or going to do for Kenya? They did not want to look at it in terms of the 10 country concept, so it ultimately died a slow death. There was some very modest progress made, but it was exceedingly limited.

I think what you say makes a lot of sense. It is the way to go. It requires an enormous amount of resources, which may or may not be available in this economic climate today. It also requires an approach that involves all the other major donors or interested parties outside of Africa to be supportive of it.

The U.S. cannot do it alone. It has to be with the involvement of others, and if that is not going to be forthcoming then it probably is not going to work.

Mr. PRENDERGAST. Thanks, Congressman Jackson. I think the MCC has been for a while the flavor of the month and so it is a bit sacrilegious to critique it, but I think it set itself up for eventual failure.

Not initially, but if you are going to just promote islands of stability in the seas of instability without addressing some of the issues of sometimes failed states, sometimes eroded states, and we have no resources left to deal with those countries then what is going to happen to the few jewels that people put billions of dollars into when nothing is going to some of the other ones who are not performing as well? I think it is structurally a problem.

And so the response then, and to almost echo David's issues with regard to the Greater Horn of Africa Initiative, in your legislative

proposals with respect to Liberia we need to invest in a strategy that deals with the root causes.

You know, looking at how you reform the security sector sounds so boring. My God, it is so fundamental to state construction. You know, it is so you do not have an abusive military, which is the source of so many problems. Not just the human rights abuses that that military commits, but then the rebellions that are sparked because of it that end up being the wars that we then spend billions of dollars to take care of the victims of.

We have to focus our support for opportunities for young people. If there are not those opportunities, if there is not the educational and employment opportunities in places like Somalia today—we do not have a development assistance program there—so who do we leave the education to?

Everybody knows what is going on. We are losing the game in the long run because we are trying to nickel and dime it right now and spending most of our resources on humanitarian assistance because we are not investing a little bit in prevention. This is why diplomacy, and I think President Obama's campaign and what his Administration stands for, focus on the United States' leadership, diplomatic leadership.

You know, dealing with the fault lines in society that cause conflict and addressing those fault lines, getting at the root causes. It sounds like a mantra, but we do not do it. So, I mean, that is really what we have to do is focus—refocus—our considerable diplomatic and developmental capacities on the root causes of what then causes us to have to spend way too much money in cleaning up messes that could be prevented or addressed in the first place.

Mrs. LOWEY. Mr. Kirk.

OPENING REMARKS OF MR. KIRK

Mr. KIRK. Thank you. Madam Chairman, thank you for holding this hearing.

John, you are uniquely positioned, as the Secretary of State is, to answer my questions, which require some remembering of critical decisions President Clinton made in the 1990s with regard to the United Nations. Let me just review the record that we see in Sudan.

According to Save Darfur, of which you are a director, UNAMID, the peacekeeping force in Sudan, has never fired a shot in self-defense. It has never initiated any offensive action inside its Darfur AOR. The U.N. Secretary General reported 12 Janjaweed or government attacks in December and January, and there is no documented UNAMID response.

UNAMID has a formal mission statement which requires it to confirm bombings, investigate attacks and monitor those attacks. In the UNAMID AOR it cannot enforce no-fly days imposed by the Government of Sudan to restrict humanitarian assistance.

Now, UNAMID deployed in 2007, and from its deployment to date vehicle hijackings have gone from 137 to 277, a 102 percent increase. Since UNAMID's deployment, abductions have gone from 142 to 218, a 53 percent increase, and attacks have gone from 53 prior to deployment to 192 today, a 106 percent increase.

This committee has provided \$718 million of taxpayer money to UNAMID. We are approaching the \$773 million this committee provided to UNPROFOR, the United Nations Protection Force, in Bosnia.

I read the UNAMID mandate. The direct words in the UNAMID mandate are to deter violence, robust patrolling, establish disarmament, create security conditions—here is my favorite—ensure security of humanitarian workers, ensure, protect civilians and proactive patrolling. On Monday, four UNAMID soldiers were wounded. There was no response from the force.

I recall, as you can, President Clinton's experience with UNPROFOR. Many times when I talk to people who are fairly knowledgeable of foreign policy I say you know, we really should have solved Iraq like the way President Clinton did, by going to the United Nations and getting a mandate before we went into Bosnia. Everybody shakes their head yes, that is right. That is what President Clinton did.

Actually President Clinton got no mandate from the U.N. for Bosnia in the Kosovo war. A lot of people say well, we relied heavily on the U.N. peacekeeping force in Bosnia, and that is what helped solve the problem. It was President Clinton's decision to move the United Nations out of the way and move a NATO force into Bosnia that actually ended that conflict.

I think a number of people in the Congress have completely forgotten the central lesson that President Clinton learned. We used to talk about UNPROFOR as the United Nations Protection Force for Bosnia. It was really the United Nations. It was neither very united, nor had very many nations, did not offer much protection and was not a force.

And so I would ask you. Do you think that UNAMID is really the United Nations Accountants for Mass Internal Destruction and really is not adding very much value added as UNPROFOR did not, but at tremendous expense to the taxpayers through this subcommittee?

Mr. PRENDERGAST. Thank you. Well, on the surface every critique of UNAMID imaginable is probably justifiable, but I think we need to look at the context, the political context of the United Nations Security Council and the larger international community that doomed it to failure. Just a minute is all I need on this.

Number one, we sent a peacekeeping mission, first an AU peacekeeping. We did not have the guts to even authorize a U.N. We sort of sent an AU peacekeeping mission out there without a peace deal, so we have sent an apple to deal with an orange in a crazy analogy.

Secondly, we have sent this force out there to observe a peace deal that does not exist, but without even the requisite, the basic equipment necessary to allow us to have a chance of success.

We made promises, going back three Administrations, to African forces all over the continent, along with our British and French allies. We said to them, and I saw it during the Bush I, saw it during Clinton, saw it during Bush II, that if you, Africa, will provide the troops, the human fodder, cannon fodder for these missions, we will give you the equipment and we will train you.

We train them because it is cheap, but when it came time to provide helicopters and air support and the kind of grounds that—

Mr. KIRK. If I could just interrupt you, because I do not agree with you.

I have dealt with peacekeeping troops from other countries, and except for guard duty they are really not that capable. You need western military forces to execute a mission. The Government of Sudan knew that and so they directly forbid that to be, Part A.

When you look at the TOE, the table of equipment, for UNAMID it is basically a World War I military just trucked into a place, and it is sitting on bases administering it itself. When I look at the key factor in operations in an AOR like this, it is helicopter support. I think UNAMID can rent two.

The Government of Sudan has 43 helicopters, including Heinz, which are basically highly capable flying tanks. The danger here is that we claim to be doing something, and when we claimed to be doing something in Bosnia 300,000 people got killed.

This committee felt very good. You know, I watched this committee as it felt very good in providing money for UNPROFOR, but it was a complete distraction and it was not until President Clinton and Madeleine Albright made the critical decision to push the U.N. out of the way that we actually stopped the slaughter.

Mr. PRENDERGAST. A brief, brief, brief response would be indeed the response of just giving a little bit more to UNAMID is not the answer. It means that we are just continuing to treat symptoms rather than causes.

We need to do what we did in Southern Sudan, which is to work assiduously, the U.S. leadership, in brokering a peace deal in Darfur, and if it does not work or if the situation continues to deteriorate in Darfur we need to look at some other options that do not involve the United Nations that would involve some use of military force as Senator Biden, Senator Clinton and Susan Rice talked about in the run up to the election.

So I actually think there are solutions. We just need to utilize the resources that we have.

Mr. KIRK. Thank you, Madam Chair.

Mrs. LOWEY. Ms. Lee.

OPENING REMARKS OF MS. LEE

Ms. LEE. Thank you, Madam Chairman. Also thank you for this hearing, and thank all of you for being here. This region of the world has been, quite frankly, totally neglected. I think all three of you have absolutely laid that out once again for us. I want to go back to Darfur, John, since you have been on this from day one. It does not seem to be getting any better.

We declared genocide, but what it took in terms of enacting the mechanism to make sure that our declaration of genocide was real, that just, quite frankly, did not happen. Now we are looking at President Bashir being brought before the International Criminal Court. I think that is long overdue.

Wanted to ask you, what is the implication, though, of him being brought before the Courts as it relates to the United States not being a part of the ICC? So what kind of influence do we have to help bring this criminal to justice? Secondly, let me ask you about

the issue of the humanitarian workers because now, as a result of the arrest warrant, it is my understanding that Bashir has asked the humanitarian workers to leave and the humanitarian crisis is growing, so how do we address that?

I am wondering if the White Paper we submitted, and you were part of this—Madam Chair, we worked with Majority Leader Hoyer and Mr. Payne and came up with a series of recommendations and a White Paper to submit to the new administration. We are still waiting to hear their response to the White Paper, but I believe many of the strategies that you laid out were incorporated in that White Paper, so I want to see if you are hearing anything from the administration in terms of what their overall strategy should be.

Finally, let me just ask you about the numbers now in Darfur. What are the realistic numbers in terms of the people who have been killed? How are they going to survive through this next phase? Do we anticipate more people being killed, more refugees being run from their villages? You know, we have heard many suggestions but we cannot seem to figure out, you know, just exactly what to do.

Personally, I think we need to use our chips with China. You know, I do not think the previous administration was ready to call China on the carpet, nor the Arab nations. We have talked with President Mubarak about this, and I know personally I have talked to the President of Algeria about this several years ago, but we cannot seem to get the world community to come down hard on what is taking place in Darfur. So I want to get your response and see what you think what else we can do.

Mr. PRENDERGAST. Okay. Great. Great questions, Congressman Lee. First, on the influence we have at the ICC, I think even though we are not a signatory, we have actually more leverage because of the ICC action than any other country because on the security council we are the one country that has been stood up and said we are not going to provide prematurely this Article 16, which is the deferral of the case that the ICC charter allows in the interest of peace, we are not going to allow that prematurely.

So we are standing in the way of President Bashir skating away for free. So he knows that in order for him to have to remove this sword of Damocles over his head, the United States has to be involved. I say it is a sword of Damocles. Look, there is no world police force. We are not going to go in and arrest this guy tomorrow. There is no capacity to do that.

However, remember how Milosevic responded after he got indicted by the International Criminal Tribunal for Yugoslavia. He laughed. What tribunal? Eighteen months later, he is in prison. You know, Charles Taylor laughed. That was even funnier to him. You mean a tribunal based in Sierra Leone, this little country I have been dominating for the last 10 years and exploiting and taking all their diamonds, they have indicated me and I am supposed to somehow take this seriously?

Eighteen months, 20 months later after he went to Nigeria he was captured by the Nigerians and sent to the Hague. I would not be dancing in the street if I was President Bashir for much longer. I think he ought to be looking over his back, not only externally at some of his allies, but internally within the National Congress

Party. Who wants this millstone around their neck. They are going to have elections.

The National Congress Party is going to run for president an indicted war criminal? I do not think so. I do not think it is the Taliban. We need to play this one very, very smartly. What that means is just like you are suggesting, we have got to go to Beijing which has an interest not in condemning, they are not going to vote for security council resolutions that condemn their commercial allies, but what they will do is they will support us in working towards a solution because their interests, their \$8.5 billion investment in southern Sudan is at risk if the war resumes again in southern Sudan.

The Egyptians are sick and tired of Bashir's support for Hamas, and Mubarak has said in no uncertain terms he is done with this guy, and the Saudis even are starting to have enough. You see these little articles popping up in the Middle Eastern press comparing Bashir to Saddam, which is very, very interesting. The wheels are starting to grind in the Middle East about this guy, and so if we play our cards right, I do believe we will see some progress.

We cannot give this Article 16 up prematurely. We cannot do megaphone diplomacy without responses. We have to get in there and on a daily basis be discussing with the key countries that have a real leverage in Sudan. Just a note about what the U.S. Congress has done. Congress has been a battering ram against the last three administrations for them to do something about Sudan.

They would not have done this comprehensive peace agreement that ended the war between the north and the south if it was not for years and years of activism on the part of people like yourself and many other congresspersons on both sides of the aisle. We would not have had the kind of extraordinary humanitarian assistance program led by the United States.

By the way, no other country in the world combined gives as much as we do. What is that? That is a symptom, but it is actually to make sure that millions of people have not died like they did in southern Sudan. So the Congress has to again, I think. Even though we want to give the new administration a chance, it is seven weeks in or whatever it is, they have got to hear in no uncertain terms that we need action now.

You know, President Obama was able to name George Mitchell, he was able to name Dennis Ross, he was able to name Dick Holbrooke as envoys. Where is the Sudan envoy? Where is the Great Lakes envoy? It does not take that much energy. You get a person, you put them out there and say it is your job, and put a little team together and go to work. In terms of number dead, I mean, the estimates are 350,000 to 400,000. It is a wild goose chase to find the numbers.

We know, what, about 2.75 million people, maybe three, have been displaced, so that is a more firm number, but in terms of the number of dead, I think the evidence has been sort of whisked away by the sands of the Sahara Desert. We are never going to know.

Mrs. LOWEY. Mr. Chandler.

OPENING REMARKS OF MR. CHANDLER

Mr. CHANDLER. Thank you, Madam Chair. Thank you for having this hearing. This is an area that so many of us know too little about, and it is very important for us to get this on our agenda as best we can. With that being said, I find myself mortified by what I hear. The information that you give leads me to believe that we have got a situation here that is as close to being insoluble as anything that I have heard about anywhere in the world given the history of it, the depth of the problems, the intricacy of the problems.

I know that you put out some suggestions, but frankly, I would love for you all to give me an honest assessment of the need for or lack of need—I guess the best way to ask this is how can this be dealt with short of some kind of significant military intervention? I just do not know how you can get the security situation and deal with the governmental corruption, with these roving armed bands, I do not know how you can deal with all of these problems and then get back, get into a phase of humanitarian aid and nation building without some kind of military intervention from somewhere.

Now, I am not about to suggest that we need to have a military intervention. Goodness knows we know what our situation is, and we know where we are in different places in the world, but if you could give me some assessment of how you get these regions in a situation where anything really ultimately can be done that can be lasting and meaningful without military intervention. Thank you.

Mr. SHINN. Congressman Chandler, I think first my starting point is that there is no one out there who is going to engage in the kind of military intervention that you are suggesting which would be necessary to solve any one of these problems, not to mention the collectivity of them. Certainly the United States, in my view, is not prepared to do that. The United States has 43 peacekeepers in all of Africa today.

Mr. CHANDLER. Well, can it really be solved, though, short of that? Do you really think it can be? I am not suggesting that it be done. I do not mean to say that. I am just wondering if you can solve it short of that.

Mr. SHINN. If you look at history and the efforts that have tried to solve it up to this point one gets rather discouraged because there frankly have not been a lot of solutions in this part of the world. If you look at Liberia, Sierra Leone, or some other parts of Africa, there have been some solutions. The Horn is clearly the most conflicted corner of the world, and I agree with John on this, since the end of World War II.

There is just one conflict after the other, and they are all interlinked and intermingled. That is why it is imperative to have a regional approach rather than a country-by-country approach. I must confess, I was very taken aback when Darfur developed as a serious crisis. Then there was very little attention to the north/south peace agreement in Sudan which, in my view, is potentially a much bigger problem than Darfur has been, although Darfur is pretty enormous.

So you do have to look at it from the perspective of what is going on throughout the region. You do have to engage all of the partners

who have some interest in this area. You cannot ignore anyone, and that includes China and that includes Russia because it is actually the largest provider of arms to the region. Whether you are going to get cooperation from some of these countries, who knows, but I think one has to try.

That does mean you have to give high level diplomatic attention to it, and I agree with John on this. We may disagree on how to deal specifically with what is going on in Darfur, but I agree with the overall approach that that is the only way to do it short of major military intervention, which simply is not going to happen because no one is willing to do it.

You look at the failed efforts to set up a peacekeeping effort in Somalia, for example. The Africa Union operation there is pathetic. You look at the UNAMID operation, and I would agree it has been highly unsuccessful, and I do not see it building up to the point where it is going to be very successful. All the United States has been prepared to do is write checks and provide logistical support and fly people in. They are not prepared to put troops on the ground, and it is not going to happen. So the best you can do, and it may not be enough, is to make an all out diplomatic effort.

Mr. PRENDERGAST. And the diplomatic effort would—you know, we said the same thing, people said the same thing about southern Sudan. It is insoluble, it is hopeless, blah, blah, blah. When the United States government invested in the peace process we went to the core issues and the core interests of these parties, we addressed them and within the 2-year process of those negotiations, the peace deal, which was an enormous accomplishment of the United States' foreign policy, was done.

In Darfur, the issues are negotiable. Individual compensation, dismantling of this Janjaweed militia, power and wealth sharing, these are all issues that at the table they can be resolved. There is no table. Where is the United States? Where is the international community to do what we have actually proved can be done in southern Sudan, the same country with the same genocidal regime? It is remarkable that we have not done anything.

This is the investment we need to make. Congo, the fuel for war is not there, it is here. We have got to start taking some responsibility, and that is going to be a huge role for Congress, I think, is to come up with that legislation that can verify that we are not purchasing minerals for our electronics industry that is actually fueling the deadliest war in the world.

So there are many, many things that we can do in these places that can help. There is no magic bullet. We would have fired it a long time ago. There are things that we can do within our power as consumers, as a Congress, and as an administration and as a civil society like us that we can do that can actually make a difference. Sorry. Did not mean to interrupt.

Mrs. LOWEY. I was going to say, before we get to Mr. Israel, let us go to Mr. Baldo.

Mr. BALDO. Many of the solutions that are needed and not military. On the contrary. These problems are just not soluble through military action. If we limit ourselves to the Great Lakes region, first I agree with Mr. Shinn that these are all interlinked conflicts of a regional nature.

The Lord's Resistance Army is a Uganda rebel group that is now causing a lot of damage in four countries, in eastern Congo, in southern Sudan and in southern Central African Republic and potentially with the possibility of going back home into northern Uganda and disrupting the progress that has been made. Therefore, there is no way of dealing with these problems country by country. It has to be a regional approach.

Second, the United States is a major actor. There are other major actors out there. What is needed is the multilateralism. You know, regional approach is multilateralism, just to say. Coordinate policy with the other international players with influence in the region, mainly European Union, leading European Union member states and share the layer of regional actors with a lot of influence.

Eritrea qualifies, Libya does. You know, some of them are not traditional diplomatic partners but we have to face the reality that if you want to prevent this cycle of violence either in the horn of Africa or in Central Africa, we must take into consideration the influence that regional powers have. South Africa is very influential in the region of southern Africa and in the horn and so on, and then the African Union is subregional organization, the EGAD and so on.

Third, the issues could be resolved through leverage. All the countries in the region, whether Rwanda or Congo, depend on the international donor community to supplement, you know, their functioning budgets. There is direct budgetary support for the governments of Uganda, Rwanda and DRC, and some liberties, you know, some little pressure could help achieve a lot of development at the level of peacemaking, peacebuilding and addressing security risk.

This is exactly what had happened in the joint campaign between Rwanda and the DRC because Netherlands, Sweden, just to stop their budgetary supports for the Rwandan government and the next day Kizani agreed with Kabila that we need to address the issue of these abusive rebel groups from our country who are there. Therefore, solutions have to come from the region but the international community can apply pressure and get things done.

This is diplomacy, this is policy and it does not need military responses. The military response is actually not wise to resolve these issues. Thank you.

Mrs. LOWEY. I would like to continue that. Thank you. I am going to turn to Mr. Israel, but at some point, I know for those of us who have interacted with Mbeki and even Mandela, people are dying, starving in Zimbabwe, Sudan. We have gotten no assistance through the years. Let me turn to Mr. Israel and perhaps we can pursue that some more, I think.

OPENING REMARKS OF MR. ISRAEL

Mr. ISRAEL. Thank you, Madam Chair. I would like to follow-up on this line of thought. I believe in muscular diplomacy and robust multilateralism, but I think you have got to have something to back that up, for as long as we delay, delay and delay, Bashir and others will defy, defy and defy. Let me suggest one asset that has been largely overlooked with respect to Darfur that some in Con-

gress have given some attention to but I think it needs to be explored more fully.

Near the border of Sudan and Chad is the Abiche airfield which is currently operated by, actually, the French. In 2007, I offered an amendment, which passed, to the Defense Authorization Bill, and I did this with my colleague, Ms. Lee, that asked the Department of Defense to do a feasibility study as to whether the Abiche airfield is feasible for humanitarian operations.

And, in fact, once an airfield is feasible for humanitarian operation, it is feasible for other operations as well. The Department of Defense did a classified study, reported to Congress, and without going into the details of that classified study, obviously, the next step would be to actually fund some upgrades to the runways at Abiche.

The government of Chad supports this, the government of Chad has indicated that it would cooperate with this, the government of Chad believes that that would be a very strong signal to send to Bashir that the world is taking this seriously, so seriously that it is putting money in to expand an airfield for humanitarian operations.

We are going to pursue that in the current fiscal year Defense Authorization Bill, seeing if we can provide language stating that it is a priority of the United States Congress to see Abiche upgraded and provide those funds. My sense is you may not agree with this, but I would like your opinion as to whether if in a multilateral setting if France, and the United States, and Chad and other countries began to upgrade the capacity of an airfield that is within 200 miles of Darfur, what the consequences of that would be with the regime in Sudan.

Mr. SHINN. I think it would require knowing a little bit more about what the potential use of that field is going to be. If it were announced as strictly a humanitarian operation, Sudan may or may not accept that. It may assume it has a more nefarious purpose behind it. That would probably give the Bashir government some pause for concern. I do not think there is any question about that.

Pressure does have a role in this part of the world and with this government. I spent three years in Sudan, not when Bashir was in power but with other governments in Sudan, and I have some feel for how they think. It would leave a question mark in his mind. Let me put it that way. That might be good. If it were in the meantime carrying out legitimate, useful, humanitarian operations, that is for the good.

I have been to Chad but not to Abiche. I have been to Darfur, but I do not know the Abiche airfield, so I do not know from a logistical point of view exactly what it would add to the humanitarian operation to that which is already going on. I am just not in a position to judge that. But if it would add in a quantitative sense to improving the humanitarian operation there, that is positive.

Activating the airfield would leave a question mark in Bashir's mind as to what is this airfield really for. But at some point Bashir is going to come to the conclusion that it is just for humanitarian assistance and I do not have to worry too much unless it is, in fact,

used for something more than that, at which point I might start being troubled by what we were trying to accomplish with it. I am just not sure that military action in this part of the world, particularly by western forces, gets us very far. I have seen too many cases where it did not.

Mr. BALDO. Just to add here. What are the worst-case scenarios today in Darfur? With the rising tensions around the involvement of the International Criminal Court and the events there, we do have a population of victims of 2.5 million in the internally displaced camps, we do have multiple totally unaccountable militias that are roaming around these camps, and in the event of a worst-case scenario I could imagine, you know, militias attacking camps for the displaced because of some retaliation for the suspected support, for example, of the indictment of the president or because of, you know, there is a policy to dismantle the camps or disburse the displaced so that they are not so visible.

If that happens it will be an immediate major humanitarian disaster. It is necessary to have that capability for humanitarian purposes on the Chadian end of the border to address precisely, you know, that kind of major humanitarian disaster. I see the likely scenario given that there are no viable peace efforts to resolve the conflict peacefully, and now the trend is actually on the contrary, rising tensions and rising confrontations with the international community.

Mrs. LOWEY. Thank you. Mr. Rothman.

OPENING REMARKS OF MR. ROTHMAN

Mr. ROTHMAN. Thank you, Madam Chairman. Thank you, gentlemen, for your distinguished service. I read your respective written testimonies. Ambassador Shinn, you make an argument that I have not heard before, your section about the Sudan, where you say U.S. policy is not well-served when it says that genocide is continuing today in Darfur.

You then cite a report that says from an expert, as you describe him, that violent deaths in 2008 in Darfur were only relative to the charge of genocide of 1,550 violent deaths in Darfur, presumably not meeting the threshold definition for genocide. You say it is time to acknowledge that the situation has changed and that this label of continuing genocide is inaccurate and counterproductive. Have I summarized your view on that?

Mr. SHINN. Yes, sir.

Mr. ROTHMAN. Can you elaborate on that?

Mr. SHINN. Yes. I think that it is important when we are making policy to be making that policy on the basis of the facts that we have at the time they are being made. I am not talking about 2003, 2004, or 2005 in Darfur. I am talking about today, I am talking about through 2008. You get into all kinds of definitional problems when you start talking about genocide, but genocide is very emotionally laden.

Whenever that term is used, as awful as things have been in Darfur, and I would be the first to acknowledge that, I do not think it crosses the threshold of the definition of genocide. I would agree that I am one of the very few people who is willing to stand up publicly and make that statement. I think there are a lot of others

out there who may agree with me, who have looked at it from an academic point of view or who know the region, people like Alex deWaal, who has said it publicly.

Mr. ROTHMAN. But, Mr. Ambassador, what would be the diplomatic or public policy benefit in no longer using the term genocide to describe what is going on in Darfur?

Mr. SHINN. Simply a degree of honesty. That is all. Just acknowledging the situation for what it is.

Mr. ROTHMAN. So it would not have any practical benefit to the people of the Sudan.

Mr. SHINN. No. That we do not know. If one is to approach the problem of Sudan with a greater degree of honesty—and I made two points that are very controversial, one was this one and one was the list of state sponsors of terrorism—I think you will have a better response from the people in the region. We do not know what the response would be from the Sudanese.

Mr. ROTHMAN. Are the other nations in the region offended by labeling what is going on in Darfur genocide?

Mr. SHINN. Let me put it this way. Offended, probably not, but the United States is the only nation in the world that has ever declared what is going on in Darfur as genocide. The only nation in the world. Does that not raise some issues? Why is the United States the only country to call this genocide?

Mr. ROTHMAN. Well, if we called it mass slaughter, would that be better?

Mr. SHINN. Other nations call it crimes against humanity. I am not even judging what it was back in the 2003 to 2005 period, but I just point that out by way of fact we have to be more honest when we deal with these issues. That is the only point I am trying to make.

Mr. ROTHMAN. Okay. I accept the academic notion of proper use of terms. I am just wondering what the practical benefit would be beyond that accuracy in the use of verbiage. On the Congo, do either of you two gentlemen have any notions—I know Mr. Prendergast talked about using consumer power in some way, the west consumer power to in some way better the situation in the Congo, but as I read it, this is a conflict primarily between two major militias, and so how would efforts as consumers address their conflict for power and domination?

Mr. BALDO. Well, there are a multitude of militias very often operating at the very local level in resource-rich areas in the DRC, in the Congo. The land is so rich in many areas you just have to do some digging to find diamonds, or gold, or cassiterite which is a material for tin, and so on. Timber, coffee are also other forms of riches in that country.

To in a way address the issue of the link between illicit resource exploitation and violence, because it is in the fighting at the local level between these militias over control of mining areas and between corrupt army officers, whether of the Congolese Army or during the war of occupying armies of Rwanda and Uganda, that most of the killing occurs and most of the violence and the sexual violence occur because all the fighting men have one thing in common, they all prey on civilians and they are all perpetrators of

mass violence against civilians. Just what you do when you have the gun and the civilians——

Mr. ROTHMAN. So forgive me. Would you make the connection then between the consumer efforts and improving the situation there?

Mr. BALDO. Exactly. These resources enter into global economies through Kigali and Kampala. For gold, for instance, Kampala, Uganda, has a production of only a few kilograms of gold, but the Central Bank of Uganda in its official statistics gives a number in the tons. Similarly, it is known that Rwanda is not a producer of many of these special minerals that go into information technology gadgets, and, you know, advanced industries.

The international community could simply mandate that no minerals are imported from countries that do not produce it. That would immediately have the effect of really creating a clogging of the system.

Mr. ROTHMAN. So the Ugandan and Rwandan forces in the Democratic Republic of Congo would then, you believe, withdraw?

Mr. BALDO. Now they are not present there. They are only present when they go by invitation of the Congolese government as has happened of late.

Mr. ROTHMAN. And how would that address the local militias? The native militias?

Mr. BALDO. Well, you know, if you do proper investigation, as the United Nations has done through its materials, you could find links between these militias and state access, including the Congolese government itself and influential people in the army financing militias, buying these resources from them, exporting them through contacts, you know, in the regional markets for these minerals.

Interestingly, because of this economic interest, in the conflict, you know, you will find that there are business interests between the Congolese Army and the militia of the democratic forces for the liberation of Rwanda which the Congolese Army is supposed to be fighting. Together there have been linkages of an economic nature that were documented by UN investigators.

Mr. ROTHMAN. Thank you, doctor. Thank you, Madam Chairman.

Mrs. LOWEY. Before I want to turn to Mr. Schiff, Mr. Baldo you know that the U.S. Ambassador to Congo and the U.K. Ambassador are trying to put together a task force just to deal with the issue that Mr. Rothman referenced. They are working on it to deal with this issue that you referenced. So we can follow-up on it. You are probably aware of that.

Mr. BALDO. Yes.

Mr. ROTHMAN. I am just going to another panel.

Mrs. LOWEY. That is quite all right. Send them my best. I should be there, but I am not going there. Mr. Schiff.

Mr. SCHIFF. Thank you, Madam Chair. Thank you, gentlemen, for being here. I wanted to turn the topic in a different direction to Somalia. Ambassador, you mentioned in your testimony that the U.S. had essentially abandoned Somalia after 1994. I think that is largely true. To the degree that we have been focused on Somalia, it has been intermittent, largely unsuccessful, uncoordinated and lacking in any really comprehensive policy direction.

The question is what should our policy be now? We have a new president there, we have a supposedly moderate Islamic government, we have al-Shabab in the wings, we have a limited ability to intervene or act there because of the dangerous situation. I am not suggesting that we have some kind of military action there, but I am asking what role can we play constructively?

Should we try to find ways to support this new government based on what we know about it or would our support for a government therefore damn the government in the eyes of the people there? Some have suggested it is so hard to get international aid into Somalia that we should establish through the international community a form of green zone in Mogadishu.

I know you have recommended us focusing on trying to help them build a police force, but given the difficulty we have had in Afghanistan developing a police force, we found there it is much easier to build an army than a police force. I think you have, you know, some of the same clan dynamic in Somalia that it would be very difficult to build a police force potentially, a national police force in any event. What do we do? What can we do constructively in Somalia?

Mr. SHINN. Thank you very much for the question, Congressman Schiff. I wish there were more interest in Somalia generally. On the Hill there are a number of people who do have an interest in it but it is not a very large group. The immediate problem in Somalia today is the issue of security.

There is a window of opportunity right now, and that is the current new government of national unity. It is a combination of the former Transitional Federal Government (TFG) that the United States supported very strongly, which has been joined by the so-called moderate group of Islamists, actually, former members of the Islamic Courts Union in Somalia, the people that the United States was once opposing.

That grouping has divided into various factions and the more moderate part of it, the Sheikh Sharif portion, is now working with the TFG. It is not clear whether this government is going to be widely accepted by the Somali people. We simply do not know. It is clearly being given somewhat more of a chance by Somalis generally in the country than the previous Transitional Federal Government, which was not doing the right kinds of things in order to ingratiate itself with the people generally.

This government may trip and fall, too, but in the meantime, I think there really is no good option to doing anything other than trying to support it. By doing so, I am not suggesting that the United States should be out front and center at this point. I think this is frankly a time for the United States to quietly step back, let the Somalis do what they do best, which is to talk to each other. Let them engage in their own dialogue in their own way and work things out.

Sometimes they do not work out, and in recent years they have not worked them out, but give them an opportunity to see what they can manage by bringing into the fold some of these dissident elements, the most difficult one being the al-Shabab group, the militantly religious organization that is opposed to this govern-

ment. I am not convinced that all of that al-Shabab group is that committed to a radical ideology.

I think there are some who are opportunists, some who can be eventually brought along to the moderate side, and I think that is the way to go. In the meantime, I think it is important for the United States to have in mind some kind of support for a development program once security becomes appropriate. You cannot do that now. There is no way to do a development program in Somalia today, but you have to be able to step in quickly when that is possible.

The police force idea, I agree it is a gamble. There is absolutely no guarantee a police force would work, but Somalia has one interesting thing going for it. It has a very long history of a proud and professional police force. It is something that Somalis have always felt very strongly about. So it may not be the same situation you had in Iraq, for example. I am not saying it will work, but I am saying it is worth a chance.

That is a medium term solution. You cannot have police go in and try to combat heavily armed al-Shabab right now. That is not going to work. So I see the police force as more of a medium term solution, and in the meantime, one has to muddle through on the security side by leaving the very weak Africa Union force there to keep the port and the airport open. That is important to keep them out of the hands of al-Shabab.

The focus now should be on the political side and supporting the current government and helping it behind the scenes, whatever one can do, perhaps bringing the Arab League more into it, to peel away those opponents that still do oppose that government, with the hope that eventually it can stand on its own two feet.

Mr. SCHIFF. Thank you. I do not know if you would like to add on to that as well?

Mr. BALDO. Well, I am in agreement with this line definitely. It is the time for perhaps the new president to widen the support base of his government, and he is working very hard on this, coming from the background of, you know, because they were not on the same side, they were actually the opposition force to the previous government as the Islamic Courts, and to build a region of support base within Africa and in the Arab League region.

I believe the potential is good. The outlook is that, you know, there is some expectation that this time Somalia may finally have a working government. So we are in this expectation and we will see where things will be heading.

Mr. SCHIFF. Thank you, Madam Chair.

Mrs. LOWEY. Thank you both. Before we close the hearing I have one additional question, and if you do, you are certainly welcome to ask it, Mr. Schiff. This subcommittee was in northern Uganda about a year and a half ago when there was still hope that Kony was going to sign a peace agreement. We met with some of the rescued girls and rescued boys, and there was a feeling of optimism that perhaps in spite of all the challenges there would be some movement towards a future in Uganda.

Now, we know that the U.S. military was helpful as an advisor, we understand, in the recent military action which led—we saw in its wake murder, decapitation, rape, the ugliest scene. Over 150

people were either killed, or maimed, or destroyed by this recent action. I have a question for both of you. Do you have any comments on what, if anything, should be done now? How do you take action, if that is what you would recommend, to minimize or reduce the impact on civilians?

Mr. BALDO. The prospects for peace have really helped create a real momentum in northern Uganda. Even before the conclusion of the UBA process there was a movement of people out of the camps going to their own areas and trying to revive their shattered lives and so on. Suspicion from Kony, in particular, was a key obstacle for concluding that peace process.

He never believed the commitment of the government that once he had signed, then they would apply the other accountability mechanisms and will request the International Criminal Court to withdraw its arrest warrants against him. The government is committed to applying these mechanisms regardless of the fact that the peace has not been formally concluded.

Therefore, they are forging ahead with the establishment of a special chamber in the high Court to try, you know, some of the war crimes out of Kenya and northern Uganda, they are preparing alternate mechanisms for the use of traditional justice as agreed, and some mechanisms for reparations for victims and to extend the benefit of the amnesty law to those willing to come out from the rebellion.

One of the top people, deputy of Kony, who is also indicted by the ICC, has actually asked to be given amnesty and is negotiating his, you know, hand-over by an intermediary humanitarian actor to the government for amnesty. The government has had also as part of that package adopted a very ambitious reconstruction program because the problem of northern Uganda is economic and social marginalization and the lack of investment of the national wealth in infrastructure and development effort in north Uganda.

The government of Uganda really has to do a lot of effort to bridge that gap. It has developed a program which receives a lot of international donor support, but the government is not doing much at this time to implement that program. It is a key—a key—prerequisite, I believe, for returning northern Uganda to stability, and to peace and to a sense of some belonging to their country.

Once the people see that there is an effort to try and introduce, you know, a measure of compensation for many, many years of neglect from the government and many years of marginalization. I believe without that commitment from the government of Uganda, you know, the chances of lasting peace will be minimal. This is an area where again diplomacy and policy could play a major role by really pushing the government of Uganda to stay committed to this approach. Thank you.

Mr. SHINN. Madam Chairwoman, it is an awfully good question and you raise yet another horrific problem in this part of the world of which there are far too many. I agree with what Suliman said. I cannot add a great deal to his comments except that my own personal view is that I do not think Kony has any intention of ever signing a peace agreement and abiding by it.

We have gone through these charades so many times. How many times do you have that football pulled away before you decide to

stop kicking at it? The one thing that I would add, though, that I think needs to be looked at more is the degree to which you can use traditional methods of conflict resolution among the Acholi people.

They have their own systems for dealing with conflict. Many in the West would find these systems very disagreeable because they do not accord with western systems of justice at all, but there has been some history in using them and they have actually had some success, at least at local levels, in the Acholi area. I think that there has to be some more attention given to that because I sure do not see anything else working out there.

I do not think that the International Criminal Court action achieved anything either, quite frankly. Arguably, it worsened the situation in the case of the Lords Resistance Army (LRA). I think it is time to look at some traditional mechanisms of conflict resolution. It probably is not going to solve the Kony problem, but it might solve some of the issues underlying the Kony problem.

Mrs. LOWEY. Would that include military action?

Mr. SHINN. The traditional mechanisms are very much based on local systems of justice, and, in some cases, letting some people off with a lot less than we would ever accept in a western system of justice. That is why we find them so disagreeable. In the context of the Acholi people, they have been shown on occasion to work. I am just arguing that there has to be more attention given to that.

I do not want to suggest that this is going to resolve the problem of Kony. It will not, but if it can at least reduce the amount of violence in that region, that is a starting point.

Mr. SCHIFF. Just one last question, Madam Chair. I wonder if you would mind giving us any thoughts in terms of Yemen, the status of any issues in Yemen that we should be concerned about, and whether you have any policy recommendations.

Mr. SHINN. We are probably not the best people to be addressing Yemen. I have been there, though that does not make me an expert. I am concerned about the willingness of the Yemeni government recent many years to carry through with what it says it is going to do in terms of being supportive on counterterrorism and related issues. There have been too many occasions when they have not followed through, and, in some cases, have done the opposite of what the United States expected from them.

This is very troubling. I was just reading a report the other day where it appears that some of these Somali pirates are being aided and abetted from: Yemeni territory. These may be private activities not those by the government, but if this is true, it is very disturbing because it is up to the government to stop that sort of thing. The government of Yemen, in theory, should be in a position to stop it.

I think we are dealing with a government that is very torn between its continuing in power because of the views of the people that it represents, on the one hand, and wanting to maintain a decent relationship with the United States, on the other, and other western governments. As a result, you are getting a very ambivalent response out of that government. I am really not an expert on Yemen. I wish I did have a list of things that ought to be done, but I really do not.

Mr. SCHIFF. Thank you, Madam Chair.

Mrs. LOWEY. I would like to thank you again for your time. This concludes today's hearing on Africa. The Subcommittee on State Foreign Operations and Related Programs stands adjourned. Thank you.

THURSDAY, MARCH 5, 2009.

**THE ROLE OF CIVILIAN AND MILITARY AGENCIES IN
THE ADVANCEMENT OF AMERICA'S DIPLOMATIC AND
DEVELOPMENT OBJECTIVES**

WITNESSES

**DR. JOHN J. HAMRE, PRESIDENT AND CEO, CENTER FOR STRATEGIC
AND INTERNATIONAL STUDIES**

NANCY LINDBORG, PRESIDENT, MERCY CORPS

**AMBASSADOR GEORGE MOOSE, VICE CHAIRMAN OF THE BOARD,
UNITED STATES INSTITUTE OF PEACE**

**DR. GORDON ADAMS, PROFESSOR OF INTERNATIONAL RELATIONS,
AMERICAN UNIVERSITY SCHOOL OF INTERNATIONAL SERVICE**

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State, foreign operations, and Related Programs will come to order.

My ranking member I gather will be here any minute.

Good morning. I welcome our distinguished panel, Dr. John J. Hamre, President and CEO of the Center for Strategic and International Studies; Ms. Nancy Lindborg, President of Mercy Corps and a recognized leader in the NGO community; Ambassador George Moose, Vice Chairman of the Board of the United States Institute of Peace; Dr. Gordon Adams, Professor of International Relations at American University School of International Service.

We really look forward to hearing from you today on this very important topic.

As you probably know, I strongly believe that foreign policy decisions rest with the Secretary of State as the principal adviser to the President, and this authority should neither be delegated by the Department of State nor superseded by any other department or agency in the executive branch.

With this in mind, today's hearing will examine the relationship between the civilian agencies and the military in the formulation and execution of foreign policy.

Last month, the Chairman of the Joint Chiefs of Staff, Admiral Michael Mullen, told an audience at Princeton University that United States foreign policy has become too militarized, end quote. I could not agree more. I have a growing concern with how the lines of responsibility between civilian agencies and the military are increasingly blurring, with the Department of Defense playing a larger role in diplomacy and development. I believe in the long run this will have a detrimental effect not only on the civilian agencies and America's reputation, but also on our military and ultimately our national security.

Now, let me state clearly that I believe the United States military is the very best in the world, and they prove every day that

they are adaptive, creative, innovative and serve our country with distinction. Yet the fact remains that if the civilian agencies are not stepping up to the plate, this does not mean that the job should fall to our overburdened military. It means that policy makers in Washington must provide support for and demand more from the civilian agencies.

Today's panel of outside experts will explore with us the militarization of foreign policy and the toll being placed on the Department of State and the Department of Defense as well as on USAID.

I would like this hearing to address several key issues. First, we have all witnessed the increased role that the military has recently played, often by necessity, in diplomacy and development, especially in insecure areas like Iraq and Afghanistan. Operationally what are the unintended consequences of this increased role to both diplomats, foreign assistance professionals, and the efforts of the NGO community, and what is the unintended consequence to United States foreign policy and how it is viewed by our friends and adversaries? On a practical level, what type of coordination and division of labor is necessary between the civilian agencies and the military to make any joint effort work, and is there confusion about who speaks for the United States?

Additionally, there is growing consensus that the resources of the military and civilian elements of our national security apparatus are grossly out of balance. What will it take to get the civilian agencies in a position to fulfill their roles, particularly in non-permissive environments? On a related note, what are the consequences of dueling security assistance authorities between the Department of State and Defense?

As I said in our hearing last week on growing the diplomatic and development workforce, I cannot remember any other time during my service in Congress when diplomacy and development assistance were viewed as coequal components of defense in relation to our Nation's national security. Secretary of Defense Robert Gates in July said our diplomatic leaders, be they in Ambassadors' suites or on the State Department's 7th floor, must have the resources and political support needed to fully exercise their statutory responsibilities in leading American foreign policy.

I wholeheartedly agree and welcome the growing support for strengthening civilian capacity and believe that it is critical that we take advantage of this pivotal moment of consensus on this issue. This subcommittee has already begun to expand the capacity of USAID and the State Department because we all know that soft power is a more cost effective alternative to military interventions. Yet increased capacity will not materialize overnight.

So then in the interim how do we move forward? Civilian agencies and our military have vastly different missions, and although they are not mutually exclusive, they cannot be substituted for or replace one another. So now is the time for Congress and the Obama administration to aggressively increase support for civilian agencies, strengthen our development and diplomatic capabilities, relieve an overburdened military, and provide the political support for the civilian agencies to exercise the responsibility Secretary Gates called for in July 2008.

No one would dispute that a failure to act rapidly increases the risk to vital United States security interests. But the Congress and the administration must stop taking the easy and quick-fix route of providing duplicative authorities and overburdening our military while demanding results of civilian agencies without equipping them with the tools or resources needed.

So I look forward to working with Secretaries Clinton and Gates and the Chairman of the joint Chiefs of Staff, Admiral Mullen, to create the framework for the United States Government so that they can execute their mandated areas of responsibility in a coherent and coordinated pursuit of the United States foreign policy objective.

I look forward to hearing from this impressive panel of witnesses today as we explore this critical issue. But first I look forward to hearing from our ranking member, Ms. Granger, for any comments she may have. Ms. Granger.

Ms. GRANGER. Thank you, Madam Chair. And thank you for holding this hearing on the role of civilian and military agencies in advancing U.S. diplomatic and development objectives. Last week the subcommittee held a hearing on the 21st century workforce needs for the Department of State and USAID, and today we continue that discussion by examining the future of the civilian-military relationship.

I want to thank the distinguished witnesses for coming and for sharing their insights on this important topic. You are the people we need to hear from.

It has become clear that future threats to U.S. national security will require an approach that incorporates all three Ds, defense, diplomacy and development. It is also important that military and civilian agencies increase the level of cooperation in Washington and in the field in order to succeed. But over the last few years, civilian agencies have experienced difficulty carrying out their core functions, forcing the military to take up traditional civilian roles. That has created imbalance in the 3 Ds and strained areas of cooperation between the military and civilian agencies.

Secretary Gates, as well as other military leaders, have acknowledged that future success in preventing conflict and stabilizing post-conflict situations requires a civilian component that can work effectively in partnership with the military. Recognizing the value of strengthened civilian-military cooperation, the Congress has provided resources to build the civilian agencies so they can more effectively advance U.S. interests. In addition to funding the Department of State and USAID staffing initiatives, the Congress appropriated \$75 million in the fiscal year 2008–2009 supplemental and another \$75 million is included in the fiscal year 2009 omnibus bill to support the standup of a civilian reserve capacity.

Now that funding is in place and the civilian agencies are establishing civilian-military policies and programs, the Congress is monitoring closely whether the 3 Ds are returning to the appropriate balance. I look forward to hearing your views, the views of the witnesses on our progress and the prospects you see for achieving this goal.

And I thank you for being here, Madam Chairman.

Mrs. LOWEY. Thank you. And members of our panel, of course we would be appreciative if you could summarize your statement for the record. Your total statement will be entered in the record, and I want to make sure that we have plenty of time for questions. So the order of recognition will be Dr. Hamre, Ms. Lindborg, Ambassador Moose, and Dr. Adams. We will begin with Dr. Hamre.

OPENING STATEMENT OF MR. HAMRE

Mr. HAMRE. Chairwoman Lowey, Ranking Member, all of the colleagues on this committee, thank you for inviting me to participate. This is the first time I have had a chance to appear before this subcommittee. I have been in front of the Defense Appropriations Subcommittee about 100 times, but I have never been invited here before. So I think it took 8 years of exile from the Department before I was invited and I do want to thank you for including me and thank you for taking the testimony. I am going to depart a little bit from it because I think the nature of the way you framed the discussion this morning differs a bit from my testimony, so if I might react to your statements and then open up for just a few observations.

I think, Chairwoman, you highlighted the central problem when you talked about nonpermissive environments. I don't think there is a big dispute, I know there is no dispute from a Defense Department standpoint about the leadership we expect the State Department to give us in peaceful environments, and I know that the State Department doesn't have any quarrels about us being in charge when we are shooting. I think the question that is awkward is when you have difficult, compromised, insecure environments and we need to work together. That tends to be the problem.

Now, unfortunately, when we are in insurgency warfare, this tends to be a very long and prolonged period. It is not the case for conventional war. You know the first Iraq war was 35 days, you know, it was over, and then it was a very different environment. We are involved in insurgencies in the last years and we are up against an opponent who intentionally blends into civil society, making it dramatically more complicated. We know we can't win insurgency warfares with violence. Those are won through political gestures. And political gestures in a, as you say, in a nonpermissive environment blend use of force and the use of soft power means. And so how do we construct that in a smart strategy in a very complex and difficult environment?

Now these last 6 years have not gone well. We went into Iraq with probably an inappropriate model for what we anticipated we would confront. We didn't manage dynamically an evolving environment very effectively, and in honesty, our partners, I say "our," I am speaking from a DOD standpoint, our partners in the civilian agencies didn't have resources that they could bring to the fight. So the Defense Department stepped in. It isn't a role that they seek. They would much prefer, frankly, they would much prefer not to have to do the economic engagement. But when you just didn't have the resources, many years of underfunding of the State Department and candidly not an operational culture in the field where you have an insecure environment, where it just created a

highly unique circumstance that the military would prefer not to be in.

Now, 7 years ago when I first went, actually, 8 years ago I first went to CSIS, I had just lived through the experience, I had been Deputy Secretary of Defense and I had lived through the challenges of Bosnia. And we knew how to get in a war. We didn't know how to rebuild civil society. So we launched a project to try to identify what does it take to succeed in post-conflict reconstruction? And Nancy was one of our commissioners. Congressman Wolf was one of our commissioners. And one of our early projects we did was to draft a template of all the things that have to be done in a post-conflict, in this kind of an environment, during the initial response when they are still shooting, in the transition phase to a stable environment, and then in the sustainability phase, in four different dimensions.

Probably only 10 percent of these tasks belong to the military. You know, most of them belong to the civilian agencies. But they don't have the capacity to deal with it, and I would have to honestly say today they don't really have the capacity.

So to sum up, you need to give resources to the civilian agencies to do their job.

Number two, you have got to hold them accountable for producing capability that can go into the field with the military, otherwise the military will have to do this.

Three, we need to start developing a framework where we can work and regulate the business of contractors on the battlefield. That framework has not been in place. We are now overreacting in the wrong way, and we are making it more compromised and more difficult. We have to get this right.

And finally, we need to work out in insurgency situations the working relationship between government and nongovernmental organizations. I think we have especially in insurgent situations highly compromised circumstances that we have NGO people involved with and their relationship with us. This has to get worked out and it doesn't exist now.

I would be happy to amplify during the question period. Thank you very much for inviting me.

[The statement of Mr. Hamre follows:]

**Statement before the House Committee on Appropriations,
Subcommittee on State, Foreign Operations and Related Programs**

***“THE ROLE OF CIVILIAN AND MILITARY AGENCIES IN
THE ADVANCEMENT OF AMERICA’S DIPLOMATIC AND
DEVELOPMENT OBJECTIVES”***

A Statement by

Dr. John J. Hamre

President & Chief Executive Officer

Center for Strategic and International Studies (CSIS)

March 5, 2009

2362-A Rayburn House Office Building



Chairwoman Lowey, Ranking Member Granger, distinguished members of the Subcommittee; I am honored to be invited to appear before you today on this timely and very important topic.

I am impressed by the thoughtful title of this hearing—The Role of Civilian and Military Agencies in the Advancement of America’s Diplomatic and Development Objectives. Too often I hear heated debates in Washington about the military encroaching on foreign policy. It is refreshing to approach this topic in such a thoughtful way, and I congratulate the Chairwoman and the members of the Committee for holding such an important hearing.

Military Activities are inherently “political” activities

Military activities are only one means by which America tries to achieve its policy objectives. There is great controversy surrounding the war in Iraq and Afghanistan. It is perfectly appropriate for us to have a national debate on such an important question as America going to war. It is understandable that the internal details of those military activities assume political significance. In recent years there has been a great deal of debate about the appropriate role of civilian and military departments in our operations in Iraq and Afghanistan. Some critics have said that America has militarized foreign policy, turning over inherently civilian tasks to a bureaucratically aggressive military. Others argue that the U.S. civilian agencies just didn’t “show up” to carry out their responsibilities in Iraq. Both camps will find evidence to support their positions. I would like to approach the topic less to validate one point of view or the other, but instead to find directions for the future use of our total national resources.

Waging war is inherently a political exercise. By this, I don’t mean partisan politics—Republicans versus Democrats. War is only one way that nations try to achieve policy objectives. Diplomacy is another way. Development assistance is a third. The United States has a broad array of tools that it uses to accomplish its policy objectives on the international stage. Waging war is inherently a narrow and extremely costly way to achieve objectives. The goal of our national policies—and the central goal of our military forces—is to find ways to achieve our objectives without resorting to war. The foundation of our defense policy is deterrence, after all.

Unfortunately there are times when national purposes can only be achieved through military action. But even in these circumstances, war is still a political act by a sovereign state. Military activities are surrounded and infused by other policy actions.

During the Cold War we fielded a massive standing Army in Europe on an ongoing basis. We had over 350,000 military personnel in theater. But that Army was there to give force to a broader national strategy of containment. We knew we could not defeat the Soviet Union militarily. But we could deter their political intimidation, and contain them until America’s soft powers—our economic, diplomatic and cultural powers—overwhelmed the Soviet ideology and system.

Conventional wars—and the most recent example of that was in Iraq in 1991—are similarly a blend of military and non-military activities. President Bush assembled an international coalition to evict Iraqi military forces from Kuwait. President Bush combined military and non-military tools to accomplish those objectives.

In conventional wars, the goal of military action is to break the will of the leadership of the opponent country, to quickly demonstrate that their objectives are blocked and the price they pay for continued conflict is disproportionately painful compared to their objectives. Again, military and non-military tools are brought to the task. While U.S. military forces battle opponent forces, our diplomatic efforts seek to isolate the opponent and pressure sober change in their goals and activities.

Securing Policy Objectives in Insurgency Wars

These conventional tools are the ones we have needed most often though our history, and we have developed them more fully. Insurgency warfare is arguably far more complex than conventional warfare. The opponent often is not a state that can be intimidated through traditional military means. The opponent avoids traditional battle methods and takes refuge in the civilian population. It has taken us a long time to re-learn this lesson in Iraq, but we now know that insurgency warfare is not about overwhelming violence. It is about political persuasion broadly to a frightened and angry population. The goal of effective insurgency warfare is the support and protection of the civilian population.

Again, insurgency warfare, like conventional warfare, blends military and non-military methods and tools. Both military and non-military tools must be adapted to a different context. In conventional war, diplomatic activities take place in the quiet chambers of foreign ministries. Effective insurgency warfare requires diplomats and other civilians from government and NGOs to wear body armor and move into dangerous settings along side military forces.

And at the same time we are “fighting” the insurgents, we need to be building support for our cause among civilian populations. This requires a full range of tools. Economic tools become as important—or I would argue more important—than military tools.

Seven years ago—before the war in Iraq was launched—my think tank, the Center for Strategic and International Studies—launched a program we called “post conflict reconstruction.” We saw the great problems we were having in the Balkans. We could easily overthrow an opponent army, but we had enormous problems re-building civil society after the war. We started our project by examining the 50 plus wars that have taken place around the world since World War II. We examined each of them and categorized the essential tasks required in the three critical phases of every war—the conflict phase, the security stabilization phase, and the recovery/development phase. Six months before the war in Iraq started, we produced a blueprint for the tasks that would lie

ahead if we were to invade Iraq. Unfortunately these past six years have confirmed what we discovered through this historical inquiry.

An Honest Appraisal of our performance in Iraq

Permit me to offer an honest critique of these past six years. We went into Iraq with a superficial idea of what lay ahead in terms of the stabilization phase of warfare. We didn't understand insurgency warfare, and it took us years to realize that the true objective was the hearts and minds of civilians, not defeating insurgents with military means. We had an inadequate security model in our minds. In the opening months and early years in Iraq, our military concentrated on opponents who were shooting at them. They ignored the broader insecurity facing Iraqi citizens. I saw this first hand when I first visited Iraq in June, 2003, only 3 months after we overthrew the Saddam government.

We thought we could easily create a government from the top down in a tribal society, where political legitimacy grows from the bottom, not the top. The Defense Department initially spurned the involvement of other agencies in the U.S. Government. And when it realized it needed those agencies, it was in the middle of a difficult insurgency where it could not provide a secure environment.

The civilian agencies lacked effective capabilities that they could send to the field. In some instances, this was the product of years of underfunding. In other instances, the agencies and bureaus lack an operational culture. And in other instances, we lack the resources within the federal government. We don't have deployable judges who can train local jurists and re-establish rule of law, for example. Neither the State Department nor the Defense Department nor the Justice Department has deployable resources to supplement cops and judges during the transition phases of stabilization.

The Defense Department stumbled its way through these problems. The Defense Department is a learning organization—maybe slowly—but a learning organization nonetheless. They came to realize they needed anthropologists, economists, linguists, religious experts and jurists. They came to realize that winning hearts and minds involved a far broader range of tools and resources.

So where do we stand today?

So where are we now? We know all this now. If we had to wage in insurgency warfare again, what do we have? Sadly, I must say not much more than we had six years ago. The State Department is marginally larger, but that increase has gone almost exclusively to build a massive embassy in Baghdad. USAID is wiser, but not effectively any different than it was six years ago. We still need to use contractors to train cops, build temporary jails and support judges.

If we went to war tomorrow in a totally new circumstance, our military would still largely have to improvise in the field, hopefully far more effectively than we did initially

in Iraq. We have taken some steps to build greater civilian “surge” capacity within the federal government, but have not yet achieved sufficient or sustainable results. The State Department is not dramatically more operational today than six years ago. The deployable resources in the Federal Government are not appreciably different than at the outset of the Iraq war.

As many of you know, CSIS was the secretariat for the commission headed by former Deputy Secretary of State Richard Armitage, and Harvard Professor Joseph Nye’s report “Smart Power” which lays out an approach to integrate America’s coercive “hard” and “soft” powers of attraction. This theme has now been taken up by both Secretary Gates and Secretary Clinton.

I know from hundreds of conversations with senior officers and NCOs during the past several years, that DoD does not want to fight these insurgency wars alone. It genuinely wants civilian partners in the field. Our senior military leaders now know that a successful strategy is largely non-kinetic—military speak for soft power, not hard power. And frankly, the military is so strapped financially that it does not want to spend money on soft power tools.

Strategic Directions going forward

Madam Chairwoman, distinguished members of the committee, we need to solve this problem. I fear the future is more likely one of insurgency warfare rather than conventional warfare. So may I offer the following suggestions, from a Defense Department standpoint?

First, please fund the State Department, USAID, and other agencies to shoulder their responsibilities today and build capacity for tomorrow. They do need more resources to do this.

Second, you must challenge these civilian agencies to get beyond the Washington turf-wars and develop capabilities to undertake operations in the field, and in unstable security environments. You can’t blame DoD for undertaking these activities if civilian agencies can’t accompany them into the field.

Third, we need a clearer delineation of the working relationship between the government and vast spectrum of contractors that undertake government tasks in the field in both civilian and security functions. We have stumbled our way through this difficult problem. We used contractors because we did not have the needed skills in sufficient quantity within the government. But we never developed a clear policy or legal framework to govern their activities. We now may be erring on the other side by creating an ambiguous legal environment that puts their work in jeopardy.

Fourth, we need a major assessment of how to work effectively with non-governmental organizations in complex security environments. I have seen this happen on numerous occasions. The military goes into a mission, initially sees non-

governmental organizations an irritating distraction, only to subsequently learn that NGOs provide tools and resources that they need to accomplish overall success.

This is especially complex in insurgency wars. The opponent intentionally blends into civilian life. This creates a very ambiguous environment for non-governmental civilians that cooperate with the U.S. government. We have developed informal procedures for conventional wars, but have not yet worked out these procedures for insurgency wars, especially during the period of heightened insecurity. I personally believe the Secretary of State and Secretary of Defense should jointly commission a major review of this question. We have worked through problems on an ad hoc basis in Iraq and Afghanistan. But I suspect we do not have a sustainable framework going forward.

Conclusion

Madam Chairwoman, Ranking Member Granger, distinguished members of the Committee; I congratulate you for addressing such an important question. The politics of the past six years has complicated your task. We lacked a sound policy framework to guide us on the appropriate and constructive integration of military and non-military agencies and activities in conflict situations. We do need to solve this problem. This hearing is an important step along that important journey. Thank you for inviting me to be a part of it.

JOHN J. HAMRE
CSIS PRESIDENT AND CEO



John Hamre was elected CSIS president and CEO in January 2000. Before joining CSIS, he served as the 26th U.S. deputy secretary of defense. Prior to that, from 1993 to 1997, he served as under secretary of defense (comptroller). As comptroller, he was the principal assistant to the secretary of defense for the preparation, presentation, and execution of the defense budget and management improvement programs. In 2007, Secretary of Defense Robert Gates appointed Dr. Hamre to serve as chairman of the Defense Policy Board.

Before serving in the Department of Defense, Dr. Hamre worked for 10 years as a professional staff member of the Senate Armed Services Committee. During that time, he was primarily responsible for the oversight and evaluation of procurement, research, and development programs, defense budget issues, and relations with the Senate Appropriations Committee. From 1978 to 1984, Dr. Hamre served in the Congressional Budget Office, where he became its deputy assistant director for national security and international affairs. In that position, he oversaw analysis and other support for committees in both the House of Representatives and the Senate. Dr. Hamre received his Ph.D., with distinction, in 1978 from the School of Advanced International Studies at Johns Hopkins University in Washington, D.C. His studies focused on international politics and economics and U.S. foreign policy. In 1972, he received a B.A., with high distinction, from Augustana College in Sioux Falls, South Dakota, emphasizing political science and economics. The following year he studied as a Rockefeller fellow at the Harvard Divinity School.

Mrs. LOWEY. Thank you. Ms. Lindborg.

OPENING STATEMENT OF MS. LINDBORG

Ms. LINDBORG. Thank you very much, Chairwoman Lowey and Congresswoman Granger, and members on the committee. I echo the appreciation for tackling this very critical topic, and there is an extraordinary consensus I think emerging on the need for smart power and for rebalancing our three Ds and the capacity to address these very critical challenges, and so we do have this amazing opportunity right now.

I speak as the head of an operational NGO, Mercy Corps. We work in 35 conflict affected and transitional countries around the world. So I really speak from that experience of being on the ground where often it is the NGOs, the journalists, and the military who are there. And we see firsthand the need to work out these systems and these approaches that enable all of our capacities to be fully harnessed.

These are challenging and deeply critical environments where you have got countries burdened by a very potent brew of poverty, weak governance, and conflict, and it is imperative for our national security interests that we determine the best way to address that.

My greatest fear against the backdrop of what we said in terms of the lack of resourcing for our civilian capacities is that as the military has stepped into this void and we all appreciate that they have in fact shouldered burdens that were not otherwise able to be addressed, that we may be learning the wrong lessons. As we have equipped our military with additional capacities and additional authorities, created mechanisms like AFRICOM and the PRT, that we risk confusing short-term insurgency fighting methods, short-term security goals and approaches with our longer term development needs and objectives. And we need to understand that there is value in both and that they will require different approaches to enable both to fully go forward.

We frequently have had to figure out how to work in these very tough environments. I would flag that in the last decade we talked quite a bit about complex humanitarian emergencies. The greater challenge for this decade is complex development. As John mentioned, we have many environments where what the military is calling counterinsurgency, we are seeing insecure environments that are plagued by poverty and poor governance and insecurity, and the challenge is how do you adapt the fundamentals of good development to these complex development environments? But first and foremost among those is the need for a community-led approach, and at a recent event hosted by USIP, World Bank President Robert Zoellick in fact noticed that community-led and community ownership of development is critical for legitimacy and authority of development processes. We need that process to be able to move forward, even as we are looking at the shorter term security objectives.

Mercy Corps and other colleague agencies have had that experience in places like Iraq where we have interrupted uninterruptedly since 2003 with support and funding from USAID, where we were one of five NGOs working nationwide on a community action program. And I think it shows some of the models of how we might

be able to construct community-based development programs even in the midst of a very insecure environment, where we use mechanisms such as community acceptance, where communities buy into these projects, they are their projects, and they vote on what projects will go forward. They vote on where our offices will be located. We have had no security incidents with any of the programs that we have conducted during our time there. Communities have invested significantly their own resources into these programs as well, and all of this has been done by unarmed civilians, the majority of whom are Iraqis. And they know full well that this is a gesture and a program funded by the U.S. Government. To the extent that when Katrina hit, a group of Iraqis joined voluntarily together to donate money to the victims of Katrina, recognizing the hand that the U.S. had extended to them.

I would just sum up by saying that as we look forward to what we might do to help redress the balance, I would start by rethinking the PRTs. We need to create structures that allow both the short-term and the long-term development objectives to be pursued by both the military and the civilian.

We should look at civilianizing 1207. This is an authority that was an inefficient workaround that is serving now to have the Pentagon fund projects through USAID. It is more efficient if USAID just does that for the post, the conflict prevention objectives that it is meant to serve. We need longer term funding that is more flexible, that enables the kind of flexibility that the military has with the CERP funds that can be deployed on the ground to move us quickly as these conflict environments move but through civilian structures.

As has been noted, we must rebuild USAID which operates with less than half the staff that it had a decade ago, and I think there is a good start with the Obama administration's fiscal year 2010 international affairs budget and its request for \$51.7 billion, especially with the emphasis of increasing personnel for State and AID.

I look forward to the conversation. Thank you.

[The statement of Ms. Lindborg follows:]



**Statement of Nancy Lindborg
President, Mercy Corps**

Committee on Appropriations
Subcommittee on State, Foreign Operations and Related programs
U.S. House of Representatives

Hearing on:
"The Role of Civilian and Military Agencies in the Advancement of America's Diplomatic and
Development Objectives"
March 5, 2009, 10:00 am
2359 Rayburn House Office Building

Madam Chairman and members of the Committee:

I want to express my appreciation to Honorable Representative Nita Lowey, Chair of the Subcommittee, and to Ranking Member Kay Granger, for the opportunity to offer testimony today on the role of civilian and military agencies in the advancement of America's diplomatic and development objectives. I thank the Subcommittee for holding this hearing to examine what is one of the most critical issues to the development of an effective US foreign assistance strategy. As the new US Administration and Congress seek to take a fresh look at the role of development assistance in supporting US foreign policy objectives, we have an important opportunity to rebalance our civilian and military capacities, rethink the roles and responsibilities of key actors and re-envision our global engagement strategies in keeping with the new challenges facing us as a nation.

I am here today in my capacity as the President of Mercy Corps, a large international humanitarian and development nonprofit organization that currently works in 35 conflict-affected and transitional countries, helping to rebuild safe, productive and just societies. Mercy Corps works in some of the world's most challenging and dangerous environments, including Afghanistan, Pakistan, Iraq, Sudan, Somalia, Democratic Republic of Congo, Sri Lanka and Colombia. Our work is supported by a wide range of public, private, and international donors, including a strong partnership with USAID. Our work in transitional environments – in weak, failing and war torn states – places Mercy Corps in a strong position to provide testimony today on the role civilian and military agencies can play in contributing to quick recovery and sustainable development in the world's toughest places.

Meeting the Challenges Posed by Failed and War Torn States: The Role of Complex Development

Over the past decade, the US government has increasingly recognized the importance of failed and war torn states as a key foreign policy challenge. Few dispute the need to focus on preventing conflict, containing the potential spread of pandemic disease, addressing the root causes of terrorism and rebuilding Iraq and Afghanistan as critical foreign policy priorities. In fact, the 2002 *National Security Strategy of the United States* notes the great dangers posed to our national interest by weak and failing states. This recognition has been accompanied by an explosion of efforts to understand state weakness, including important efforts by the Brookings Institution, the Center for Global Development, the Political Instability Task Force, the World Bank, USAID, the United Kingdom's Department for International Development and others. This large body of existing work has made tremendous progress in conceptualizing and quantifying state weakness, and in predicting conflict, instability and state failure. It has much to contribute to the development of effective US foreign policies to meet with the challenges that these states pose to our national interest.

In this regard, the recommendations made by Ambassador Susan Rice and her colleagues at the Brookings Institution are of particular relevance. In their 2008 *Index of State Weakness in the Developing World*, they highlight the need to give higher priority to poverty alleviation within overall US foreign policy goals. The reason for this is simple: the poorest countries are also the weakest. If the US aims to use foreign policy as an effective tool for addressing the challenges posed by weak and war torn states, then it is clear that development assistance has a key role to play.

This recognition has, in recent years, spurred a growing, bipartisan consensus in US policy circles around the notion of "smart power" – the idea that America's foreign policy is best served when there is an appropriate balance between Diplomacy, Defense, and Development. The defense community has been particularly vocal on this topic. Secretary of Defense Gates, in his memorable speech at Kansas State University in November 2007 and multiple times since, has consistently criticized the "creeping militarization" of US foreign policy, and called for dramatic increases in resources for civilian agencies. Chairman of the Joint Chiefs of Staff Admiral Michael Mullen added his voice in January 2009, speaking of the military's limitations as a tool of foreign policy and the need to adequately fund civilian agencies to take the lead, even if that means some reductions in funding to DOD. Finally, just last month, 45 senior officers from the US Global Leadership Campaign's National Security Advisory Council - a non-partisan group of prominent retired three and four-star generals and admirals representing all five branches of the Armed Forces – released a letter to President Obama calling for "a robust FY10 International Affairs Budget that sufficiently invests in 'smart power'."

A core element of this "smart power" approach is the recognition that complex development environments are critically important to our national interest. Development deficits in fragile states are now widely recognized to be drivers of conflict and extremism. US efforts in places like Iraq and Afghanistan, as well as African countries

like Sudan and Uganda, now focus on rebuilding stable, prosperous societies in difficult post-conflict environments.

Pursuing development in post-conflict and fragile states is often more challenging than traditional development practices in more secure environments. In the last decade we saw the rise of complex humanitarian emergencies. I would like to suggest we now must turn more effectively to the challenge of “complex development” in countries burdened by a potent combination of deep poverty, insecurity and weak governance. The solution in these environments is not humanitarian in the sense of saving lives, but rather adapts the fundamentals of development practice to the challenges of these complex environments.

Mercy Corps’ experience with complex development has taught us that recovery from conflict will advance most quickly when community members themselves have ownership of the recovery process and quickly see the positive results of their participation. World Bank President Robert Zoellick made a similar point in a recent speech, saying that community ownership is “fundamental to achieving legitimacy...and effectiveness” of aid efforts.

However, the US government has leaned more and more heavily on military approaches in difficult transitional environments. We have witnessed in recent years the increased militarization of development assistance not only in Iraq and Afghanistan but increasingly in Africa as well. Although there are many important security objectives quite appropriately pursued by the military, we must not confuse those shorter term security objectives with the longer term development gains so vital to our national interest and security more broadly defined.

The Imbalance of Military and Civilian Capacities

Throughout the Bush Administration, much effort was focused on developing a set of policies and capacities to enable a more robust approach to these challenges. Yet despite a national security strategy that identified as its cornerstone an appropriate balance between the “three Ds”- Diplomacy, Development and Defense - our civilian capacities remain woefully under resourced. Secretary Clinton, in her confirmation hearing, discussed how this dynamic has in turn driven the militarization of US foreign assistance, stating that the US has “so under resourced our diplomacy and our development, it sort of becomes a self fulfilling prophecy. The less resourced we are, when we’re given a task, the harder it is to perform, so the military understandably says...we’ll take care of this.”

The under investment in civilian capacity is well documented. Nearly everyone in Washington, DC is now familiar with the oft-quoted reference that there are more service members in military bands than there are Foreign Service Officers in the State Department and USAID. USAID’s current 2200 permanent, direct-hire personnel – about half the size of a typical Army brigade – are responsible for administering over \$8 billion in global humanitarian and development assistance annually. This means that USAID now manages a budget that is roughly two-thirds larger than it managed in 1990,

when it had two-thirds more staff than today. This lack of personnel has hindered USAID from staffing field posts in Afghanistan and Iraq. It also led Secretary Clinton to remark in her confirmation hearing that USAID has “turned into more of a contracting agency than an operational agency with the ability to deliver.”

Despite the growing recognition of the need for greater civilian capacity, we as a nation remain fundamentally reliant upon military capacity and military solutions. The military – as a “learning” and “doing” organization – has moved quickly to fill the “civilian capacity void” as it strives to address the challenges of post-conflict reconstruction in Iraq and Afghanistan, as well as advance its newly adopted mandate of preventing conflict on the African continent.

Military doctrine and policies have also been rapidly adapted to codify and advance these new Pentagon priorities. Critically, the November 2005 Directive 3000.05 established the importance of stabilization and reconstruction operations on a par with the military’s traditional kinetic operations. This directive provides the basis for a much broader redefinition of strategic doctrine addressing such areas as stability, security, transition and reconstruction operations. Although a key provision notes that many stability tasks are best performed by civilian actors, Directive 3000.05 also states the need for DOD to play these roles when civilian capacity does not exist.

The US military’s role in filling the “civilian capacity void” has been bulwarked by the Bush Administration and Congress, which have approved a host of budgetary authorities and administrative structures for use in stabilization and reconstruction operations. These include 1206 funding for training and equipping foreign militaries, 1207/1210 funds to support mostly civilian-implemented conflict prevention and stabilization programs coordinated by the State Department’s Office of Conflict, Reconstruction and Stabilization (S/CRS), and a vast Commanders Emergency Response Program or CERP, which provides officers with funding for emergency response and reconstruction that is readily accessible and involves minimal oversight or regulation.

Despite the Pentagon’s frequent public and doctrinal deference to civilian leadership, on the ground we are actually seeing the military expand its role even in areas where civilians are present and have capacity. The Combatant Commands, or COCOMs, are continuing to develop their capacities to implement assistance programming in their regions, particularly in Africa and South and Central America, where there is already ample civilian presence. Secretary Gates has also requested that many of DOD’s new authorities and programs be globalized and made permanent, including section 1207/1210 funding, which was originally devised as a quick fix to provide civilian agencies with much needed conflict prevention funding.

As a result of these shifting roles, the Defense Department’s proportion of Official Development Assistance (ODA) has expanded significantly in recent years. From only 3.5% of total US ODA in 1998, DOD’s percentage climbed to a high of 22% in 2005, and has since settled around the FY07 level of 18%. As significantly, the percentage of ODA controlled by USAID has shrunk during this period from 65% to 40%.

Afghanistan provides a startling example of the current imbalance between DOD and civilian reconstruction resources. According to the Special Inspector General for Afghanistan Reconstruction's (SIGAR) most recent January 2009 report, DOD appropriations from FY2001 through the FY09 Supplemental tally \$18.5 billion or 59% of the total reconstruction budget. By contrast, USAID accounts for \$7.7 billion (24%) and the State Department \$4 billion (13%).

According to SIGAR, total reconstruction funding for Afghanistan in FY08- FY09, including supplemental funding, allocated \$4.5 billion for DOD, including \$500 million for CERP; \$2 billion for USAID, and \$110 million for State. This means that the flexible funds at the disposal of military commanders in Afghanistan are almost five times larger than the total of all diplomatic resources being employed there by the US government.

The disequilibrium between USG investments in military capacity and in civilian capacity has been similar in Iraq. Since 2004, USAID in Iraq has obligated a total of \$5 billion to a broad range of programs: meanwhile, during the same time period the CERP alone has spent \$3.2 billion. As Secretary Clinton put it when discussing the CERP in Iraq during her confirmation hearings:

“I remember the first time I went to Iraq, in 2003, and I met young captains and majors and Lt. colonels, who were literally handed thousands of dollars in cash and were... doing an incredible job with great flexibility and very little accountability...but when I contrast that with a development officer or a State Department expert who knows the culture, knows the language...and this person can't get \$500 to fulfill a development mission that is in service of American security and our national interest, there's a big difference.”

The staggering imbalance in resourcing, combined with the current limited capacity of US civilian agencies, demonstrates how far we still are from the ambition defined by Secretary Gates in his speech to the US Global Leadership Campaign last July: that in diplomatic and development matters “...it is important that the military is – and is clearly seen to be – in a supporting role to civilian agencies.”

The Military Role

Often in tough humanitarian and conflict missions, only the journalists, the humanitarians and the military have a presence on the ground. This means we all need to understand how to work effectively with one another. Because we seek to foster development in some of the world's most challenging environments, Mercy Corps frequently finds itself working in close proximity to military and peacekeeping forces. As a result, Mercy Corps believes that constructive interaction and engagement with the military is vital. We therefore invest significant time and energy to improving civilian-military relations and understanding. Our efforts include serving as Co-Chair of the Working Group that produced the Interaction-US Defense Department operational *Guidelines for Relations Between US Armed Forces and Non-Governmental Humanitarian Organizations in*

Hostile or Potentially Hostile Environments. Mercy Corps staff also regularly participate in pre-deployment trainings, lectures and seminars together with US and international military and government personnel.

The question of DOD's role in provision of assistance is not a new one. The military has long been recognized for its unique capacities and resources. There is widespread appreciation for the life-saving lift and logistical capacity provided by the military in the wake of major and sudden disasters. The military's work in this regard after the Pakistan earthquake and the Indian Ocean Tsunami has been widely praised.

The military also has the critical mandate of providing security in "hot" and post-conflict environments. There are without question hot zones that do and will require the skills and tools of a military response, both for provision of immediate security and for the development of longer term stability through training local forces and contributing to broader counterinsurgency efforts. Finally, in that critical "golden hour" – the period of relative calm that we often see directly in the wake of a peace accord or cessation of violence – the military's capacity to provide security and help instill a sense of confidence in the future peace can be essential.

However, Iraq and Afghanistan - and the Global War on Terror imperative as declared by the Bush administration – have changed the discussion about how we use our military assets. Both Iraq and Afghanistan are highly insecure environments in which US troops have both a combat presence and a role in stabilizing and rebuilding the countries. Because of the relative absence of civilian actors, especially in an environment of ongoing violence and instability, the military stepped in to play a more prominent role in shouldering the burden of providing post-conflict assistance. Simultaneously, the military's counterinsurgency methods have evolved to include "hearts and minds" strategies for the purpose of force protection, gaining better intelligence, gaining the trust of local populations, and helping to calm or prevent conflict.

There is a risk that we could learn the wrong lessons from this experience in Iraq and Afghanistan – that we may be conflating what should be two separate foreign policy goals: counterinsurgency and longer term development assistance goals. We must not confuse the short-term objectives of a "hearts and minds" counterinsurgency strategy with the longer term goals of building a peaceful, productive society and nation that are best met with the tools and approaches of State and USAID. Both are necessary. However, we must take care not to subordinate one to the other, nor create structures that undercut the ability of civilian actors to pursue sustainable longer term development

While changes in roles and responsibilities between military and civilian agencies of the US government may have contributed to short-term counterinsurgency goals in settings like Iraq, we have already seen practical problems with using the military to provide longer term development assistance. Mercy Corps' experience suggests three key factors that contribute to the inherent shortcomings of military-led development efforts:

- *Military actors cannot be impartial assistance providers:* In insecure environments where kinetic operations are ongoing, military units and armed actors are often viewed by local residents as representing the motives and political agendas of outside interests. Because these forces normally operate “behind the wire” and arrive in communities with “shooters” in tow, military actors frequently have a difficult time building close relationships with local residents and developing a nuanced understanding of a community’s social dynamics – something the military itself recognizes. Put simply, it is hard to pursue effective development with one hand while dropping bombs or holding a gun with the other.
- *A resource-rich military actor providing direct assistance in a resource-poor environment can easily undermine the authority and capacity of the local community and governance structures unless great care and sophistication are exercised.* We have seen this in both Iraq and Afghanistan, where it is often quicker and easier for community members to seek funding through PRTs or military units using CERP funds than to go through their own government or to work with civilian development actors. Establishing parallel governance structures or militarizing basic government service provision is not a recipe for state stability. While the provision of life-saving assistance is essential, the practice of giving out large amounts of unconditional assistance often undermines the ability of local communities to organize for longer term change that would build stability.
- *Military staffing patterns rely on rotating key personnel, hampering the capacity for development of longer term programs.* High staff turnover can constrain the military’s capacity for building the sustained relationships and partnerships with communities that are the fundamental foundation of all effective development work.

From the perspective of operational NGOs working in the field alongside the US military, there is a related and pressing question of how the military’s involvement in development programs may hamper the ability of civilian agencies to do their jobs by undermining the safety and security of long-term civilian development actors and their beneficiary communities. The militarization of development assistance through a blurring of the lines between civilian and military roles can endanger lives and shut down projects.

Like many of our colleague agencies, Mercy Corps does not use arms and relies on the acceptance and support of local communities to provide a measure of security for our staff, and a measure of protection for the projects we work with local communities to implement. Mercy Corps’ recent experience in highly unstable Helmand Province in southern Afghanistan illustrates this point. We, like other NGOs operating in Afghanistan, have seen a spike in insurgent contacts with communities where we work. In one case, the women of a Helmandi village took up a collection of \$10 each, unbeknownst to us, to convince local Taliban to allow engineers to continue to work on a project developed in partnership with Mercy Corps. Another village has not only negotiated the return of all equipment and material seized in a recent raid but secured two separate written – written – agreements with different Taliban units to safeguard

community projects and permit them to continue working unmolested. None of these things would have happened if these communities did not know and trust Mercy Corps and value our projects so much that they are willing to stand up for their protection and continuation.

Unfortunately, the inverse is also true: when development assistance programs come to be seen as part and parcel of US military strategies, it can become more difficult for civilian development actors to work and may even push them out of the area. For example, one of our peer agencies recounts with some chagrin the conditions under which they were forced to close a long-standing health clinic last year in one strategically important province in eastern Afghanistan. Despite this, NGO's pleas with a US PRT to desist from opening a new military clinic two kilometers from their own, the PRT decided to go ahead with its project. The military clinic promptly drew attention and was attacked by insurgents. The ensuing combat, interceding as it did between the NGO and most of their beneficiaries and escape routes, forced the NGO to withdraw its teams and permanently close the clinic.

Increasingly, insurgents have been invading NGO compounds across Afghanistan in search of evidence of cooperation with PRTs and military units. After-action reports cite specific questions that have been asked about such cooperation. Indeed, a recent report by European NGOs cites an example from 2007 when a Danish NGO was told by community in Faryab that they could no longer protect them because a Norwegian PRT had visited one of their projects. In Iraq, similar dynamics have been common: we have seen cases where local contractors who "collaborate" with Coalition Forces have been threatened and in some cases killed, and numerous reconstruction projects that have been attacked and destroyed by insurgents.

Finally, the efforts of civilian NGOs have also been hampered in places like Iraq by new requirements that USAID-funded staff co-locate on military bases and seek DOD approvals and security clearances in order to have access to USAID. More specifically, we are now being asked to enter all personnel requiring clearance in the Synchronized Pre-Deployment Operational Tracker (SPOT) DOD database, which has a mandatory pull-down field where we must select the name of the military operation each staff member is supporting, despite the fact that our projects are civilian in nature.

Clarifying Roles and Responsibilities to Support Increased Civilian Capacity

The notion of "whole of government" approaches has gained currency in recent years, but in practice it has seemed to mean synchronizing and subsuming the work of civilian agencies under the military's policy leadership. Let me propose that rather than looking to align all existing capacities behind narrowly defined security objectives, the US should instead seek to develop clear and distinct diplomatic, development, and defense goals, and then structure involvement of civilian and military agencies according to the unique capacities they each bring to bear.

Development is most effective when it promotes not just American security goals but broader American values. In Afghanistan and Iraq, Mercy Corps has been able to work effectively in areas where the military is present, without tying our operations to theirs. Based on our experience, Mercy Corps believes that our model of operating contains some lessons for how the US can effectively pursue civilian-led complex development, even in difficult, insecure and transitional environments.

First, community ownership of aid efforts is fundamental to their effectiveness and durability. Community-led projects are those in which the beneficiary community has a central role in conceiving and implementing the project, and can hold the NGO or donor partner accountable. A Mercy Corps study of aid effectiveness in Kosovo found that taking a community-led approach to assistance projects correlates with increased citizen participation in governance. The study also found that when a community-led methodology is not used, the quality of assistance suffers – gaps open up between program approaches and actual community needs. Community ownership of an activity also ensures that a strong knowledge of the local context will guide programming decisions and design appropriate interventions. When this sort of contextual knowledge is lacking, there is a large risk that a project will turn into a white elephant.

Second, the independence of development actors is an important component of effectiveness. In dangerous contexts like Iraq, Afghanistan, or Somalia, US NGOs cannot operate with security if we are perceived to be working in close concert with a foreign government or foreign military force. The fact that we seek to act as an independent organization, and are perceived that way by both our partner communities and various armed actors, enables us to build a level of trust that would be impossible if we were more closely associated with a government or security actor's agenda.

Third, building local capacity is essential. Effective recovery and development depends upon working through local actors and developing their capacity. Mercy Corps builds partnerships with local civil society groups and community leaders and puts them in the lead whenever possible. Using USAID funds in Kosovo, Mercy Corps has worked through community groups and municipal authorities to improve citizen-to-government linkages and help hundreds of displaced minority families rebuild their houses and livelihoods in their home communities. A recent study examining this program found that over 90% of MC-supported projects were still being maintained by beneficiary communities up to three years after their completion. In addition, Mercy Corps' commitment to developing local capacity is also reflected in our own staff composition – 93% of our global field staff is locally-hired national staff.

All of these elements come together in the USAID-funded Iraq Community Action Program, implemented since 2003 by four NGOs to engage Iraqis in the rebuilding and renewal of their country. During the first five years of the program, ICAP partners - CHF, ACDI/VOCA, IRD and Mercy Corps, - invested \$271 million in USAID funding to support over 6,000 local projects in all 18 governorates of Iraq. This funding supported formation and training of 1,457 Community Action Groups made up of community members who bring their neighbors together to decide what needs to be done to stabilize their local communities and promote longer term development. Communities in Iraq

invested over \$74 million of matching funds in the program. From 2003 – 2008 ICAP created more the 2.7 million days of employment and 34,000 long-term jobs, of which 43 percent have gone to women.

We are now mid-way through the third phase of this project and are working to build and strengthen the relationships between Community Action Groups and local and provincial governments. This program was identified in the recent report by the Special Inspector General for Iraqi Reconstruction as one of the few success stories in the US reconstruction effort. And all this has been done as unarmed civilians, operating in a very challenging security environment.

Conclusion

A better balance between the roles, capacities, and resources of civilian and military actors would do a great deal to enhance the USG's ability to work effectively in complex development environments. To that end, I would like to suggest a few concrete steps that the Appropriations Committee could take that would contribute to such a rebalancing:

- *Provide long-term funding* – Effective development requires long-term commitments. Funneling large amounts of money through short-term instruments like the CERP and PRTs does not effectively serve development goals. The USG should instead focus the bulk of its reconstruction funding on civilian actors that are better able to pursue sustained, long-term assistance strategies, including greater use of complex development strategies that enable community-led work even in insecure environments.
- *Provide flexible funding for civilian agencies* – There remains a serious imbalance between the flexibility and agility of funds going to DOD vs. those going to USAID. While accountability is of fundamental importance, it is also true that when decisions on funding priorities are made in Washington rather than on the ground, the quality of assistance suffers. Civilian actors should be given an appropriate level of flexibility and ground-level, decentralized decision-making authority.
- *Rebuild USAID* – The imbalance in personnel resources between USAID and DOD must also be rectified. The US has robust development ambitions, and yet it is clear that we lack the tools to pursue these ambitions effectively. The caps on USAID's permanent staff size are a major impediment to effectiveness. A sustained process to grow USAID's staff size, while investing in staff capacity, will improve the agency's performance and lift much of the development burden off of the military.
- *Create structures on the ground in transitional environments that will allow for short-term and long-term development objectives to be effectively pursued by civilian agencies and their NGO partners.* This would include adequate staffing for USAID missions, sufficient ambient protection to allow civilian agencies to carry out their work, and specific funding streams to bridge the gap between emergency and long-term development programs, among other things.

- *End the practice of requiring NGOs to co-locate on military bases and to follow DOD administrative procedures.* The independence of US civilian agencies is best supported by allowing for a clear delineation between military and civilian personnel and facilities.
- *“Civilianize” 1207* – Section 1207 funding was designed as a temporary means of combating extremism, preventing conflict and building stability in under-resourced countries. It is now evolving into a permanent means for DOD to act as a “donor” to our civilian agencies. This authority should be rolled back, and the funding should instead be appropriated directly to civilian agencies like USAID.

I thank you again for the opportunity to speak to you and welcome any questions you may have.

<End>

Nancy Lindborg, President

Nancy Lindborg's guidance and strategic vision have helped transform Mercy Corps into a respected, innovative international relief and development organization and global partner of choice.

During her ten years of leadership, the organization has experienced unprecedented growth and met new challenges with responsive, innovative programming. In her role as Mercy Corps President, Lindborg uses her expertise in public policy, economic development, post-conflict and disaster assistance to lead Mercy Corps' global planning, public affairs, program operations and development, and emergency response. She has directed the organization's launch of programs in such challenging places as Iraq, Afghanistan, the Balkans, North Korea and tsunami-affected areas of southern Asia.

From her base in Washington, D.C., Lindborg currently serves as Vice-President on the Board of Directors for the U.S. Global Leadership Campaign. In critical roles as co-chair of the National Committee on North Korea and Chair of the InterAction North Korea working group, she leads efforts to advance, promote and facilitate engagement between citizens of the United States and the Democratic People's Republic of Korea. She is also a member of the Council on Foreign Relations and the USAID Advisory Committee on Voluntary Foreign Aid.

Lindborg served from 2000-2005 on the Sphere Management Committee, an international initiative to improve the effectiveness and accountability of NGOs, and chaired that committee from 2000-2004. Lindborg also served as co-chair of the InterAction Disaster Response Committee from 1998-2002.

Before joining Mercy Corps in 1996, Lindborg managed economic development programs as a regional director in post-Soviet Central Asia and worked in the private sector as a public policy consultant in Chicago and San Francisco. She graduated with honors from Stanford University with a B.A. in English Literature. She also holds an M.A. in English Literature from Stanford and an M.A. in Public Administration from the John F. Kennedy School of Government at Harvard University.

Mrs. LOWEY. Thank you. Ambassador.

OPENING STATEMENT OF AMBASSADOR MOOSE

Mr. MOOSE. Thank you, Madam Chair, Ranking Member Granger, and members of the committee. I too am grateful for the opportunity to appear before you and for the committee's interest, the subcommittee's interest in this particular subject, which I think is critical to the conduct of our foreign policy as we go forward.

I mentioned in my prepared remarks that I have benefited from my affiliations with several organizations that have taken a profound interest in this subject, among them USIP, Search for Common Ground, and LMI Government Consulting, but that my remarks will reflect strictly my own personal views. I thought that essentially my prepared remarks focused on what I believe is required to restore some semblance of balance between the military and civilian dimensions of our machinery for conducting U.S. and international security policy, and I won't rehearse those views here.

I do think it is important to note, partly in response to previous comments, that I think this rebalancing is important across the full spectrum of our foreign relations, not only in hot, nonpermissive environments or even in environments which are partially secure and partially insecure, but the fact of the matter is our military is present everywhere in the world and they are increasingly active across the board, and so the question becomes how do we ensure some effective integration of those activities with the rest of the foreign policy activities of our government.

I have tried in my prepared remarks to reinforce the testimony of colleagues from last week; namely, the case for a major increase in the capacities of the Department of State and other civilian international agencies. But as I looked at my testimony last night I thought it might be helpful to try to situate my remarks, perhaps that of others, in a somewhat larger context that is insofar as I can discern that larger context from where I sit down here in the trenches.

As members of the subcommittee are aware, there has been a rich discourse going on around this town for the last several months, all of it turning on the question of how to reform and restructure our national security architecture. Those conversations certainly have been driven by the events of 9/11 and how we might better organize our foreign policy national security resources to address the threats that 9/11 exposed.

They have also been driven by our experiences in Iraq and Afghanistan of trying to bring to bear the full capabilities of our government in order to accomplish our goals of reconstruction and stabilization.

Starting with Iraq, in particular, that conversation has prompted precisely the question of how we better integrate the tools in the field, and that conversation has led to at least one construct, the PRT, which is an effort to try to bring together the elements of our military, diplomatic and development capabilities at the operational level. There have been similar kinds of conversations taking place at various levels of the Defense Department, both here in Washington but also in the field, and I would note notably at AFRICOM and SOUTHCOM.

At a more strategic level, there is the project of our national security reform which was funded by the Congress which has undertaken an examination of what might be done to achieve integration across Federal agencies, both military and civilian, and that study too starts with the assumption that the security challenges that we face are of such complexity that they require us to draw upon all the capabilities of government and to bring them together in whole of government approaches.

That discussion at the Center for the Study of the Presidency has had a parallel at what John Hamre's organization has been doing over at CSIS under the rubric of smart power, and I believe that those two conversations, the one on national security forum, the one on smart power, are very much informing the conversations that are taking place at the NSC these days about what the future organization structure authorities of the new National Security Council ought to look like.

Very much related to this is the conversation that my colleague, Gordon Adams, has been involved in over the question of reorganizing and restructuring foreign assistance, and Nancy as well. And that conversation certainly got a boost from Secretary Rice when she arrived at the State Department and quickly discovered how difficult it was to array the resources of our foreign assistance portfolio and to align them behind what she and President Bush determined were their national security priorities. And I would say that that is a problem that faces any administration given the fragmentation and the way that we do our foreign assistance and foreign policy budgeting.

And closely connected to that has been another conversation about the role of public diplomacy, how we conduct the need for new structures within government, but beyond that how we leverage the capabilities, the resources, the contributions of nongovernmental actors in order to achieve that.

Now, last but not least, there is a discussion that has been taking place in some parts of town about how what we do here in the United States somehow gets linked to what is happening overseas. And that conversation stems from a recognition that at the end of the day these problems, national security threats, foreign policy issues that we address, are simply too large for us to be able to deal with on our own. We need to figure out how we leverage of resources of others. Carlos Pasqual, over at Brookings, has been very much a part of that conversation.

Now, returning to my remarks, the central point I want to make in this hearing is that the role of the State Department is, in my view, central to all of those conversations, and it is because that is where traditionally these issues get integrated, and it is quite true that in cases like Afghanistan and Iraq, which are major challenges to security, the fact at that level that requires a major role of the NSC. But there are simply too many problems out there for the NSC to be able to take them all on unless one envisages moving the entire apparatus of the foreign policy of the United States into the West Wing of the White House. We need therefore to rebuild the State Department as the centerpiece of a model, of a paradigm, of a structure that allows for the effective coordination of all aspects of our foreign and international security policy, which

includes not only again the hot situations, the nonpermissive environments, but how we integrate those things across the board. And my experience is in Africa, and I can tell you that the security challenges in Africa require contributions from diplomats, development experts, and the military if we are to solve, help Africans solve the challenges that pose threats to their security, but which if unaddressed also pose long-term threats to our security. That begins with rebuilding the State Department, but I also think it goes to the question of the authorities and the mandates which have been eroded over time and which need to be reviewed and restored.

Thank you, Madam Chair.

[The statement of Mr. Moose follows:]

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The Military Influence in Foreign Policy

Testimony of

Hon. George E. Moose

Before

The House Appropriations Subcommittee on State and Foreign Operations

March 5, 2009

Honorable Members of the Subcommittee:

I am pleased to have been invited to appear before the subcommittee, on a subject I believe requires urgent and serious attention: the severe and unsustainable imbalance between the military and civilian capacities of our government and the impact of that imbalance on our ability to address the complex international security challenges we will continue to face in the 21st century.

My views on this topic have been shaped by my 37 years with the Department of State, and by my affiliations with organizations that are engaged in serious efforts to help the USG improve the way it addresses issues of conflict. These include:

- The US Institute of Peace, where I serve as board vice chair. Founded by Congress twenty-five years ago, the Institute promotes research, education, and training on the prevention, management and peaceful resolution of international conflicts. It is also addressing the need to improve our national capacity to prevent conflict, manage existing conflicts and help societies struggling to build peace. In this mission, the Institute is grateful for the support it has received this subcommittee.
- Search for Common Ground, where I chair the board, and which has become an acknowledged leader in the field of conflict transformation and peacebuilding.
- And LMI Government Consulting, a not-for-profit government consulting company where I hold the position of Senior Fellow. LMI has a respected history of helping government leaders, both civilian and military, address their most critical management challenges, and it has developed special expertise in the area of post-conflict stabilization and reconstruction.

I wish to make clear, however, that the views I present here today are strictly my own.

The Hollowing Out of Foreign Affairs

At the heart of the problem the committee has chosen to address is the subject it took up at its hearing last week: the steep and steady erosion in staffing and resourcing of the Department of State and other foreign affairs agencies. It is not my intention to revisit that earlier testimony, but rather to build on it. In particular, I want to speak to the implications of this trend for the effectiveness of the U.S. response to complex international security challenges. In this regard, I will draw in particular on my experience in dealing with U.S. policy with respect to Africa.

But first, I would like to share a brief anecdote. In 1986, I was privileged to work for Ron Spiers, who served as State's Undersecretary for Management under Secretary George Shultz. At Shultz' direction, Ron launched a major campaign to increase funding for the diplomatic function, and to redress the imbalance that was evident even then between the resourcing of the military and non-military dimensions of our international machinery. The catch phrase we hit

upon at the time to describe the situation was, "Less than two cents on the dollar." That was the portion of the federal budget that went to fund not only the State Department, but the entire Function 150 international affairs budget. The point was further underscored by the fact that State's entire operating budget, roughly \$3 billion, was about equal to the cost of two B-2 bombers, then estimated at \$1.5 billion a copy.

Today, while the total funding of international affairs has nearly tripled, its proportion relative to total federal spending has declined from two cents on the dollar to less than 1.3 cents. I cite these figures to underscore the point that others have already made: that the disequilibrium in our funding for international affairs has existed for a long time, and that the problem has only deepened over time.

Indeed, the trend toward contraction in our international affairs budget accelerated during the decade of the 1990's – a decade that logically should have been an era of expansion to address the growing challenges of globalization and a burgeoning list of transnational issues. As Assistant Secretary for African Affairs, I waged a continuing battle to stave off efforts to close embassies across the continent. The effects of this contraction were seen not only in the shrinking of our diplomatic, aid and public diplomacy establishments, but also in the withering of our intelligence assets.

The contraction was driven by a preoccupation with domestic issues, notably the economy, and by a belief that, with the end of the Cold War, the U.S. no longer faced serious international threats to its security. There were many events along the way that should have caused us to question that facile assumption. In Africa, we witnessed the effort by Usama Bin Laden to establish a base in Sudan for his international terrorist ambitions. After leaving Sudan, he found a haven in Afghanistan. And, if nothing else, the bombings of our embassies in Nairobi and Dar Es Salaam in August 1998 should have served as an ear-splitting wake-up call.

The Response to 9/11

But I think it is fair to say that it wasn't until 9/11 that we as a nation came fully to appreciate the true nature of threats that were brewing in the international environment, and the seriousness of the costs of failing to confront them. And when, in the aftermath of 9/11, we looked around for ways to respond, we found that our international security tool box – diplomatic, developmental, public diplomacy, even intelligence – was essentially bare. Indeed, it appeared that the only tools and resources readily at hand were those of the military. The propensity to resort to military responses was reinforced by an administration that seemed more comfortable with military approaches to complex security problems.

Not surprisingly, it was during this same period that we witnessed some of the most troubling examples of what can happen when there is an overreliance on military responses. In Africa, for example, the State Department found itself in a struggle with combatant commanders who felt they had been given a "hunting license" by administration political leadership to pursue their own hot war on terrorism, without regard to the responsibilities and authorities of the Secretary of State or chiefs of mission in the field, or even the traditional prerogatives of the CIA. I think one can fairly say that the primacy given to military action, as well as the failure to consult or coordinate, put in jeopardy a host of other foreign policy objectives, to include sustaining the hard-earned progress that had been in areas of democracy and human rights.

I want to be clear that I do not regard our military as the bad guys in this plot. On the contrary, the U.S. military has done exactly what we ask and expect them to when presented with clear and legitimate political instructions: salute smartly and get on with the mission. Most military leaders with whom I have spoken have grown increasingly uncomfortable in the expanding roles they have been asked to assume, and with their lack of skills and experience to perform them well. Most share Secretary Gates' conviction regarding the need for a rebalancing of the key elements of our foreign and national security policy, as well as the imperative for a civilian lead in the formulation of policy and the integration of the elements of national power. And I know from my conversations with him, as well as his articles and speeches, that General Ward at AFRICOM fully shares this view.

Rather, to return to my opening remarks, the current imbalance in the alignment of our diplomatic, development and defense capacities can be explained by two interrelated phenomena: The steep and sustained erosion over the past two decades of our diplomatic resources and capacities; and the growing tendency of political leaders, especially notable over the past eight years, to look first to military responses to our complex international security challenges. Those two phenomena have been mutually reinforcing, driving more and resources out of the budgets of the international affairs agencies and into the budget of the Pentagon. It is a trend for which many must share responsibility, including the Congress, and the State Department itself, which in my view became too accepting of its diminished status and role, and which for too long tried to pretend that it could do more with less.

But I believe it is also important to point out that this trend has also been driven by a steady drumbeat of attacks from some who would have us believe that the State Department cannot be trusted to be a reliable implementer of the President's foreign policy – a scurrilous allegation that does a great injustice to the dedicated and loyal foreign service and civil service professionals who serve our country with honor and courage.

Restoring the Balance

Restoring the balance in our national security apparatus will require action on several fronts. The proper way to address is not to take assets away from the military. From the perspective of Africa, it is clear to me that we need the U.S. military to be more engaged, not less. There are many appropriate and legitimate tasks in which the military can and should be engaged.

- We want them to be making a larger contribution to the solving of the continents deep and seemingly intractable security problems.
- We want our military to make a greater contribution to helping build the capacity of democratically controlled African security forces to contribute to regional and international peacekeeping and peacebuilding efforts, an aspiration shared by Africans themselves.
- We want our military to make a greater contribution to contribution to security sector reform efforts, especially in countries like Sierra Leone and Liberia that are emerging from decades of civil conflict.
- We need the U.S. military to help African militaries address the HIV/AIDS pandemic, not least because African militaries are at present one of the major vectors of the disease.

For these missions, the U.S. military may well need more resources rather than less. But it is equally clear that we need a military whose programs and activities are fully integrated and coordinated, and that serve to support our broader foreign policy goals.

As last week's panel testified, the first and most urgent step required to restore balance in the conduct of our foreign policy is the rebuilding of the capacities of our civilian foreign affairs agencies. We can no longer pretend that State and USAID can responsibly assume the burgeoning list of diplomatic tasks central to protecting and advancing America's global interests without substantial increases in staff. This is true across the full spectrum of diplomatic activity, but it is especially true with respect to our response to situations of conflict and the threats they to our national security interests.

Both Iraq and Afghanistan are exceptional in the magnitude of the challenge and of the level of effort required. But a quick survey will reveal that there are many situations around the world that – in addition to posing immediate threats to the lives, welfare and rights of those caught up in them – pose wider risks for the security interests of the United States and the international community. The World Bank annually publishes what they call their list of “Low Income States Under Stress,” or what others might simply call fragile states. A recent index listed 27 states, of which 17 were in Africa. Even a prudent and conservative risk management strategy would argue that we need to make a greater investment in capabilities that allow us, proactively, to take action that might prevent or mitigate these risks.

In that regard, I applaud congressional support for the proposed Civilian Reserve Corps that would create a surge capacity for responding to crisis situations. But I will also insist this surge capacity holds only part of the solution. We must also address the need for substantial increases in full-time, resident core staffing, both in the field and in Washington. And we must make provision for the intensive training that this growing staff will surely need if they are to be able to assume the new duties we are asking them to perform.

Mandates, Authorities and Structures

But the solution we need is not just a matter of numbers. In addition to hiring more staff, we also need to rethink the issues of mandates, authorities and structures that will be required to empower the civilian foreign affairs agencies, the State Department in particular, to assume their appropriate and essential roles. The needed increases in personnel will prove ineffective if not accompanied by a re-examination of the way the State Department is organized to make use of those resources, as well as the authorities needed to enable it to fulfill its responsibilities with respect to the formulation and execution of foreign policy.

Again, taking Africa as an example, the establishment of AFRICOM has highlighted the need for a mechanism in Washington that can support the ambition of integrating our diplomatic, development and defense capabilities. To date, that construct does not exist.

This issue is central to General Jones' vision for a revamped National Security Council, one that focuses on the need for a more effective integration of all our instruments of national power and influence. There will always be some situations that are of such magnitude and high priority that they require coordination at the level of the NSC. Iraq and Afghanistan are clearly in that league. But there are many others that do not rise to that level; and it is simply not possible to lodge responsibility for managing all situations in the White House and the NSC. For those situations we require other mechanisms.

In my view, the proper locus for these coordinating mechanisms is the Department of State. That proposition is supported by many existing mandates, both executive and legislative. But I would argue that those mandates and authorities have suffered serious erosion in recent years. They are in need of restatement and reaffirmation, and in some aspects enlargement, to take into account new realities and requirements.

The Role of Congress

Finally, I cannot end without noting that the challenge of rebalancing the instruments of national power will require changes not only within the executive branch, but also within the Congress. My colleague Gordon Adams, from the perspective of his years of experience at OMB, is far better placed than I to comment on this critical dimension. The fact that responsibility for the 150 account is scattered among a dozen different authorizing and appropriating committees and subcommittees greatly complicates the challenge of bringing both coherence and sustained commitment to efforts to strengthen our government's foreign affairs functions. The balance that needs to be restored between our defense and non-defense capacities is not likely to be found in a budgeting process that pits State's needs against those of the Commerce and Justice Departments.

In conclusion, I welcome the attention the subcommittee is focusing on this issue. I believe that such an examination is urgently needed. I greatly appreciate the opportunity the subcommittee has given me to speak to these issues, and I look forward to your questions.

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George E. Moose is Adjunct Professor and Professorial Lecturer in International Practice at the Elliott School of International Affairs at The George Washington University in Washington, D.C., where he teaches a graduate seminar on the United Nations. He retired from the U.S. Department of State in 2003, at the conclusion of a thirty-five-year career in the U.S. Foreign Service, having attained the rank of Career Ambassador.

Born in New York City, Ambassador Moose grew up in Denver, Colorado. A graduate of Grinnell College, he entered the U.S. Foreign Service in 1967. Following assignments in Vietnam, Barbados, Washington and New York, he was named U.S. Ambassador to the Republic of Benin (1983-86) and to the Republic of Senegal (1988-91). From 1991 to 1992 he served as U.S. Alternate Representative in the United Nations Security Council. In 1993, he was appointed Assistant Secretary of State for African Affairs, a position he occupied until 1997. From 1998 to 2001, he was U.S. Permanent Representative to the European Office of the United Nations in Geneva.

Ambassador Moose serves on the boards of Search for Common Ground, the U.S. Institute of Peace and Elderhostel. In January, 2007, he joined LMI Government Consulting, as a Senior Fellow. He is married to Judith Kaufmann who, since retiring from the State Department in 2004, has been a consultant on international health diplomacy.

January 2009

Mrs. LOWEY. Thank you.
Dr. Adams.

OPENING STATEMENT OF MR. ADAMS

Mr. ADAMS. Thank you, Madam Chair, Congresswoman Granger, and committee members, for having this hearing. I think it is critically important and quite unusual, I think a very unique precedent to have this subcommittee hold a hearing on this wide a topic, which is of course in the end structure and process and institutions are all going to be central to the decisions you have to make in this subcommittee. So I congratulate you for having the hearing, and I am happy to join the rest of my panelists in saying well done and a good start.

What I am going to say will be very brief because we have a lengthy statement. I am not going to try to lumber you with the whole thing, but I wanted particularly to point out that much of what I say is based at least on two pieces of work with which I have been associated with other people both here at the table and on the dais. Congressman Kirk, who had to leave, was a member, a co-chair of a task force at CSIS which I sat on, on nontraditional security assistance which informed my thinking in this area greatly. And we have, as you know, and I have made copies available, done a report with the American Academy of Diplomacy at the Stimson Center on what we need to do to strengthen the tool kit of statecraft on the civilian side for the United States Government. So those two experiences plus my own experience at OMB and in the research world have influenced what I have to say.

I am not a doctor and I don't play one on television but I thought I might cast my oral statement somewhat in the framework of diagnosis, prognosis and cure, to see if that at least lays some steps toward discussion in the question and answer.

Diagnosis, I think quite simply we have, as you stated, a growing imbalance between our military and civilian tools of statecraft. And I would argue that is not healthy, hence the medical metaphor. It is not healthy for our military, it is not healthy for our civilian instruments, and it is not healthy for the American role in the world. And I will come back in terms of prognosis to what I mean by that.

But the diagnosis I see in such areas as five new spigots and programs for security and foreign assistance in the Defense Department under DOD authorities over the last 8 years, which have cost us now as taxpayers a total of \$50 billion in expenditure directly through the Department of Defense. And I see it in the seven spigots and programs that we have for stabilization and reconstruction operations across the government, many of them new and many of those in the Department of Defense.

I see the diagnosis in the increasing tendency to develop civilian engagement capacities in military commands, AFRICOM, SOUTHCOM, whose commander is a fine man, basically describe SOUTHCOM as a giant velcro cube to which other parts of the government could attach itself. And increasingly I was quite struck, for example, that General Petraeus was leading an across-the-board, governmentwide review of our CENTCOM policy, particularly with respect to Afghanistan and Pakistan. And my question, coming back to George's question, was why is that review not being

led in the State Department? Why is it being led by a military command? And that results in a yawning imbalance.

We see other areas of activity that you are not less concerned with today, but public diplomacy, which George mentioned, is another one of them where there is a growing area of activity at DOD that is not well understood or even well studied.

Prognosis. I think there are three consequences of this that do not bode us well for the future of American national security and foreign policy. Consequence number one is in fact an overstressed military, that we are asking an institution in uniform to perform an increasing number of functions which are not central to their core capacities, but we are asking them to do them nonetheless. Occupations, the civilian side, as Dr. Hamre mentioned, of counter-insurgency warfare, public diplomacy activities, economic development, building health clinics, schools and the like, all of which are wonderful things in high stress combat environments to have the military try to do, but have real severe consequences for the overall capability of our military in combat terms.

Second consequence, a weaker civilian tool kit because to the extent that we rely on the military as the default position, we are increasingly saying to the civilian side let's not bother because we now have the military assuming the role.

And third consequence, a message to the world, and this to me is perhaps the most serious, that to the rest of the world the American international engagement increasingly wears a uniform and however much we may respect our uniformsists and the jobs that they do, that is not always welcome in other parts of the world.

In addition to that, we are sending to some parts of the world, Latin America, for example, a message that says we have spent decades asking you to keep your military in its barracks and out of politics and governance; meanwhile, we are inserting our military more and more into politics, governance, economic development and other activities in your countries. It is a mixed message that we are sending.

Cure. I think it is important, and I think it was Nancy Lindborg who suggested it, that we not learn the lessons of the last post war. We often learn the lessons of the last war. Well, we are learning some lessons of the last post war. And there are real dangers in learning those lessons or taking Iraq or Afghanistan as the template for the capacities and structures that we need to build.

Issue number one, strategy, what is it we intend to do? And Nancy raised that question. If what we are looking at is how we deploy civilian forces alongside a major U.S. military deployment, that is going to give you one kind of capacity. If what we are looking for is smaller scale international interventions where the primary responsibilities are civilians and the military is there as a security force, that is a different kind of capability. If what we are concerned about is strengthening governance in fragile and failing states or helping restore it in recovering states, that may be a third kind of capability.

And in my testimony, and I am happy to discuss it more in Q and A, I talk about how we need to strengthen State, how we need to strengthen USAID, much of it drawn from the report that we did with the Academy, and particularly, and that is part of the focus

of my testimony, is what we need to do to move transition, some of these authorities that have been created in the Defense Department over to the State Department as we build capacity in the State Department to take them on and perform them.

And I will take questions happily. Thank you very much for the hearing.

[The statement of Mr. Adams follows:]

**The Role of Civilian and Military Agencies in the
Advancement of America's Diplomatic and
Development Objectives**

Testimony of

Dr. Gordon Adams

**Professor of International Relations
School of International Service
American University
Washington, DC**

And

**Distinguished Fellow
Henry L. Stimson Center
Washington, DC**

Before the

**Subcommittee on State, Foreign Operations, and Related
Programs**

of the

House Committee on Appropriations

5 March 2009

Thank you Madam Chairwoman, Congresswoman Granger and members of the subcommittee for inviting me to testify today. The hearing you are conducting on these issues is critically important. We are at a crossroads in American foreign policy and we have a unique opportunity to rebalance, redefine and rebuild the instruments of American statecraft. Your hearing will make an important and timely contribution to that effort. The new administration has begun that effort by proposing a budget that would significantly increase resources for our diplomatic and development programs, while slowing the growth of our defense spending.

The focus of your hearing is on the growing role of the Defense Department and the military services in planning, budgeting, and implementing security and foreign assistance programs. This trend has been noted both by the Secretary of Defense and, most recently, the Chairman of the Joint Chiefs of Staff, Adm. Mike Mullen, who referred to the “militarization” of our foreign policy in a February 5 talk at Princeton: “You’ve heard us, some of us and certainly me, talk about our foreign policy being too militarized. I believe that. And it’s got to change.”

I want to focus my testimony today on this trend, describing the authorities, programs, and budgets for security and foreign assistance that have been developed at the Pentagon over the past ten years and what their implications are for the military, for the balance in our toolkit of statecraft and the capabilities of our civilian institutions, and for the role and credibility of our international leadership. Overall, I think this is a dangerous trend: it expands the missions of our military into areas that are not their core competence, by default it weakens our civilian diplomatic and development tools, and it puts a uniformed face on America’s international engagement.¹

After decades of advising foreign governments and militaries to restrict their uniformed forces to their proper role in providing military security for the nation, we are on the verge of sending a signal to the world that it is appropriate for our military to expand their missions into roles and responsibilities that properly belong in the civilian sector. It will not be easy to reverse this trend, but it is important to do so and I will suggest some steps we may want to take to restructure the balance of our own national security institutions. Restoring this balance is important, I believe, to our fiscal health, our democratic institutions, and to our national security, image, and international leadership.

Defense Programs, Authorities and Resources

The Department of Defense has long been involved in international areas outside their principal mission of kinetic operations. DOD and the military services are primarily responsible for drawing up and implementing programs for Foreign Military Financing

¹ This testimony draws primarily on three sources of research: The October 2008 report, *A Foreign Affairs Budget for the Future*, jointly conducted and published by the Stimson Center and the American Academy of Diplomacy, in which I participated; the December 2007 report *Integrating 21st Century Development and Security Assistance*, from the Task Force on Non-Traditional Security Assistance of the Center for Strategic and International Studies, of which I was a member; and the draft of a forthcoming book *Buying National Security*, of which I am the co-author.

(equipment, training, and services) for friendly and allied nations, and for military education for the officers of other militaries (International Military Education and Training – IMET), both under the policy guidance and with budgetary funding from the State Department.

The military's nation-building programs find their roots at least as far back as the Vietnam War. The expansion of counter-narcotics programs at DOD also expanded the military mission into training and foreign assistance. Military information and broadcasting programs have thrust the military deeply into the arena of what is generally described as "public diplomacy."

The most recent trend in such programs, however, has grown out of counter-terrorist operations and the deployment of American forces to Afghanistan and Iraq. Over the past ten years, the Defense Department has significantly expanded its own direct authorities, programs, structures, and funding for security assistance and training, counter-terrorism training, economic assistance for reconstruction and stabilization (R&S), and budgetary support for other governments. This includes new authority for global training and equipping of foreign security forces (Section 1206), authority to transfer funds to State for conflict resolution and reconstruction and stabilization projects (Section 1207), authority to provide economic, governance, and development assistance (CERP), military training programs in Afghanistan and Iraq (ASSF and ISSF), authority to train foreign forces for counter-terror operations (CTFP), and funding to subsidize the budgets of governments assisting the U.S. in counter-terror operations and in Iraq (CSF).

In addition to these new authorities and programs, the Defense Department issued DOD Directive 3000.05 in December 2005, placing stabilization and reconstruction missions on par with combat missions for the U.S. military. In January 2009, the Defense Department issued a new DOD Directive 1404.10, revising and expanding its guidance for creating a DOD-based Civilian Expeditionary Workforce (CEW), which would be responsible for supporting the military in humanitarian operations and stability operations, along with other non-traditional military tasks like counternarcotics and disaster relief.

Starting with the new AFRICOM combatant command, and now in SOUTHCOM and CENTCOM, the military is expanding its regional command responsibilities to bring civilian diplomatic and development agencies under its wing. As SOUTHCOM Commander Adm. James Stavridis put it in January 2008: "It's not because we're trying to take over at Southcom – it's because we want to be like a big Velcro cube that these other agencies can hook to so we can collectively do what needs to be done in this region."

DOD has also sought to expand the mission of such pre-existing DOD activities as the Overseas Humanitarian Disaster and Civic Aid program (OHDACA), and the Combatant Commander's Initiative Fund (CCIF) to cover stabilization and reconstruction activities.

Let me point out that the State Department, in the previous administration, acquiesced or actively approved this expansion of direct DOD authorities and responsibilities. The six new programs listed above were provided over \$50 billion between FY 2002 – FY2009. Over the same period of time, the Foreign Military Financing and IMET programs were provided nearly \$40 billion, making DOD directly responsible for 55 % of U.S. security assistance overseas during that period of time.

The Civilian Institutional Problem

The trend I am discussing has come about in part because of the expansion of our military missions into new countries and new responsibilities. It also reflects a fundamental weakness in our civilian institutions. During the past 30 years, our civilian diplomatic and foreign assistance institutions of statecraft – primarily the State Department and USAID – have lost a good deal of their capacity.

In our recent Stimson Center/American Academy of Diplomacy study, *A Foreign Affairs Budget for the Future* we found that the direct USAID workforce declined from 4,300 at the end of the Vietnam War to 2,200 in 2007. Between 1995 and 2007 alone, USAID's permanent FSO corps, excluding the Inspector General's office, fell from 1,337 to 1,019, a reduction of almost 24% while at the same time the total level of economic assistance programs for which USAID is responsible (excluding cash grants), rose from \$4.7 billion to \$11.6 billion. These shortfalls led USAID to become primarily a contract management agency that out-sources much of America's bilateral foreign assistance.

The State Department has had a comparable history. After the fall of the Cold War, the U.S. significantly expanded its presence around the world, opening 20 new embassies and increasing its role in managing foreign assistance programs. Staffing increases were not commensurate, however, and the Department was forced to absorb its expanded mission with existing staff.² Our study found that by September 11, 2001, the overseas staffing shortfall in the State Department had approached 20%, with an even larger gap at USAID. Secretary of State Colin Powell's Diplomatic Readiness Initiative (DRI) created 1,000 more State Department diplomatic positions by 2004, but these were rapidly absorbed in Iraq, Afghanistan and neighboring countries.

Since the DRI ended in 2004, staffing increases at State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to 2000 levels.³ As of 2008, State faced a personnel shortfall of more than 2,000 staff-years relating solely to enduring core diplomatic work, emerging policy challenges, and critical training needs.⁴ This shortfall is especially noticeable in the part of the State Department that is most directly responsible for security assistance. Over the past decade, Political-Military specialists in the Foreign Service have declined from 63 FSOs to just

² Stimson/Academy Study, "A Foreign Affairs Budget for the Future," p.9.

³ Ibid.

⁴ Ibid.

19; this despite an overall increase in State Department security assistance funding from \$3.7 billion to \$5.7 billion.⁵

Today, there are simply not enough personnel at USAID and the State Department to perform the tasks asked of them or to staff all posts while officers receive critical training.

Equally important, the State Department and USAID had virtually no capacity to provide the staff and expertise needed to undertake stabilization and reconstruction programs in Afghanistan and Iraq. Once the U.S. occupation authorities realized that the U.S. had taken on a responsibility for which it had not planned and was unprepared, it was forced to turn to the military forces for funding (CERP) and personnel needed to begin the tasks of reconstruction and governance that local authorities were incapable of delivering.

Our report also found that personnel policies and structures at the State Department and USAID do not fully prepare Foreign Service Officers for the new environments in which they are working. While there are many exceptional Foreign Service Officers, the recruitment, training, incentives, and promotion structure do not serve them well for these new missions. Whereas military officers are expected to work in multiple disciplines and across tasks as part of their career path, Foreign Service Officers are generally discouraged from cross-cone or cross-agency assignments.

The culture of the State Department and the Foreign Service is largely focused on the historic and important roles of diplomats: report, negotiate and represent. They perform these skills superbly well, in the service of the nation. But these skills, alone, no longer reflect the reality of the new missions we are asking our Foreign Service Officers to perform: counterterrorism, counternarcotics, reconstruction and stabilization, development and governance support. These missions require broad technical, economic and programmatic skills, as well as the cultural and linguistic knowledge we give the Foreign Service. Our broad array of foreign assistance and development programs cry out for a work force skilled in strategic and budgetary planning, and program development, implementation, and evaluation.

Budgetary resources have also been a persistent problem for State and USAID. Initially this might not appear to be the case. The Function 150 International Affairs budget tripled in current dollars between 1977 and 2000, rising from \$8.2 billion to \$22.6 billion. But when one examines the difference in real (uninflated) terms, the 150 budget has actually shrunk 3.0% over 24 years. No wonder the State Department is giving way to the DOD in critical areas like security assistance and stabilization and reconstruction.

The picture is even bleaker when you consider the program cuts in USAID's budget between 1977 and 2000. Looking at the key USAID programs (CSH, DA, ESF, and SEED), funding levels more than doubled in current dollars but fell by 23.9% in real terms. The budget for USAID operating expenses has also declined, falling 3.6% between 1977 and 2000. Sharp cuts in program and operational budgets have forced

⁵ Ibid., p. 50.

USAID to shed employees. The scope of State's development and security assistance portfolio has expanded considerably since 2000, but funding has not accelerated and financial and human resources are stretched to the limit.

In addition to the problems of personnel shortages,(both numbers and skills), the absence of capability, and budget shortfalls, the State Department and USAID have had to deal with the realities of a statutory framework that does not provide flexibility for contingency operations overseas. The Foreign Assistance Act (FAA) of 1961 and the Arms Control and Export Act (AECA) of 1972 were written and even amended in a previous era and do not reflect the current political or security environment or give the State Department and USAID the flexibility and agility they need to respond to the new era.

Personnel shortages, flat budget resources, and restricted authorities combined to make it difficult for the State Department and USAID to respond to the challenges of the post-9-11 era and the invasions of Afghanistan and Iraq. Defense Department authorities were greater, the military could respond more quickly, and the resources could be raised for that response. As a result, the military and the Department moved to create their own foreign and security assistance authorities that are more flexible and agile.

Reconstruction and Stabilization Programs

The civilian institutional problems and the growth of DOD and military service responsibilities are particularly noticeable with respect to the mission of reconstruction and stabilization. Afghanistan and Iraq revealed a glaring gap in our capabilities. Even with these experiences, the government continues to be somewhat chaotic in the way we have developed an institutional response. Today we have at least seven programs and offices with responsibility for this mission, based in different departments and with overlapping capabilities. The DOD programs are by far the best funded and most flexible.

1. Provincial Reconstruction Teams (PRT): perhaps the most innovative, but "built in the field" in Afghanistan and Iraq, funded from multiple spigots (primarily CERP), thinly coordinated, and not strategically planned. The Investigations subcommittee of the House Armed Services Committee recently reported that the PRT effort is largely *ad hoc* in nature: The PRTs "are not subject to a unified or comprehensive plan for stability, security, transition, and reconstruction in either Iraq or Afghanistan....The relevant departments have not articulated clear objectives for what they want PRTs to do, and they cannot effectively evaluate their performance....There is no clear definition of the PRT mission, no concept of operations or doctrine, no standard operating procedures.... The funds are not controlled or coordinated centrally; rather, different agencies control the different funds"⁶

⁶ U.S. House of Representatives, Armed Services Committee, Subcommittee on Oversight and Investigations, "Agency Stovepipes v. Strategic Agility: Lessons We Need to Learn from Provincial Reconstruction Teams in Iraq and Afghanistan," April 2008, pp.16,18,23.

2. The Commander's Emergency Response Program (CERP). DOD created this program in Iraq and it operates in Afghanistan. CERP provides some of the PRT's most flexible and agile funding, but is also widely used for purposes many of which are development assistance.
3. The Combatant Commander's Initiative Fund (CCIF). CCIF is a long-standing, joint staff source of small funding for local military initiatives. DOD has sought and received authority to expand its reach to reconstruction and stabilization activities. The Pentagon sought to expand this fund to \$100 million in the FY 2009 budget, but was appropriated \$50 million
4. The Office of Transition Initiatives (OTI) at USAID targets transitional governance and early stabilization programs in countries emerging from conflict, including activity in Iraq and Afghanistan. OTI remains small at roughly \$40 million per year.
5. The Office of the Coordinator for Reconstruction and Stabilization (S/CRS). S/CRS was created in 2004 and empowered by the White House through NSPD-44 in late 2005 to coordinate government-wide planning for R&S operations (outside of Iraq and Afghanistan), to develop a matrix for anticipating such crises, and to create an active, stand-by and reserve corps of civilian specialists for such missions in the future. The FY 2009 budget sought \$248 m. to create a standing S/CRS capability for such missions, and another 210 positions to fulfill these new missions. State was provided \$30 million for these programs in FY 2008 emergency supplemental funding, with USAID receiving \$25 million.
6. The Overseas Humanitarian, Disaster, and Civic Aid (ODHACA) program at DOD has also been given more resources (\$103 million in FY 2008 and \$83 million in FY 2009) to provide disaster assistance in foreign countries. DOD has sought to expand its ODHACA authority to include stabilization activities.
7. The Civilian Expeditionary Workforce (CEW) is the most recent effort by the Defense Department to establish its own reconstruction and stabilization capacity. The Directive establishing the policy for the (CEW) states that, "Members of the DoD Civilian Expeditionary Workforce shall be organized, trained, cleared, equipped, and ready to deploy in support of combat operations by the military; contingencies; emergency operations; humanitarian missions; disaster relief; restoration of order; drug interdiction; and stability operations of the Department of Defense..."⁷

We have clearly expanded capabilities for stabilization and reconstruction in several directions at the same time. DOD is taking a strong lead, and developing significant internal military and civilian capabilities, yet there is a fundamental problem with this approach. Institutional development needs to follow from a clear mission. But the

⁷ DOD Directive 1404.10, Undersecretary of Defense (Personnel and Readiness), 23 January 2009.

mission the United States is taking on here is unclear. Despite NSPD-44, there is no clear mission definition or national strategy for post-conflict reconstruction and stabilization and we are at serious risk of “fighting the last post-war” of Iraq. This raises a number of key questions that we must answer in order to understand the possible security challenges that confront us:

- Are we concerned about deploying civilian forces alongside a major U.S. military deployment in a post-conflict environment? If so, where do we anticipate deploying military forces in such large numbers that a large civilian governance capability is needed alongside? There is a risk here of fighting the last post-war in Iraq, rather than designing a capability for a likely future contingency.
- Are we concerned about smaller scale international interventions to deal with post-conflict and post-civil war situations like Darfur? If so, is a large, new capability needed, or should we expand existing capabilities at USAID, using the DART Team and OTI models? If policing is the key issue in these situations, do we need a large, cross-agency capability to target this rather specific need?
- Are we concerned about strengthening governance in countries where the state is weak or failing? In which case, how does the mission differ from that of existing USAID programs to strengthen governance and the rule of law? Should we not be strengthening USAID to perform those missions, as part of our multilateral engagement?

In the absence of clarity about the mission, the “diaspora” of programs across the State Department, Defense Department and USAID has important implications. First, the authorities and programs duplicate each other, adding to their overall cost. The eight reconstruction and stabilization authorities listed above cost approximately \$2 billion in FY 2009, not counting the costs to develop and maintain the Civilian Expeditionary Workforce at the Defense Department.

Second, despite NSPD-44 and the existence of an S/CRS-designed matrix for interagency operations, there is little actual coordination across the government of reconstruction and stabilization programs. This is evident most clearly in the case of the PRTs where there is no formal process for communication and coordination of military and civilian operations. Any coordination that does take place is *ad hoc* and relies on the working relationships between people in the field.

At the very least, it is time to step back and examine what we want to accomplish with respect to governance, failed states, and post-conflict reconstruction, before we expand these multiple capabilities even further.

Security Assistance

The planning, budgeting, and implementation of U.S. security assistance have been significantly affected by the trend toward giving DOD direct responsibility for these

programs. In the past, security assistance policy, country selection, and budgeting has been the responsibility of the State Department, with the services and DOD playing an important role, both in program planning and implementation, primarily through the Defense Security Cooperation Agency (DSCA).

Starting with the conflict in Afghanistan and the U.S. invasion and occupation of Iraq, U.S. security assistance programs changed dramatically, with the significant development of new programs and authorities based in the Defense Department.

1. Section 1206 of the National Defense Authorization Act gives DOD the direct authority to build the capacity of foreign military forces on a global basis. The authority was created in the FY 2006 Act and included authorization to cover training for internal security forces. Funding for 1206 programs has grown from an initial authorization of \$200 million to an FY 2009 appropriation of \$350 million. The authority is temporary, through FY 2011, but DOD has for three years sought to make the program part of its permanent law in Title 10 of the U.S. Code. 1206 provides programs that are similar in nature to Foreign Military Financing, but with greater flexibility. They are also similar to the Peacekeeping Operations account at the State Department. State Department concurrence is required on specific programs funded under Section 1206.
2. Coalition Support Funds (CSF) allow DOD to reimburse partner nations providing in-kind assistance for U.S. combat and counter-terror operations in Iraq and Afghanistan. It is, in effect, budget support, similar to past uses of Economic Support Funds, administered by the State Department. Pakistan is the largest recipient of CSF funding, followed by Jordan. Both also receive ESF funding. The FY 2009 appropriation for Coalition Support Funds is \$200 million but in past years the program has been appropriated as much as \$1.1 billion.
3. The Afghanistan and Iraq Security Forces Funds (A/ISFF), operated by the Defense Department and the military, provide substantial training, equipment and services for the military and security forces of those two countries. Over the past eight years, these programs have constituted the largest security assistance program undertaken by the United States, totaling nearly \$35 billion. The program is similar to Foreign Military Financing programs, but with a larger training component.
4. The Combating Terrorism Fellowship Program (CTFP) is a small training and education program on counter-terrorism strategy and tactics, designed for foreign military officers. CTFP is a permanent DOD authority in Title 10, but is implemented using the IMET administrative machinery at DOD.

It is striking that in each case, the new DOD program is similar to or parallel with existing State Department authorities. While State Department concurrence is required for some programs, such as Section 1206, the programs are planned, initiated, implemented and funded through DOD authorities. Moreover, since 2007 DOD has

proposed making Section 1206 (as well as the CERP program above), part of permanent law, under Title 10 of the U.S. Code, which would enshrine these security and foreign assistance activities as a permanent part of Defense Department responsibility.⁸ DOD has sought this permanent law status despite the observation that the “militarization” of U.S. foreign policy is undesirable. Table I, appended to my testimony, details the funding appropriated to DOD for programs in security assistance and reconstruction and stabilization.

The Down-side of Militarization

Given State Department and USAID weaknesses and the urgent requirement generated by the war in Afghanistan and the invasion and occupation of Iraq, the trend toward “militarization” is explainable. The question remains as to whether it is desirable. There are three major implications of this trend which have a direct bearing on our national security and the long term balance of our policy institutions.

The Mission is Not Core to the Military

Nation-building is not a core military mission, however well-intended and implemented it may be in specific circumstances. The military is simply not trained or staffed to plan and execute economic, social, or political development. The military has no core capacity for development and governance, though it can play an important role in providing short-term security and stability. Indisputably, in areas of active combat operations or where security conditions do not permit civilian presence, the military is best suited to provide such stability, security, and initial recovery projects, such as those envisioned under the original CERP guidance. However, the military is manifestly not the best qualified to provide large-scale reconstruction and assistance efforts outside combat zones, though such efforts have been and continue to be made through the CERP and PRT programs.

Military forces also have a decided advantage in rapid response to humanitarian disasters, providing immediate security and airlift. This was evident in the U.S. response to the Tsunami in Southeast Asia, where Navy ships operating in the Pacific could quickly aid affected areas. However, an OECD study concluded that civilian personnel are ultimately more effective in carrying out humanitarian tasks, including in conflict situations, interacting with the local population, providing the most suitable medical response, managing refugee camps, and providing water and sanitation.⁹ As the OECD study noted, in the case of the Rwanda crisis of 1994, military personnel were “skilled in their own areas, [but they] had no unique competence in such matters as refugee camp construction, community health and disease control, or shelter management. Moreover, their security preoccupations — for example, the prohibition against U.S. forces from

⁸ “Building Partnership Capacity”, Office of the General Counsel, Department of Defense, 3 May 2007; “Building Partnership Capacity” Office of the General Counsel, Department of Defense 23 May 2007; “DOD FY 2009 Budget Request Summary Justification”, Comptroller, Department of Defense February 2008.

⁹ OECD/DAC Task Force on Conflict, Peace and Development Co-operations, “Civilian and Military Means of Providing and Supporting Humanitarian Assistance During Conflict: Comparative Advantages and Costs,” Paris: OECD, 1998, pp. 12-15.

leaving the Kigali airport, the reluctance of the Japanese to work in refugee camps — also circumscribed what the troops themselves were able to achieve.”¹⁰

Gearing up the U.S. military to perform foreign assistance and development programs over the long term passes civilian responsibilities over to the military. The result is an additional burden on and stress for the military, already concerned by the stress of long-term rotations in Iraq and Afghanistan. The U.S. military has enough on its plate protecting civilians, combating terrorists and holding back insurgents in the Middle East and across the world.

Very little in the experience of Iraq or Afghanistan suggests that the U.S. military is naturally suited or highly capable of developing, implementing, sustaining, or evaluating complex, long-term investments in social, economic or political development — the fundamental work of nation-building. As for security assistance, it is clear that military forces have capabilities to provide equipment and services. Training, however, is a burden on operating forces, hence the frequent recourse the military has to private contractors to provide such training in Iraq, Afghanistan, and through the Section 1206 program.

The Trend Further Atrophies Civilian Institutions

To the degree that we further empower military institutions for planning security assistance and nation-building programs, we further dis-empower our civilian agencies to carry out such programs. Although civilian staffing and budgets have grown over the past eight years, much of that increase has gone to the Millennium Challenge Corporation, HIV-AIDS and infectious disease programs, and Diplomatic Security. Staff and funding for core foreign assistance, development, and new post-conflict responsibilities have not grown. Leaving these missions to the military reinforces the notion that the civilian agencies are not adequate to the task, creating a self-fulfilling prophecy.

A Uniform Face on U.S. Overseas Engagement

The gradual militarization of U.S. foreign policy also has major implications for the direction and visibility of U.S. foreign policy. This is particularly a problem in security assistance. There have been questions about the role and direction of U.S. security assistance programs since they first began in the 1950s, in the context of the Cold War. Latin American programs faced particular criticism, given the role played in Latin America by local militaries and military officers who had been supported by U.S. assistance programs and had received military training in the United States. Given the history, foreign policy guidance and oversight on U.S. security assistance programs has always been an important principle of U.S. statecraft.

The rapid growth of security assistance programs at the Defense Department has again raised the question of the need for foreign policy guidance. Although Section 1206 programs require the concurrence of the State Department, they are initiated in the

¹⁰ Larry Minear and Philippe Guillot, “Soldiers to the Rescue: Humanitarian Lessons from Rwanda,” Paris: Organization for Economic Co-operation and Development, 1996, p. 151.

military and the Defense Department. Understandably, these programs will serve military needs, but they may not always meet the test of the broader foreign policy guidance the State Department should provide.

To the international community, the initiating and leadership role the Defense Department has come to play in these programs, as well as those for nation-building, puts an increasingly uniformed face on America's global engagement. Secretary of Defense Robert Gates gave voice to this problem in July 2008:

Overall, even outside Iraq and Afghanistan, the United States military has become more involved in a range of activities that in the past were perceived to be the exclusive province of civilian agencies and organizations. This has led to concern among many organizations – perhaps including many represented here tonight – about what's seen as a creeping "militarization" of some aspects of America's foreign policy. This is not an entirely unreasonable sentiment....¹¹

A 2006 staff report from the Senate Foreign Relations Committee noted that "In Latin America, especially, military and intelligence efforts are viewed with suspicion, making it difficult to pursue meaningful cooperation on a counterterrorism agenda."¹² According to the Commandant of the U.S. Coast Guard, Admiral Thad Allen, the government of Mexico resisted U.S. efforts to place the country under SOUTHCOM's (or any other combatant command structure) area of responsibility for counternarcotics assistance to make the point that it does not want the U.S. military involved in what it considers to be its internal affairs.¹³ Former Foreign Service Officer Gerald Loftus writes that "African publics and governments have already begun to complain that U.S. engagement is increasingly military."¹⁴

As a Congressional Research Service report of August 2008 noted, using U.S. military personnel in state-building activities conveys mixed signals when the objective is promoting democracy and enhancing civilian control.¹⁵ Having the military define security assistance objectives, putting a uniformed face on U.S. global engagement, and expanding the U.S. military's role in nation-building may not be in the long-term interests of U.S. national security and foreign policy. To the extent we have and continue to argue that the militaries of other countries should restrict their activities to strictly military missions, we will want to give careful scrutiny to the extent to which we broaden the missions or our own forces.

¹¹ Robert Gates, "Tools of Persuasion and Inspiration", Speech before the *U.S. Global Leadership Campaign*, 15 July 2008.

¹² U.S. Congress, Senate, Committee on Foreign Relations. *Embassies as Command Posts in the Anti-Terror Campaign*. Washington, D.C., December 2006.

¹³ Testimony of Commandant of the U.S. Coast Guard, Admiral Thad Allen, before the Senate Appropriations Subcommittee on Homeland Security, September 7, 2006.

¹⁴ Gerald Loftus, "Speaking Out: Expeditionary Sidekicks? The Military-Diplomatic Dynamic," *Foreign Service Journal*, December 2007, p. 16.

¹⁵ Congressional Research Service, CRS Report for Congress, "The Department of Defense Role in Foreign Assistance: Background, Major Issues, and Options for Congress," 25 August 2008.

Recommended Steps for Change

It has taken several decades for this trend to become established; it will also take time to reverse the trend. The first step is to strengthen the capacity of civilian institutions to carry out these missions. If the State Department and USAID were asked today to assume responsibility for the authorities and programs we have developed at DOD, they would not likely be up to the task. Personnel, training, and budgets are not currently adequate to take on this mission. The forthcoming budget proposal from State, we think, will reinforce this requirement and seek funding for staff and program expansion. The mission itself also needs to be clearly defined, in order to shape the civilian institutions, authorities, and budgets appropriately.

Increase Human Resources

The first step toward strengthening our civilian instruments of statecraft is to rebuild their human resources, focusing on personnel for core diplomacy, public diplomacy and foreign assistance staff.

In our study with the Academy, we make concrete recommendations for the number and types of people needed for the State Department and USAID to carry out their missions.

We recommend that U.S. direct-hire staffing be increased by 4,735 during the 2010-2014 time period, a growth of 46% above current levels for core diplomacy, public diplomacy, economic assistance, and reconstruction and stabilization. This increase should be accompanied by significant increases in training and in the number of locally employed staff retained overseas. We estimate that the total cost of these additional staff and related expenses will rise to \$2 billion annually by 2014.¹⁶

With respect to State, we recommend significantly increasing the political-military specialization, growing that pool to the 50 or so staff that would be needed to take on greater security assistance responsibilities. The cost of this additional staff is relatively small at \$24.2 million per year by 2014. With respect to USAID, we recommend a significant staff expansion, (on the order of 3,400 personnel¹⁷ and at a cost of \$521 million by FY 2014), in part to reduce the agency's reliance on Personal Service Contractors, and to enhance the in-house capacity for program development, management, implementation, and evaluation, which will be critical for our overall effort to strengthen civilian capacity for social, political and economic development. Staff growth at USAID will also enhance the organization's capability to take on the governance/failed state/post-conflict responsibilities we think it should have.

Reorient the Human Resources

Adding to State/USAID staff is a start, but will not in itself adequately strengthen the civilian agencies for the 21st century missions they face. We also recommend that part of the staffing increase allow for greater use of training opportunities and cross-agency assignments for personnel, to broaden their skills in strategic planning, program

¹⁶ Stimson/Academy Study, "A Foreign Affairs Budget for the Future," op. cit.

¹⁷ This figure includes: 1,050 Foreign Service Officers (\$352.5 million by FY 2014), 200 Civil Service (\$25.3 million by FY 2014) and 2,150 Locally Engaged Staff (\$143.3 million by FY 2014).

development, implementation and evaluation, and resource planning. These opportunities and skills will be an essential part of creating a new breed of diplomat, one who does strategic planning, thinks about the long-term, and can design and implement effective programs.

The State Department needs to begin to recruit the next generation of diplomats who have broad technical, economic, and programmatic skills, as well as cultural and linguistic knowledge. This should include officers at mid-career levels, who can bring these skills to our foreign policy institutions right away. Career-long training should sharpen and expand these skills.

Foreign Service career paths also need to change to include cross-functional and cross-department posting. This means a major cultural change in the Foreign Service. It is important that officers are exposed to assignments across the State Department's cones – political, economic, administrative, public diplomacy, and consular – and across the foreign policy community. Foreign Service officers should be incentivized and rewarded for holding a development or foreign assistance post in their careers. And they should be incentivized to take on cross-agency assignments to Defense, to Treasury, to Commerce, Justice, or Homeland Security.

Integrate Strategic and Budgetary Planning

One of the major strengths of DOD and one of the major weaknesses of State/USAID is in the area of the link between strategic planning and resource planning. For State/USAID to assume greater responsibilities, it will need a much more developed planning capability than it now has. For decades, strategic planning and budgeting have been a consistent weakness of our diplomacy and foreign assistance programs.¹⁸ A very important first step in building this capability is the appointment of a second Deputy Secretary of State for Management and Resources, a position now filled by Jack Lew.

It will be very important for the new Deputy Secretary to build on the planning capacity already begun in the Office of the Director of Foreign Assistance (F), integrating long-term strategic planning for foreign assistance and for management into the same organization.¹⁹ This capability needs to increase its transparency to the field and to the Congress, focus more on the long term, and link operations and programs more fully. It should also explore building greater capacity for budgeting and program development in the State Department's regional bureaus, building on the capacity already in place at EUR/ACE, in the Bureau for European and Eurasian Affairs.

¹⁸ Gordon Adams, "The Politics of National Security Budgets," Policy Analysis Brief, The Stanley Foundation, February 2007.

¹⁹ The F office has already begun to improve State's foreign assistance planning capability, and has built on its first years of operation to streamline its processes and integrate the field more fully into its operations. For an expansion of these views, see Gordon Adams, "Don't Reinvent the Foreign Assistance Wheel," *Foreign Service Journal*, March 2008, pp.46-50 and Gordon Adams, "Getting U.S. Foreign Assistance Right," *Bulletin of the Atomic Scientists*, May 2, 2008.

It will be equally important to give this planning and budgeting capability responsibility for both near-term and long-term foreign assistance programs, including security assistance and support to fragile states and post-conflict areas. Development and foreign assistance policy for the 21st century must make development (the third D) an equally important tool of our overall statecraft. Our development goals should not be separate from our overall objectives as a nation, but should be an integral part of our statecraft and one of the key objectives of our diplomacy.

This also means the State/USAID planning process should take the lead in planning, budgeting, and coordinating the development and foreign assistance programs of the federal government as a whole, including agencies that are not part of the International Affairs function of the federal budget.

Strengthen the Authorities of the Secretary of State

As the State Department and USAID capabilities grow, it will be important to give the Department the authority to execute many of the programs currently being carried out under DOD authorities.

The first step is for the Department of Defense to agree to continue Section 1206, 1207, and CERP authorities as temporary, under its annual authorizations, rather than seek authority for these programs in permanent law.

Second, working with the Congress, the Secretary of State should be given full authority to plan and budget for security assistance in the framework of overall U.S. foreign policy, including authority over the new programs created at DOD. State should set overall security assistance policy, approve the countries that are to receive such assistance, and plan the budget requirements for such assistance. The Office of the Secretary of Defense and the COCOMS should have a role in making recommendations to the Secretary of State on these issues and the Defense Department should continue to have responsibility for executing these programs. This will require a reexamination of State authorities under the FAA and AECA for Foreign Military Financing and the Peacekeeping Operations, seeking to provide adequate flexibilities to State to operate a more agile security assistance account.

Third, there needs to be a close look at the CERP program at DOD, at Section 1207 funding, and at the location and capabilities of State/USAID for operations in fragile states and post-conflict areas. I would recommend rather significant changes in the way these programs are currently structured. For the military, in areas where US military forces are engaged in on-going, significant levels of combat operations the Secretary of Defense should have the authority and funding, for the duration of the period of combat, to fund combat-related stabilization and reconstruction assistance. This means that DOD's current CERP authority should be limited to combat-zones only and defined as funds for short-term and immediate reconstruction. DOD should also have the authority to engage in clearly-defined and purely short-term emergency reconstruction assistance, in consultation with the Country Team and the Secretary of State.

Outside of combat zones where U.S. forces are engaged, the responsibility and funding for CERP-type operations should be in civilian hands entirely. This means, over time, phasing out Section 1207 authorities, and putting fiscal control over such operations in State/USAID hands, with a suitable contingency fund to support such operations. That contingency fund should include activities currently funded under CERP programs in non-combat areas, and other projects currently supported by Section 1207 funding.

With respect to State organization for such operations, I strongly urge the Congress to reconsider the current plan to build an operating capability at S/CRS. S/CRS seeks to develop a major capability, now rumored to be 10,000 strong, to carry out civilian post-conflict operations. It is doing so without a clear sense of the mission or a strategy into which this mission would fit. Unless the United States has decided to carry out a large-scale military/civilian intervention in another country, it is unwise to build this capability on the scale under discussion. If the mission is more restrained, as I suggested earlier in this testimony, there is likely to be a need for only a small capability, not the one currently under consideration.

Moreover, today, we are building this capability in an institution with minimal history of operational experience. And we are ignoring a capability for rapid deployment of civilians in fragile states that already exists: USAID. I urge reconsideration of the distribution of responsibilities for this mission, and would propose, instead, that S/CRS assume the role of contingency planner for such operations. The responsibility for recruiting such a civilian force, including the reserves, as well as its training, operations, and evaluation should be the responsibility of a rejuvenated USAID. The outline for such a capability already exists in that agency, given its history of DART teams for humanitarian intervention, the work of the Office of Transition Initiatives (OTI), and the Office of Conflict Mitigation and Management (OCMM), and the experience it now has in working with the military through its Office of Military Affairs (OMA).

Conclusion

It may take us a decade to rebalance the toolkit of American statecraft. If so, it will be time and resources well invested. A capable military, the best in the world, will have its proper role as a key support for American foreign policy. And we will have reversed a dangerous trend in the evolution of our institutions. If we fail to reverse that trend, I believe it will weaken both our military and civilian instruments, and not be in the best interests of our national security.

Table I.

New DOD Security Assistance Programs (\$ in millions)									
Program	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	Total
1206					\$200	\$300		\$350	\$850
CTFP	\$18	\$20	\$20	\$20	\$20	\$25	\$30	\$35	\$188
CERP			\$480	\$854	\$923	\$956	\$1,700	\$1,500	\$6,413
CSF	\$490	\$1,400	\$1,150	\$1,220	\$935	\$1,100	\$1,100	\$200	\$7,595
1207					\$100	\$100		\$150	\$350
I/ASFF			\$150	\$7,485	\$5,415	\$12,900	\$5,750	\$3,000	\$34,700
Total	\$508	\$1,420	\$1,800	\$9,579	\$7,593	\$15,381	\$8,580	\$5,235	\$50,096

Resumé
 Dr. Gordon Adams
 Professor of International Relations
 American University
 Washington, DC



Dr. Adams is Professor of International Relations at the School of International Service, American University, in Washington DC, where he teaches national security policy and resource planning. He is also a Distinguished Fellow at the Henry L. Stimson Center, where he directs the program on Budgeting for Foreign Affairs and Defense. From 2006-2007, he was a Fellow at the Woodrow Wilson International Center for Scholars in Washington, DC, writing a book on national security resource planning. He was a member of the OMB Agency Transition Team for the Obama transition in 2008.

From 1999-2006, Dr. Adams was a Professor of the Practice of International Affairs and Director of the Security Policy Studies Program at the Elliott School of International Affairs at The George Washington University in Washington, D.C. From 1998-99 he was Deputy Director of the International Institute for Strategic Studies in London, where he participated in management and planning, developed the IISS corporate membership program, and wrote and spoke widely on U.S. and European defense resource and planning issues

As Associate Director for National Security and International Affairs at the Office of Management and Budget between February 1993 and December 1997, Dr Adams was the senior White House official for national security and foreign policy budgets. He supervised a staff of 60 responsible for reviewing the budget plans of the Department of Defense, the Department of State, the Agency for International Development, the United States Information Agency, the Treasury Department (international programs), the intelligence community, and a number of smaller agencies.

Before coming to OMB, Dr Adams was founder and Director of the Defense Budget Project, a non-partisan research center in Washington D.C. which was one of Washington's leading analytical institutions working on the defense budget, defense economics and defense policy issues.

Dr Adams received his Ph.D. in Political Science from Columbia University in 1970 with a specialization in Western Europe. He was a Fulbright Fellow pursuing European studies at the College of Europe in Bruges, Belgium 1963-64, and graduated magna cum laude in Political Science and Phi Beta Kappa from Stanford University in 1963. He has been an International Affairs fellow of the Council on Foreign Relations, senior staff at the Council on Economic Priorities in New York, has taught at Columbia University and Rutgers University, and was a staff associate for European Programs at the Social Science Research Council.

Dr Adams' publications include *The Iron Triangle: The Politics of Defense Contracting* (Transaction Press), *Transforming European Militaries Coalition Operations and the Technology Gap* (Routledge), and is co-authoring a book on national security and foreign policy budgeting for Routledge Press. He has written numerous monographs and viewpoint articles for such outlets as *Financial Times*, *New York Times*, *Washington Post*, *Chicago Tribune*, *Baltimore Sun*, and *Defense New*. He also writes a monthly column for the *Bulletin of the Atomic Scientists* web magazine and writes for Huffington Post, and the National Interest blog.

Dr. Adams has received the Defense Department's Medal for Distinguished Public Service, has been a member of the Defense Policy Board of the Department of Defense, and is a member of the International Institute for Strategic Studies and the Council on Foreign Relations.

Mrs. LOWEY. Thank you very much for your praise. As you can see, this committee is very interested in this topic, and in fact so is every think tank in town, as Ambassador Moose mentioned.

I am just going to try to keep us all to 5 minutes, including myself, so that we can talk quickly and then perhaps have several rounds. Before I begin a line of questioning, Dr. Hamre, you said something and I wondered if I heard it correctly, and the White House has been talking about it, you said we need a framework to regulate contractors.

To hear that from you as a military person is really shocking to me. We know what Stuart Bowen did as the SIGIR. Now are you saying there is no system? Or we need people at the Defense Department who are going to do what they should be doing? You can answer that quickly if you would like. It is shocking to me there isn't a system in place.

Mr. HAMRE. I think the system has become quite confused—

Mrs. LOWEY. Is it the people who are confused or the system is?

Mr. HAMRE. I think the system is, and let me give you an example. How can we acquire technical services to support the government? This is a fundamental question. And we could acquire it, but we have decided that we can't afford that. And so we have chosen to go into the private sector to buy it. Should that be in the profit seeking side of the private sector or the nonprofit seeking side? It is very unclear. We have profit seeking organizations that are operating policy positions inside the government. We have nonprofit organizations that are running profit making operations. It is completely confused.

It has become confused in recent years for several reasons. One is our personnel system for civil servants is obsolete. We do not hire the right people to manage contractors. It is a very profound problem.

I would like to come back to you on another day. It is a much bigger issue than people realize. And it is not superficially the question we have evil people doing wicked things in the government. That is not the case. They are struggling with obsolete systems, obsolete policies, and we have been trying to make it work under very changing and dynamic circumstances.

So I would be pleased to come and talk with the committee at another time.

Mrs. LOWEY. I would be interested in that and certainly our ranking member, Mr. Rothman, currently serves on the Defense Subcommittee. We do have expertise here on this committee. But it is shocking to me. You make some very good points but, boy, we could use some of those billion dollars here, and I would hope we would be able to figure out what to do with them at State and USAID. So we will get back to that issue.

Ms. Lindborg, I just would like to follow up on a couple of things you had said. Will the NGOs first of all accept assistance from military sources? Is humanitarian space still a concept that the United States should try to ensure? Or is it your observation that insurgencies are deliberately targeting aid workers regardless of who provides the funding and therefore makes the concept irrelevant?

Ms. LINDBORG. Those are all the critical questions that our community is facing and struggling with. The majority of NGOs as a matter of policy do not accept funding directly from the Department of Defense. There are exceptions, but most of the interaction—

Mrs. LOWEY. I didn't necessarily mean funding, assistance. For example, in Afghanistan the military met with us and they are building schools. And AID was saying by the time—that is a matter of staff, too—by the time they contract the military already built the schools. But then there are those who will tell us that they, as you mentioned with the CAP program in Iraq, that they can operate perfectly well without the military assistance. I mean assistance from, work with.

Ms. LINDBORG. The greatest value that the military can provide in complex development environments is everything possible to increase security, ambient security, security that enables both the people to invest in their own future who are living there and development actors, including NGOs, to assist them to do that. And the challenge in insecure environments is that, especially when you have got U.S. troops playing both a combat role and a counter-insurgency role, is that it can actually undermine our ability to work by being associated with military troops.

There is an example recently in Afghanistan with a colleague agency where they built a clinic and, despite efforts to stop it from happening, the PRTs built a clinic a kilometer or so away. And those are not about development needs. Those are about hearts and mind needs. But by not having better coordination and by not having the primacy of the development objective, you undercut the ability to move towards longer term development objectives, and you make more likely that the targeting will happen.

Your question is that will you be targeted anyway whether you are associated with the troops or not? We think that, you know, we have to go into these situations eyes wide open. But increasingly there are methods, remote management approaches, ensuring that you—

Mrs. LOWEY. What does that mean, remote management approaches?

Ms. LINDBORG. In places like Somalia and Iraq and Afghanistan, you can still provide development assistance where you are using primarily the local communities to drive their own development forward, which is the most important aspect of actually accomplishing those longer term development goals. There are numerous studies that show that it is this deep poverty, the deep illiteracy that is connected to conflict and keeps a lot of these countries from being able to advance more quickly, combined with many of the other factors.

Mrs. LOWEY. So are there ever any benefits of military-NGO coordination?

Ms. LINDBORG. The benefits are if you are able to stop that clinic from being built in a way that undercut the clinic that was just built by an NGO, communication, yes, for them to come visit our sites can be terribly undermining if we are then associated with the military. Our greatest value as NGOs is to be able to communicate that people-to-people support for communities to develop

based on their vision, so that they own the development process. The military is inherently constrained from doing that by virtue of being associated with their own objectives. That doesn't translate into a community looking forward to its own future.

Mrs. LOWEY. Last year, I know that DOD in cooperation with USIP published a set of guidelines for relations between U.S. Armed Forces and NGOs in nonpermissive environments. And I have heard that a similar project to establish clear guidelines for relations between the military and NGOs in permissive environments may be forthcoming.

So in just a couple of minutes, if you can just clarify for us again what is the role of the military in your judgment, if any, in providing foreign assistance in permissive or friendly environments, now that I have less than a few seconds.

Ms. LINDBORG. The guidelines which were produced, which were extraordinarily helpful and I think advanced the understanding and mutual respect and knowledge of the military and the NGO communities, were specifically in nonpermissive environments. The challenge that we have is they were addressing humanitarian action, lifesaving action. As we look at this complex development environments, that is yet a different set of goals. The third is the permissive environments, the kinds of activities that go on in AFRICOM that Gordon mentioned, where it is 100 percent hearts and minds approaches, there is no—there are plenty of civilian capacity in places like Uganda and parts of the Horn of Africa where you at the same time have AFRICOM actors digging wells and building schools.

I would argue that we need to rethink the role of the military doing any kind of development assistance in permissive environments because it fundamentally undercuts the long-term objectives that are an important goal for supporting fragile countries.

Mrs. LOWEY. I am going to turn to Ms. Granger. But I think the question still is the nonpermissive environments and how do you coordinate effectively, and what are the guidelines. So we can get back to that.

Ms. Granger.

Ms. GRANGER. There are so many questions. But I think that everyone up here and I think you all agree that there needs to be a rebalancing, that we would all agree with that. In that rebalancing, what priorities do we begin with? In other words, we could start arguing over, that the military should do this or not, but what are the priorities? And Dr. Hamre, I will start with you but anyone can answer that.

Mr. HAMRE. Well, forgive me for taking people back to this framework that we developed, but would you put this in the record, please? I think you should, and the reason why, have somebody go through and say who does these various boxes? I mean they all need to be done.

Mrs. LOWEY. So ordered.

Mr. HAMRE. There are several hundred tasks that need to be done in the transition from a nonpermissive environment to a permissive environment. And who should be doing these things? Department of Defense shouldn't be doing these things. Department of Defense doesn't want to do these things. And the problem is this

very long extended nonpermissive environment that has evolved with insurgency wars. Nancy and I are very good friends, and I respect what she said. I do want to say one thing.

The military has a very valid role to play in using construction things during a nonpermissive environment to start establishing working relationships with local leaders. It is part of what they have to do. It is getting out of this kinetic world into a nonkinetic solution. And there is a role for that. That is why the commander's response funds are so important. And so the priority would be, ask people to sit down, ranking member, and look through all the tasks and say, who is doing these things? And I think what you are going to find is too many people arguing about authorities and not enough people saying what do we do? Let's try to figure out what do we have to get done and who is really doing these things? I think you will be surprised to find we have got gaping holes in the government.

Mr. MOOSE. Thank you. I have a slightly different take on this, but it begins with I think the core of the problem is one of lack of capacity in the civilian agencies to manage the kinds of tasks that we would like them to perform. What we have seen in consequence is kind of a downward spiral; that is to say, in recognition of the lack of capacity in the State Department, USAID, political leaders eager, desperate sometimes to find solutions to problems, have looked to the places where there are resources and what better place but the Defense Department, which has billions of dollars. And that has become a downward kind of a spiral in terms of the response of the political leadership.

It has to begin, I think as our colleagues last week said, with the effort to rebuild the capacity of the State Department. As one of Gordon's colleagues from the Stimson Center said yesterday, the construct is a three-legged stool. We have one leg on that stool that is like 4 feet tall and the others are like nubs. And so we have to begin to rebuild those capacities.

If you were to turn to the State Department today and say, assume responsibility for the management of the \$50 billion in programs that have been developed under the Defense Department over the last decade or so, they could not do it. They don't have the personnel resources. They don't have the staff.

I will give you a particular example, which is AFRICOM. In my conversations with my colleagues at State as well as with General Ward and his colleagues out in the field, one of the things that is absent in that construct is somewhere, some place back here in Washington that actually brings together these various capabilities that AFRICOM has said it wants to incorporate into its structure. Now I happen to think that is probably not a bad idea for them to do that, but I also happen to believe that absent some mechanism back here in Washington that ensures that the activities of the command are indeed fully integrated and fully consistent with our overall policy goals, that is not going to happen. But the State Department currently has no means, no capacity, no staff, no structure to undertake that important coordination function. It is not a function the NSC realistically should be asked to assume. It is a function that I believe belongs in the State Department, but until and unless there is the staffing, and frankly going into the report

that Gordon referred to, you know, I strongly endorse the recommendations in that report but I frankly think it understates the actual capacity needs and staffing needs and training needs of the Department if indeed the Department is to resume its responsibility, reassume its responsibility for the central coordinating and integrating function.

Mr. ADAMS. I have my little checklist here, what to start with and where to go, because and I agree very much with what George has just said. Number one priority, oddly enough, is a relatively small one, and this is a congressional responsibility in part as well, as well as an executive branch responsibility, and that is to act now to ensure that whatever authorities are in place do not become part of permanent law, an absolutely critical, near term step because if the Department of Defense comes up in this administration, I have no idea whether they will or not, and seeks, as they have for the past 3 years, permanent law status for things like CERP and section 1206, then you have institutionalized the problem that we are focused on in your hearing today.

So it is a relatively small step but a very important signal that says we understand that there is a problem of capacity in State, in USAID. We understand that we have military deployed forward in the field and cooperating NPRTs. What we want to do though is figure out what the right rebalanced relationship needs to be, not institutionalize those authorities. So that would be my number one near-term, relatively small but important to buying the time for figuring out two other things.

Second, what are we doing? As I suggested earlier, if the question is an operational one, and I put John Hamre's statement in the operational category, how do we associate civilians with U.S. military operations in combat environments, that is a particular type of dilemma. It may not be of the size of Iraq or Afghanistan, but it may be a real problem that we need to solve in which Department of Defense needs permanent authorities to do very specific kinds of things, but very specific in very specific environment, not very broad, with a lot of funding and a lot of people doing things they probably shouldn't be doing.

So we need to answer the strategic question in order to know what it is we are trying to solve. If the problem is, as an alternative, what goes within the range of what Nancy Lindborg does for a living to problems of government, failed states, fragile states, and development, then what we really need to focus on is the civilian capacity, to upgrade that capacity. So that is a second priority.

Third priority is human resources at State. George has been eloquent on this subject. But both State and USAID need human resources. John's contracting problem is rampant at USAID where many of the staffers are now contract managers because most of the actual in-the-field work has been handed to contractors given the weakness of the institution. That is a trend that we argue in the report that George referred to needs to be reversed in the State Department.

Fourth, the highest priority needs—I think this is longer term I would say, I don't know if George would agree with me on that, but revamping and reforming the Foreign Service of the United States. Our civilian engagement needs to be populated, in my view, with

people who know more than report, negotiate and represent. Those are very important skills. They also need to know about program development, program management, program implementation. They also need to know about strategic planning, about budgets. So there is a training and recruitment issue, and there is a question of ensuring that the career path for those people takes them to Department of Defense, takes them to Justice, takes them to the NSC so that they have actually populated different experiences, takes them to AID as a development officer so they learn those skills and can walk and chew gum at the same time.

And finally, I think the appointment of a second Deputy Secretary of State here is a critical first step on this one, is integrating strategic planning and budgetary planning professionally at the senior level in the State Department so you can build the kind of capacity that George is calling for but you can do it right at the top of the building with somebody responsible for it. The absence of strategic and budget planning capacity at the top of the State Department is one of the biggest weaknesses that undergirds some of these other institutional problems.

Mrs. LOWEY. Thank you.

Mr. Schiff.

Mr. SCHIFF. Thank you, Madam Chair, and thank you all for being here. I wanted to just share some thoughts and get your reaction because, Dr. Adams, I might put the order of what you suggested in a different form, and that is I would think the first thing that we have to do is build State Department's capacity. Because right now the capacity to do a lot of things in terms of our government only inhabits the Defense Department because we have allowed State to atrophy and we are not going to be able to turn responsibilities over to State if they don't have the capacity. So I would think the first thing we need to do is build up the State Department's capacity, Foreign Service, USAID.

Then I think we need to redefine Department of Defense's mission. I think you are right. Department of Defense doesn't want to do a lot of things we are asking them to do, and I don't think it is good for the DOD to do them because it overstresses and strains the military. They do some things extraordinarily well, and I think we have some tough questions to answer about whether we want to try to develop a parallel capacity at State for some things that the military does really well. The immediate relief in the face of the tsunami, for example, in Indonesia. They have the logistical capability to move in quickly to remote areas and provide aid in a way that may be prohibitively expensive to develop at State, but you may not need to develop it at State as long as you define the military's mission in the initial stages of disaster relief and figure out what is most appropriately done, what is most cost effectively done. And I think we need to look at all these things.

Authorities that you mentioned, 1206, I am a little concerned by the DOD Directive 1404, which is as of last month, and that seems to be continuing potentially down the wrong direction.

And I think we have an opportunity to do that in the context of the budget for the Defense Department. The President has indicated, you know, nothing is going to be sacrosanct anymore. We have some hard fiscal choices to make, and maybe the best way to

approach redefining DOD's mission is to do it in the budget context when they need to find money to do the things that are more part of the core military mission and can't afford to be doing the State Department's job as well.

The other aspect that was brought to my attention when I had a meeting at the State Department last year is that while we need to expand State Department's capacity, there are other departments that need to be deeply involved also. And we don't necessarily want to replicate at the State Department what the Department of Agriculture does. But right now there isn't a career path for people at the Department of Agriculture to go and spend a couple of years in Afghanistan and come back to ag and know that their job is still not only there but has been advanced by being in Afghanistan.

Other departments have that tradition. Department of Agriculture may not, and the Department of the Treasury may not and Department of Commerce may not and other people that we may need to pull into this. So it may not just be rotating State Department through other agencies as in tapping the expertise of other agencies.

Probably the hardest part of this I think, Madam Chair, is going to be our own responsibility and trying to wrestle with our friends at the Defense Subcommittee and so we have our own jurisdictional difficulties. But anyway I would love to get your reaction in the remaining time I have left.

Mr. ADAMS. I will take the first cut and others will certainly respond.

Since you suggested that our order of priorities is different, the only reason I put the authorities first is that I think it is right now timely to stop the trend in order to buy the time for what was my second order of priority, and I fully agree with you on that, which is building the capacity at State and USAID because it takes time to build the capacity. You have to recruit, you have to change the recruitment process, you have to recruit the right people. We have to do more with mid career accessions which is not always favored by the career people who are currently in the Foreign Service. We have to look at how we assign people on rotations that incentivize them to gain a wider range of experience. We have to look at the Foreign Service human resources process to ensure that that is right. We have to look carefully, and this I would definitely emphasize, we have to look carefully at what capacity we are building.

I think you are right at State. I have my own doubts that building the capacity we are now building through SCRS is the right capacity in the right place at State and USAID. And as I say in my testimony, I would urge very strongly a step back and a relook at the balance between NSC, SCRS, regional bureaus and USAID with putting a reinvigorated USAID much more in the role of being the recruiters, trainers, deployers and operators of the civilian capacity, properly sized for the kinds of strategic decisions we made.

I think you are quite right. There are a lot of things that need to happen.

I also agree with you that the military very clearly has a role. The military has done remarkably effective work in disasters, as you underlined, and should because they have the lift and supply

capacity. There is no reason to build an airlift capacity at State and USAID to do what the Department of Defense does.

What begins to concerns me is when we look at the humanitarian and disaster relief authorities in the Department of Defense and note that as part of its legislative package, the Defense Department seeks to expand that humanitarian and disaster relief authority to cover stabilization.

That is an issue that I think the committee, both the authorizers and appropriators, need to take a close look at, because that is a further extension of mission in that capacity that they do so well, adding to burdens, detracting from responsibilities on the civilian side, and with implications on how we engage overseas, as I said in my statement.

Mrs. LOWEY. Thank you. Mr. Israel.

Mr. ISRAEL. Thank you, Madam Chairwoman. Like the ranking member, I don't know where to begin.

Let me first commend to the subcommittee's attention a statement that Ms. Lindborg made in her testimony that really stood out for me, and that is there are more service members in military bands than there are Foreign Service officers at the Department of State and USAID. That is a pretty compelling indicator of where we are.

I served for 4 years on the House Armed Services Committee, and I had to give that up to come to the State Foreign Ops Appropriations Subcommittee. So I have my own perspective on this, having been a defense authorizer and now a State Department appropriator.

I just want to share one of the more insightful experiences that I had as a lead-in to my question. Congressman Jim Marshall from Georgia and I when we were on the HASC visited two very remote fire bases in Afghanistan in the Helmand Province, fire base Ties and fire base Robinson. These fire bases were near a small village called Musikalia. Musikalia had changed hands between the Taliban and Coalition Forces three or four times. While we were there, Special Forces was planning yet another operation to take Musikalia back.

So I was meeting with a small group of special forces personnel. I asked is Musikalia supportive of the Taliban, are they supportive of us? How come it keeps switching hands?

The answer was, sir, they are not supportive of the Taliban, they are not supportive of us, they are good betters. They hedge their bets. Here is the problem, Congressman. The problem is we are going to go into Musikalia tomorrow, and we are going to go in shooting. We are either going to kill the enemy or send him into the mountains. We are going to build a bridge and a health clinic. We are going to help construct a local governing council, and then we will leave. And then the bad guys are going to come back in and blow up the bridge and the health clinic, and kill the people on the governing council that we helped elect.

Then somebody said we talk a lot about hearts and minds. That is something that I heard in your testimony. We hear a lot about hearts and minds as a strategic doctrine of the United States, and I say this as a good friend and strong supporter of General Petraeus. But one of the actual fighters said, sir, people's hearts

harden and their minds change. And until we can get used to the notion of permanence, give people an alternative and then protect the alternative through NGOs and security, we are never going to get where we want to be.

Here is my question. In the 1960s and 1970s and 1980s there was a lot of talk about joint rivalries in the service departments, and we finally had something called Goldwater and Nichols, and the byword was jointness, jointness, jointness.

This hearing has focused on the details of what we need to do in order to promote coordination and whether the military has the right mission or the NGOs have the right mission or the State Department has the right mission. But those are details. In terms of permanence, do we need a new Goldwater II that sets a new architecture of interagency coordination between the military and the NGOs and the Department of State? Jump ball for anybody who wants to take it.

Mr. MOOSE. With all due respect to Nancy, I think the first time I heard the anecdote used about the military bands and the size of the State Department was actually from my boss, Ron Spiers back in 1986 when he had been charged with George Schultz to do exactly what the committee is trying to do today, which is make the argument for a substantial reinforcement of the capabilities of the State Department. So one of his anecdotes was 7,000 members in the band outnumbering the number of State Department people, and the other was the cost of two B-2 bombers was roughly the equivalent of the operational budget of the State Department.

I think we do need perhaps not a Goldwater Nichols II, but clearly it seems to me even if you say that Iraq and Afghanistan are the exceptions to the kinds of operations that we are going to be dealing with in the world in the future, I think there is clear recognition that the kinds of security threats and foreign policy challenges that we face require us to have a better way of integrating our military, our diplomatic and our development capabilities. That is going to require some thought how you structure that. I think that is what general Jones is trying to do as he is thinking through right now how he structures the national Security Council.

And one of the challenges is how do you ensure a model that not only draws on the traditional security and foreign affairs agencies, but admits to the need to involve other agencies of our government so that they can, in fact, contribute to the solution to these challenges.

Now I have not a clue as to what that solution might be. That is something ultimately that this committee and others in Congress are going to have to address. But I do think within that construct if one does not focus on the role, the central role in my view of the State Department handling the traditional responsibility that it has had for serving as that focal point for coordination with the military and other agencies of government, building their capacity to do that, and I absolutely agree with Gordon, it is going to require not only more people, it is going to require different kinds of people with different kinds of skillsets and different kinds of mindsets about how you do that. But that to me is key to the whole problem.

Mrs. LOWEY. I am now going to turn to Mr. Kirk and then Mr. Jackson and Mr. Rothman to see if we can get the first round in before the vote. I think the problem with this hearing is we can all talk about it for 6 hours.

Mr. Kirk, I have been trying to keep everyone to the 5 minutes.

Mr. KIRK. Thank you.

I really want to echo my friend Mr. Israel's comments that I think we do need a Goldwater Nichols for the State Department. I think I have a unique perspective since I am one of the only Members of Congress that was in the State Department, in the World Bank, in the military, and in the Congress, sometimes all at the same time.

The Assistant Secretary of State should be basically the de facto pollad for the combatant commander, that their empires should be aligned exactly alike so these two people have to get along. We have reoriented things. We finally moved AID into the State Department. That was from our experience from El Salvador when one of the factions of the rebel movement, the RN, came out the bush and said we are going to bag this war, just bring in some electrification into the village of Santa Marta. And so our ambassador went to the AID mission director and said I need an electrical line into Santa Marta, and the AID mission director told him to go to hell, it wasn't in his budget, it wasn't in his program to end a war.

So it was off that experience that we rolled AID into State. I think AID should work for Secretary Clinton, but the AOR lines are not properly aligned, and should.

I have a lot of friends in here. We have 150 billion years of experience in foreign aid in this room because I see everyone that I have worked with in the past. We have a lot of expertise.

Secretary Hamre and I coauthored this report taking on this, and I know how difficult the environment is. Nancy at Mercy Corps, we lost Dr. Kastani just the other day in Afghanistan, showing just how difficult this environment is.

And I just finished an active duty tour in Afghanistan in December in which I was in Kandahar and Lash Kagar. And I think southern Afghanistan is the center of gravity for the Obama administration on conflict. It is the war the President has signed up to. He has committed 17,000 troops, and every national media organization is going to send reporters there, so this is the key focal point.

I think it was in 2004 the Taliban as it reconstituted saw a weakness and attempted to whack an employee of Kamonics who was leading the counternarcotics effort for Helmand, Helmand being the end all to be all to narcotics in Afghanistan. Half of the entire crop is produced in that one river valley. When Kamonics saw the threat, they bugged out.

Under the old organization of the State Department, U.S. Foreign Assistance Agency, the moment the contractor bugged out, the mission stopped for a year. So obviously the U.S. military had to step in because AID couldn't deploy its contractors in the area. But having just come out of the big green machine, we do things in a pretty dumb way. We roll people in there for an 11-month deployment, and then lobotomize the command as everyone rotates out. It is better than what AID wanted to do which is not be there at

all. I think there is a crying need, one, to realign the AORs exactly along DOD lines, and that would actually increase the authority of the State Department; and, two, to develop a civilian corps that brings technical expertise that is there a lot longer than a combat tour and most importantly doesn't bug out. People are going to get hurt and some people are going to get killed. But if you let that collapse the mission, then that is the first person that the Taliban is going to whack, is the contractors to collapse the program, and that can't happen.

John, I remember in Kosovo when we had this problem under your watch.

Mr. HAMRE. If I may just say one thing. The great problem that we have and the reason DOD gets a lot of these missions is it has mobilizable capacity. The civilian organizations have no mobilizable capacity.

Mr. KIRK. And they also bug out.

Mr. HAMRE. It is a tough situation, and a lot of the people in the civilian agencies don't feel that they have signed up to for an insecure situation. I agree that we need to provide the security for an environment like that, but we need to have partners that will stay with us, too. But we need mobilizable capacity.

Mr. KIRK. If we look at the Fatwa in north and south Yurgistan right now, and I believe the hunt for Osama bin Laden is a theological mission of the United States, but if you talk to the mission director in Islamabad right now and say tell me your assets and your programs going on right now, he can't deploy anything in that AOR.

Mrs. LOWEY. Can you answer in 30 seconds?

Ms. LINDBORG. I think that greater coordination between the civilian and military sides of the house is critical particularly in those kinds of area. Mercy Corps has worked in Helmand and Lash Kagar and Kandahar for 15 years. Who doesn't bug out are the local communities. The degree to which you can build local community capacity to continue their development as a part of the solution is critical, and better focus the military capacities to do what we need them to do, the security sector reform, to do a better job of the interdiction of the poppy crops.

Early on there was an abdication of any role of the military in helping on that. And not to focus your civilian capacities on the poppy trade, but rather on the development of alternatives. It is a long term goal to get the poppy eradicated and to provide alternatives. So you need to have mechanisms that can stay, can continue past a shorter term mission or past the possible threat of instability.

Mrs. LOWEY. Mr. Jackson.

Mr. JACKSON. Thank you, Madam Chairman for holding this hearing. I also want to build upon the very thoughtful analogy of my colleague Mr. Israel, who I think touched upon the crux of the problem, at least in the field. That is the analogy of the tug of war between our military power in a specific village pushing the Taliban back and building the infrastructure, withdrawing the military power, the Taliban or some force regaining control and undermining the infrastructure that was put in place, and this kind of tug of war that actually takes place in the battlefield.

It appears to me that some of this discussion, Madam Chairman, is the appropriate balance between our hard power and soft power, and that soft power almost can't exist unless it is surrounded by the bubble of hard power. The civilian agencies can't enter to engage in the kind of civilian reconstruction that needs to occur unless it is occurring in a secure environment, and then how do you maintain that secure environment so that State Department and other agencies under its auspices can secure sustainable development in a country or in a region so that the efforts are not undermined and we find ourselves engaged in this tug of war.

With that said, I wanted to raise a question about AFRICOM. The White House's stated mission for AFRICOM is that it "will strength our security cooperation with Africa, and create new opportunities to bolster the capabilities of our partners in Africa. AFRICOM will enhance our efforts to bring peace and security to the people of Africa and promote our common goals of development, health, education, democracy and economic growth in Africa."

More narrowly, AFRICOM's own mission statement states that "it will conduct sustained security engagement through a range of military-to-military programs and military activities and in concert with interagency and international partners in support of U.S. policy and a stable and secure Africa."

I certainly think that it makes sense to have AFRICOM conduct and manage security assistance, but do you have a sense of the rationale behind AFRICOM's support to humanitarian and development assistance? And do you believe that this is an example of something more rationally implemented through USAID and does this exhibit a lack of clarity about the command's mandate?

Secondly, in your observation of AFRICOM to date, do any of you have any sense that it fits into a broader strategy for foreign policy in Africa? And lastly, AFRICOM has a 1,300 person command in Stuttgart, Germany, while USAID has just under 279 technical experts employed across the entire continent of Africa. What is your assessment of this balance?

Mr. MOOSE. If I might begin, I have spent a fair amount of time thinking about, talking about and engaging with people at AFRICOM.

I do think that the original statement of AFRICOM's mission which actually took place a year and a half before it got its new commander, was an extraordinarily ambitious mandate for the command. I don't think there was any ill-intention about it, but I think that statement of AFRICOM's mission was informed by a desire to better integrate the capabilities of our diplomacy and our development and our military.

Unfortunately, however, and this goes to something that Gordon said earlier, the impression that was left here in the United States and I would say particularly abroad was that somehow AFRICOM was going to become the new face and the new voice and the new center for the formulation of U.S. policy towards Africa, and I think that has enormous negative consequences.

To his credit, I think General Ward has tried to if you will reframe the nature of AFRICOM's mission and in particular to recognize that in those areas where the military clearly lacks competency and capability, that the intent is to put AFRICOM's capa-

bilities in the service of our broader foreign policy and development goals. That, I think, in terms of a philosophical orientation is the right formulation. The further issue, however, is how you actually achieve that.

And how given, and I know that Jim Kunder mentioned this last week, this imbalance in resources. I have been to Stuttgart, and I have seen the resources there and you do have this large establishment, and an establishment relative to State Department and AID resources is huge and cannot help but impress people when the general gets on his plane and flies off, and it does give a distorted perception of who is in charge of American foreign policy and who is in charge of achieving this sort of balance and coordination and integration of the instruments of our policy. That is the challenge that I think remains.

I believe AFRICOM, and that the military generally, has important capabilities and capacities that they need to be contributing to the solutions of the problems that we face in places, many places across Africa. There was the mention of the military's potential contribution to security sector reform. If you look across Africa, there are many opportunities for that to happen. So there is a role, but that role needs to be carefully defined, carefully targeted, and it needs to be done in a way that it is at the service of our larger foreign policy and development agendas.

Mrs. LOWEY. Mr. Rothman.

Mr. ROTHMAN. Thank you, Madam Chairwoman. This is a very important hearing.

Mrs. LOWEY. I apologize in advance for cutting everyone off, including myself.

Mr. ROTHMAN. I have read everybody's testimony and I agree with your conclusions about rebalancing, focus and resources, et cetera. But let me make you a little uncomfortable. I haven't read all of the studies that were cited in the footnotes to some of the remarks, but with that in mind, you say that the military does not have the core competency to carry out some of these missions that State and NGOs can do better, that there is an inherent negative in having a "military face" on reconstruction efforts and other things.

Now I do get my friend and colleague's story about the failure of the military, building the infrastructure but not having sufficient local population ownership to survive and defend the infrastructure reconstruction from the insurgents. But the main argument was this is different than the past when State and NGOs had responsibilities, that there is an inherent negative quality to a military face on things. And I agree with a rebalance, but here is the uncomfortable part.

Was there any problem that was a source of legitimate motivation to the Defense Department and past administrations in terms of the reliability of the State Department in cooperating and identifying with the goals and mission established by the respective administrations and the Department of Defense? Or was it simply an accidental reduction in resources to the State Department that then had to be made up by the Defense Department? Do you follow my question? Was there any "there" there? Was there any good

reason why the Defense Department decided to crowd out the State Department?

Mr. ADAMS. My view on that is yes, indeed. We have a lack of capacity, and we have had a lack of capacity and declining capacity for some time at State and at USAID. See, the Cold War was different than the hot war.

Mr. ROTHMAN. Let me make it more pointed. Some of my colleagues to the right of me would say that there was resistance on the part of the State Department to following the goals that they, when they were in power, wanted to pursue. Therefore, they reduced the funding.

Mr. ADAMS. I would rather let George address that specifically, but when you are dealing with deployment of a kind of Iraq and Afghanistan, you are not working in the Cold War environment and the fold the gap. You are working where insurgencies are real, and response time requirements are real. And, frankly, in Iraq, we ended up going in with no plan and no-built capacity.

Mr. ROTHMAN. I get all that. So you are saying these preconceptions were out of date by the time we got to Iraq and Afghanistan?

Mr. ADAMS. Yes. What I am saying is this is the danger of fighting last post war. The risk in fighting last post war is to say okay, what we are going to do throughout the future is deploy at the speed and with the mission that we are doing in Iraq and Afghanistan, and so what we need to build on the civilian side is the capacity to do that. That is what I am raising the question about.

Mr. MOOSE. I wanted to say that I addressed this briefly in my testimony, but there has been an assault, a rather sustained assault on the State Department and Foreign Service alleging that the department and its members were not reliable partners in the administration in the execution of the President's foreign policy. I defy anybody to come up with any kind of objective analysis that would demonstrate that. I think it has been a canard. I think it has done a tremendous disservice to the people at the State Department.

If anything, I find that my colleagues in the State Department are too malleable, too eager to serve, and too eager to carry out the instructions and the guidance from the White House. That is what they exist for. They like nothing better than to be used.

Mr. HAMRE. There was a decision made before the war that DOD would have the soul responsibility for the after action, assuming it was going to be a sweet and short.

I don't think DOD properly understood what they were getting in for, and I think State Department was offended and frankly sat back. And I think both of those things happened at the same time.

That sentiment was then, I think, distorted when the security environment deteriorated. And DOD, you know, didn't really have the capacity to do all of the things that it was trying to do and didn't really have a viable and up to date security model about what they were facing. And State, at that stage, was overwhelmed and couldn't get into a much less secure environment than existed for the first 3 months.

So I think there were unique historical circumstances that made this worse. Now are people in the State Department cowards? No,

not at all. The implications some people would like to give that is the case, that is wrong.

Mr. ROTHMAN. Clearly that was not mine.

Mr. HAMRE. I know, sir. But I have heard it from other people. I think that is absolutely wrong.

Does State have an operational culture and do a plan in the kind of cycle, no, it doesn't. I think this is one of the problems.

We need to have in that kind of a tough environment the same kind of operational dynamic as a partner in the field, and they don't currently have it. They do not have the resources to do the kind of training for this kind of operation.

There is only a half of one percent overhead float of personnel in the State Department. We have 10 percent in the officer corps. So a lot of this is resources.

But we need to step past this anger of the last 6 years that is distorting clear thinking about this problem that we are facing, and you brought that up very appropriately.

Mr. ROTHMAN. I was going to what the ambassador hit on the nose, and there was no there there. It was a canard, as you say.

Mr. MOOSE. The State Department does have some pedigree here in dealing with difficult situations. I started my career in Vietnam. I spent 3 years in Vietnam. Some of us think that we were doing transformational diplomacy for a very long time, and doing it in some very hard places.

Some of the places where I have served in Africa are as difficult, not as dangerous as Iraq and Afghanistan, but it is not as if there is not a tradition, but there is a need to bolster the capacity to do that and to train the people in the Department to assume that responsibility.

Mr. ROTHMAN. Thank you.

Mrs. LOWEY. Thank you. I just want to follow up before we have to go on a similar line of questioning. You said there is the expertise at the State Department. Let's talk about the field for a minute. Now the ambassador has overall responsibility for the programs. The military follow their own chain of command, so I guess my question would be now is it that the chief of mission ambassador provides the overall strategic leadership in a host country, and is this really the case?

As things currently stand, the ambassador is the final decider on issues of U.S. Government policy in a host country; is that really the case?

And how does the mix of roles between the military and the civilian leadership and development of diplomacy translate to the application of United States foreign policy? What should the chain of command be? Is there a chain of command right now, or is the military doing their thing and the ambassador and the chief of mission doing their thing? What comes down from Washington? Perhaps you can comment on that.

Mr. MOOSE. I think this again illustrates one of the core problems we have at the moment because I think the reality is that the chief of mission authority in both its concept but also in its operation has been eroded significantly over the past decade.

Mrs. LOWEY. Comment on the work around, too. I guess that is the lingo that the people are using at the embassy.

Mr. MOOSE. I don't know that I can do that directly, but let me say what I can say. We certainly saw in the aftermath of 9/11 a situation where the perceived nature of the threat, and I am again speaking mainly from my knowledge and experience of Africa, the perceived nature of the threat, and in that situation political leadership called for extraordinary solutions and responses. Part of that was to give authorization, whether legally or not, in writing or not, to our military commands to expand their activities and their operations in order to identify, root out, perceived terrorist threats in Africa.

That was done in a way that had little coordination and little cognizance of chief of mission authority, and one of the battles that the State Department waged in 2003 and 2004 was to reestablish the primacy of the chief of mission in knowing about and then having some authority over activities that were taking place in his or her country.

I would argue that in the best of circumstances that still is inadequate because if you look at our missions in Africa, they are small missions. They have very few people. They have limited capacity really to appreciate not only what is happening in their country, but many of these activities are regional. And they have no say nor authority about what is going on next door; although what is happening next door may have tremendous affects on what they are doing.

That is why I think it requires a different kind of paradigm construct back in Washington to ensure that the Department, and particularly the regional affairs bureaus, have some visibility as to what these activities are. Under the current circumstances, I don't have any reliable assurance that is taking place.

Mr. HAMRE. Just briefly, the legal situation is this: The State Department and the ambassador is the authoritative representative of the President in every country unless there is a deployment order signed by the President that puts the chain of command through the military. And we have that in certain circumstances.

In the days after 9/11 there was kind of a global war on terrorism deployment order that created this ambiguous situation. The Defense Department is not trying to take over control from the State Department. It does want to have chain of command when it has a deployment order, when it has a task that is assigned to it. I think this is a very easy problem to fix, and I think the historic model is valid.

Mrs. LOWEY. Do you have any closing comments?

Ms. GRANGER. I have just one. I want to thank Nancy Lindborg for appearing today. With the expulsion in Sudan, I know there is great concern about your staff and their safety, and I want you to know that we understand that also. Thank you very much.

Mrs. LOWEY. In closing, I had the former head of the F process before our subcommittee, and I had just opened the Wall Street Journal that day and none of us on the committee nor the staff that knows everything was aware of what General Abizaid was doing throughout Africa, and it was upwards of \$700 billion. I remember turning to the gentleman and I said what is the coordination because he was just doing development work, typical USAID

work, upwards of \$700 billion throughout Africa. That's not my responsibility, we were told.

Mr. MOOSE. I would like to make it mine.

Mrs. LOWEY. Let me say that on behalf of all of us we truly appreciate your input, and we know that we just scratched the surface so we hope that the dialogue will continue between this committee and all of you. I know the dialogue is continuing in the community and in the White House. We really appreciate your appearing here before us today.

This concludes today's hearing on the Role of Civilian and Military Agencies in the Advancement of America's Diplomatic and Development Objectives. The subcommittee on State foreign operations and related operations stands adjourned.

**Civilian-Military Relations
Questions for the Record
Submitted by Chairwoman Nita M. Lowey
for Dr. Gordon Adams**

Transfer of Resources and Responsibilities from State Department

There is growing agreement that the resources of the military and civilian elements of our national security apparatus are out of balance. In some cases there are countries now receiving between a quarter and a half of their United States foreign aid through the Department of Defense. The American Academy of Diplomacy and Stimson Center issued a report, entitled *A Foreign Affairs Budget for the Future*, which recommends the gradual transfer of roughly \$785 million in funding from the Department of Defense to the State Department. This calculus includes Commander's Emergency Response Program (CERP), Coalition Support Funds (CSF), and DOD's version of FMF, commonly known as Section 1206, as well as Section 1207, which enables a transfer of funds from the Defense budget to the State Department budget for counterterrorism assistance and crisis response. Do you concur with this recommendation? What would such a shift in resources mean in terms of added responsibility for the State Department? What needs to be done in the next three to five years to ensure both that foreign military aid programs under DoD are eventually moved under State and address the original concerns which led to the creation of the 1206 program?

Answer: As a participant in the AAD/Stimson study, I fully concurred with the recommendation that funding and authorities currently in the Defense Department should be transferred to the State Department, along with increasing State's resources (staffing and budget) to administer a larger portfolio of security assistance responsibilities. This transfer will need to be made over time, building State's capacity, while ensuring that any continuing DOD authorities be temporary, and not made part of permanent DOD authority under Title 10. (This would mean rejecting any forthcoming DOD effort to make CERP and Section 1206 programs permanent law under Title 10, a request made each of the last three years.)

In the near term, DOD should have only temporary authority for CERP and Section 1206, with that authority expiring at a date certain. At the same time, State's capacity to oversee these programs will need to be built. State should have four responsibilities for security assistance programs under the FAA: to design the overall security assistance portfolio, to select countries which should receive such assistance, to set budgetary levels for each country program, and to oversee the implementation of the program (by DSCA and the military). The elements needed to strengthen State's capacity in the area of security assistance are: 1) with the Congress, a detailed review of FAA and AECA authorities over FMF, IMET, and PKO, including a clear definition of the flexibilities State will need to execute a revised security

assistance program flexibly and swiftly, as the new security circumstances require. 2) An expansion of the State foreign service cadre with expertise in this area from the 18 current PolMil specialists, to roughly 70 specialists, working largely for the Political-Military Bureau at State. 3) A redefinition of the role of the Pol. Mil. Bureau at state to become a more active planner and manager of security assistance efforts, including program oversight. 4) Additional funding in State's budget to deliver assistance under a transferred 1206 authority.

For CERP-type programs for reconstruction and stabilization, State and USAID will also need to build capacity. The steps to take, as my testimony suggested are: 1) Building a relatively small, but streamlined civilian deployment capacity at USAID (not at S/CRS) to deploy for post-conflict and failing states missions. 2) Creating, with the Congress, a contingency funding capability at State/USAID to fund such missions, including full accountability for that funding to the Congress. 3) Terminating the Section 1207 program at DOD and integrating that funding into the contingency funding available to State/USAID. 4) Down-scoping the CERP program at DOD so it covers only narrowly-scoped missions related to military operations and restricts any broader set of assistance programs to highly insecure environments where U.S. forces have been actively deployed on combat missions. A much narrower set of DOD missions could then be made part of permanent law by the Congress.

On a related note, Section 622 for the Foreign Affairs Act states that: *"The Secretary of State is responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training, including determining whether there shall be a security assistance program and the value thereof, to the end that such programs are effectively integrated both at home and abroad, and that the foreign policy of the United States is best served thereby."* With the creation of dueling security assistance authorities between the Department of State and the Department of Defense I have to question: With the increases in funding streams and new authorities for the Secretary of Defense and the combatant commanders, how can the Secretary of State still be responsible that all security assistance is carried out in accordance with United States foreign policy if vast portions are being funded by the Department of Defense and what are the consequences of dueling security assistance authorities between the Department of State and the Department of Defense? How problematic is this, from your perspectives? Do you see that this may be fomenting doubt as to who speaks for the United States in international forums? Is there a perception that the role of the Secretary of State as the President's principal adviser and chief negotiator relating to United States foreign policy and international affairs has been eroded and is this causing confusion with our NGO partners and allies overseas?

Answer: There is no doubt that the emergence of a large DOD portfolio of security and foreign assistance programs has had negative consequences for U.S. national security. As I suggest in my written testimony, they are three-fold. First, the U.S. military is taking on responsibilities that are not part of its core capabilities. This stresses and weakens the combat capabilities of the U.S. military. In addition, it means the missions are not particularly well-performed. The focus is inevitably on U.S. military needs, not on the long-term needs of governance and development in the recipient country.

Second, using the U.S. military as the "default provider" of development and security assistance further weakens the civilian tools of statecraft. It becomes all too easy to accept that only DOD has the organization, personnel, and resources for these missions, so why bother to build capacity on the civilian side.

Third, and most serious, increasing the DOD role in foreign assistance puts a uniform on U.S. global engagement. While we honor our military, other countries do not necessarily welcome uniformed forces and the front line of U.S. international engagement, with negative consequences for the international image of the United States. From an historical perspective, moreover, putting the U.S. military at the lead in non-combat related programs runs counter to the wisdom we have sought to convey for decades to the militaries of other countries: the military role is combat and security, not social, economic, and political development.

**Civilian-Military Relations
Questions for the Record
Submitted by Chairwoman Nita M. Lowey
for Ambassador George Moose**

Commander's Emergency Response Program (CERP)

DOD's Commander's Emergency Response Program (CERP) supports humanitarian relief and reconstruction operations in Iraq, Afghanistan, and the Philippines with a budget in FY2008 of \$1.7 billion. The previous Administration sought to make the CERP authority permanent and apply worldwide. Some have argued, however, that these activities are not core DOD missions and duplicate similar programs managed by civilian professionals at USAID and the State Department. What are your views of CERP? Should it be expanded as some have proposed?

Answer: There are good reasons for programs such as CERP that make funds available to military units to undertake humanitarian relief and construction projects in conflict situations, such as those that exist in Iraq and Afghanistan. This is particularly necessary in combat zones where insecurity makes it difficult or impossible for civilian agencies, such as State and USAID, to operate. However, I see no compelling logic for extending these programs to non-conflict situations. Humanitarian relief and development have traditionally been the core missions of USAID and the State Department, which have greater experience and well established capabilities. Even in conflict situations, I believe every effort should be made to transition from military to civilian efforts just as soon as adequate security conditions can be established. There may well be situations in which the military can contribute substantially to these activities; but in these situations, the military role should be subordinate to and coordinated by mandated civilian agencies. Accordingly, I would not support a proposal to make CERP authority permanent, or to apply it worldwide.

Civilian Ramp-up in Non-Permissive Environments

The Administration's broad FY2010 budget request released last week, "refocuses United States resources toward addressing the resurgence of Al Qaeda and the Taliban in Afghanistan and Pakistan. The budget increases non-military assistance to both countries, providing additional funding for governance, reconstruction, counter-narcotics, and other development activities that will counter extremists. The budget expands the number of civilian personnel in Afghanistan and Pakistan in an effort to stabilize these countries, build government capacity, and successfully manage expanded assistance programs." How should the Administration ramp up in non-permissive environments? What, in your view, is the right balance for doing the job right and keeping civilians safe? Please address the Afghanistan case and the Pakistan cases specifically, if possible, both how they are similar and how they are different. What are your thoughts on the PRT model in Afghanistan and Iraq? In your view, does this model work as a vehicle for diplomacy and development in less permissive environments? Is it your impression that State and USAID have improved their ability to staff PRTs adequately? Should PRTs be the model for future civ-mil cooperation and coordination?

Answer: I am by no means an expert on either Iraq or Afghanistan, and therefore it is difficult for me to address those particular situations knowledgeably. My own perspective on this question is very much shaped by my experience in Vietnam, where a similar effort was made to integrate U.S. civilian and military capabilities to implement a comprehensive approach to both counter-insurgency and nation building. In many respects, the PRT model has its origins in the CORDS (Civil Operations and Revolutionary Development Support) structures that were established in Vietnam. At its best, the CORDS model made possible an effective integration of civilian and military capabilities, while allowing participating agencies to perform the tasks for which they were best qualified.

Leaving aside the eventual outcome of that earlier undertaking, I believe the PRTs can serve as a model for civilian-military cooperation, most particularly in conflict situations where the security is a primary concern. It is a model that accepts the need for a substantial military component to provide the security required to conduct diplomatic and developmental activities, while placing those nation building activities in the hands of those best qualified to conduct them. There may well be circumstances, however, in which security conditions will permit, at best, only a nominal civilian presence. In such circumstances, there may be no practical alternative to giving military units primary responsibility for humanitarian activities.

As Ambassador Pickering testified on March 3, the major constraint that both the State Department and USAID have faced in ramping up for missions in Iraq and Afghanistan has been the severe shortage of core staff. The effort to meet the extraordinary demands in Iraq has resulted in gaps and position vacancies as high as 20 percent in embassies and missions around the world. Urgent needs could be met by an exceptional hiring program, as was done with regard to Vietnam; but a significant increase in core staffing will again be needed merely to manage such a surge program. The bottom line is this: The obstacles have more to do with resource constraints than any presumed institutional weaknesses or limitations. If the Administration and the Congress determine that this is a high priority and make funding available, the requirements can be met.

**Civilian-Military Relations
Questions for the Record
Submitted by Chairwoman Nita M. Lowey
for Dr. John Hamre**

Transfer of Resources and Responsibilities from State Department

There is growing agreement that the resources of the military and civilian elements of our national security apparatus are out of balance. In some cases there are countries now receiving between a quarter and a half of their United States foreign aid through the Department of Defense. The American Academy of Diplomacy and Stimson Center issued a report, entitled *A Foreign Affairs Budget for the Future*, which recommends the gradual transfer of roughly \$785 million in funding from the Department of Defense to the State Department. This calculus includes Commander's Emergency Response Program (CERP), Coalition Support Funds (CSF), and DOD's version of FMF, commonly known as Section 1206, as well as Section 1207, which enables a transfer of funds from the Defense budget to the State Department budget for counterterrorism assistance and crisis response. Do you concur with this recommendation? What would such a shift in resources mean in terms of added responsibility for the State Department? What needs to be done in the next three to five years to ensure both that foreign military aid programs under DoD are eventually moved under State and address the original concerns which led to the creation of the 1206 program?

For the record, I was a member of the Commission that was organized by the American Academy of Diplomacy and the Stimson Center. I generally support the recommendations of the report. In general, I think it is better for the foreign assistance funding to flow through the Department of State. I strongly object, however, to transferring CERP funding, and I don't believe that was the final recommendation of the Commission. Commanders cannot effectively fight insurgency wars without a wider range of resources to help build relationships with local leaders. CERP is essential in this regard, so I would strongly object to transferring CERP funding to the State Department. I made that case to the Commission, and I believe that was the final outcome of the report. The State Department currently lacks the capacity to manage these programs. They lack adequate personnel, and frankly do not have experience operationally in the field in combat circumstances. For the other funds identified in the question, I think the Committee should ask the General Accountability Office (GAO) to review the effectiveness of the DoD-funded programs and ascertain whether they are tied to military operations. If they are important to military operations, they should

remain with the Defense Department. If they are not tied to ongoing operations, then I think they can be transferred to State, so long as there is a coordination mechanism to insure Defense equities are honestly incorporated in the administrative process.

On a related note, Section 622 for the Foreign Affairs Act states that: *"The Secretary of State is responsible for the continuous supervision and general direction of economic assistance, military assistance, and military education and training, including determining whether there shall be a security assistance program and the value thereof, to the end that such programs are effectively integrated both at home and abroad, and that the foreign policy of the United States is best served thereby."* With the creation of dueling security assistance authorities between the Department of State and the Department of Defense I have to question: With the increases in funding streams and new authorities for the Secretary of Defense and the combatant commanders, how can the Secretary of State still be responsible that all security assistance is carried out in accordance with United States foreign policy if vast portions are being funded by the Department of Defense and what are the consequences of dueling security assistance authorities between the Department of State and the Department of Defense? How problematic is this, from your perspectives? Do you see that this may be fomenting doubt as to who speaks for the United States in international forums? Is there a perception that the role of the Secretary of State as the President's principal adviser and chief negotiator relating to United States foreign policy and international affairs has been eroded and is this causing confusion with our NGO partners and allies overseas?

In general terms, I think the Secretary of State should be responsible for supervision and general direction of foreign assistance funding. But rather than looking at this from a Washington turf perspective, it would be good to look at it from the field perspective and ascertain effectiveness. There are enormous problems with the effectiveness of our assistance in the field, and I think this applies to both State-administered funds and DoD-administered funds. Too much of this debate is a debate over bureaucratic turf in Washington, and not enough about effectiveness in the field. Frankly, I think the argument that America's voice has been bifurcated is overstated. Much of it traces back to the rancorous days when Secretary Rumsfeld was the Secretary of Defense. Secretary Gates has restored a cooperative and healthy balance. After all, Secretary Gates has been more active calling for a strengthening of the State Department than anyone else. As to the proposition that the Secretary of State's role has been eroded, that has largely been because of an under-resourced and ineffective State Department, not because of an aggressive and hostile Defense Department. The Committee should focus on building up the State Department, not re-litigating battles that are 5-6 years old.

**Civilian-Military Relations
Questions for the Record
Submitted by Nancy Lindborg, President of Mercy Corps
To Chairwoman Nita M. Lowey**

Question #1: Commander's Emergency Response Program (CERP)

CERP funding should not be expanded, nor should it be made permanent.

The CERP program – which began in 2003 in Iraq under the Coalition Provisional Authority – was initially funded using Development Fund for Iraq (DFI) monies that came from seized oil revenues. What was meant to be a temporary program specific to the post-invasion context in Iraq has since been applied much more broadly.

By the end of 2008, CERP in Iraq had received \$3.5 billion in funding. In Afghanistan, the CERP funding in 2008 was \$269 million and in 2009 is expected to top half a billion dollars – this is more than the Afghan government spends throughout the country on health and education programs.

CERP programs are not well structured to promote long-term development because selection criteria focus primarily on short-term, high impact programs. In Iraq, CERP guidance detailed the following four criteria for project selection:

- how quickly the project can be executed
- how many Iraqis would be employed
- how many Iraqis would benefit
- the visibility of the project

Because of this focus, programs funded through CERP have often not been developed in coordination with local governments, and are often chosen on the basis of whether they support a “heart and minds” or “clear, hold and build” strategy. In Iraq, for example, this leads to persistent problems when it comes time to transferring projects to Iraqi control, with little detailed documentation and each US agency and funding stream having a different set of procedures for transferring their projects. Frequently, the relevant Iraqi ministries also lack sufficient technical expertise and resources necessary to manage the projects. Lastly, the imperative to achieve quick results and expend money, especially in insecure areas with opaque political and power dynamics, can easily lead to dependence on local power brokers, over-paying for labor and materials and extremely expensive projects. Numerous reports from SIGIR and SIGAR document these points. These combined dynamics mean that the overall contribution that CERP-funded programs make to coordinated, long-term development is limited.

Additionally, CERP was developed to provide a highly flexible instrument for funding projects. In Iraq, brigade commanders have authority to make funding decisions up to \$200,000 and provincial commanders can approve projects up to \$500,000. Meanwhile, the main civilian funding instrument – the Quick Response Fund (QRF) – requires three levels of approvals for any project over \$25,000. A similar divergence in civilian-military budgetary authorities exists in Afghanistan. The imbalance in flexibility between the military and civilian funding instruments available for quick stabilization projects has meant that the military – whose core mission is rightfully security – has had much more capacity to finance development programs – quickly and with few strings attached - than our civilian agencies – which have development as part of their core mission. US foreign assistance policies and objectives would be well-served if these imbalances were addressed and more flexible, long-term funding were made available to civilian agencies and experts as well.

Question #2: Civilian Ramp-up in Non-Permissive Environments

The Administration ramp up in non-permissive environments should focus military resources on their security functions and properly resource them to get that job done. It is entirely appropriate for military to also focus on providing ambient security that is so vital to humanitarian and development agencies.

However, as I have said in other testimony, it is key that civilian agencies and the military cooperate effectively, but we must also pay careful attention to differentiating respective roles and responsibilities.

The critical problem with PRTs is that, as an *ad hoc* and improvised response, they have never been properly defined, structured or resourced to conduct the multiple missions they have been assigned. Virtually all of the numerous PRT studies and reports produced have concluded that, even now, they still lack a clear mission, concept of operations or doctrine, standard operation procedures and criteria for program design, management, oversight, measurement and impact assessment. As an April 2008 House Armed Services Committee concluded: "...we remain amazed that, after five years, the PRT mission has not been more clearly defined, specifically regarding how they support U.S. and coalition strategies in Iraq and Afghanistan and support the host nations' development plans."

Many have argued that the problem of balance on PRTs relates to the ratio of civilian to military staff. In fact, this is only part of the issue and imbalance. Because PRTs can access multiple funding streams – and because the military streams such as CERP are larger and more flexible – even if civilians are nominally in charge of the PRTs, they are often not in the position to make decisions over the most significant sources of funding. Their dependence on military units and commander approval for their security and movement further limits their autonomy and control of the development agenda and programs.

It follows that the PRTs are generally not a suitable model for performing meaningful development or diplomatic work – even in insecure and less permissive environments. It is well understood that the USG and military may have strong incentives for showing support for national governments and having a government platform from which to execute counter-insurgency and good will campaigns. And PRTs can potentially play such a role. However, a more fundamental question must be asked about what can be realistically achieved in such environments, at what time, and by whom. As our experiences in Iraq and Afghanistan have shown, the true challenge has been to properly select, adequately fund and maximize each actor's unique skills and capabilities.

There are also inherent limitations that PRTs, as fundamentally military entities, face in seeking to engage meaningfully with communities and play a driving role in development and diplomacy. The key point is this: no matter what one calls the PRTs – civilian-led, ePRTs or otherwise – or how many civilians one adds to them, they appear and will almost always be perceived by the local population as an armed party to the conflict. This reality automatically limits a PRT's ability to establish the trust and long-term relationships necessary to guarantee the community acceptance upon which meaningful development work depends.

US strategy would be best served by limiting military and PRT activities to those things that military units and PRTs do best – providing ambient security, security sector reform and training, large infrastructure projects, and basic support to build the capacity of governments to provide citizens with needed services. By concentrating in these areas the military and PRTs can play an essential and enabling role in ensuring that development and diplomatic experts have the basic security, environment and operational space necessary for them to be effective.

Question #3: (Rep. Granger) Much of the development and humanitarian relief work of our civilian agencies is carried out in partnership around the world with non-governmental organizations like your own, Mercy Corps. How might the Department of State and USAID, and NGOs including your own, work more effectively and efficiently with the military in global hot spots? For example, are there particular strengths of each? Are there particular weaknesses of each?

It is critically important to develop a coherent strategy laying out an overarching vision of national security that includes the importance of reducing poverty and conflict. We then need to structure our missions and fund and deploy each actor with a full understanding of the different skills and modalities they bring to the task at hand.

No single actor can do everything alone. The challenge for the USG is to ensure that the roles, resources and capabilities that it invests in and mobilizes are selected based on long-term policy priorities rather than short term capacity considerations. In recent years, the opposite has occurred, leading to the current civilian-military imbalance.

We urgently need to harness the value and core competencies of both our civilian and military agencies. Terms such as “whole-of-government approach” have become

synonymous with the critical need for our nation to act with the full power of its military and civilian agencies directed toward common national goals. The danger of whole-of-government approaches is that we may create structures and approaches that inadvertently subordinate longer-term development objectives to the urgency of stability and short-term security objectives.

What we must find are structures and approaches that enable communication and coordination without co-mingling necessarily differentiated approaches. Therefore, I would propose the following division of labor:

Only the military can be responsible for providing security in conflict, a vital precondition for achieving successful reconstruction. Without securing the lives of civilians from immediate and large-scale violence, there cannot be true recovery. Likewise, in exceptional, overwhelming humanitarian disasters or crises, military support for civilian-led responses can be vital. The U.S. military has a range of capacities that have few civilian equivalents. Only the military can provide the amount of lift capacity that can mean the difference between life and death in the aftermath of a serious disaster. These capacities were used with great effect in the aftermath of the 2004 Southeast Asian tsunami and 2005 Pakistan earthquakes.

However, in all but the most extreme conflict situations where civilian access is impossible, the military's role in stabilization, complex development and post-conflict operations should be minimized and focused on what the military does best. The military must be able and willing to step aside once the heat of conflict has subsided in order to create space for well-resourced civilian actors to assume the lead.

Civilian agencies – those possessing the expertise, experience and cultural knowledge necessary to succeed in such environments – should be clearly in the lead whenever and wherever possible. Effective development practice is a tremendously complex and nuanced enterprise, and our civilian agencies and their partners in the non-governmental development community have been able, despite serious obstacles, to build up a professional skill set and a growing body of best practices that serve this goal. The military is not the appropriate home for a dedicated and dynamic corps of development practitioners, as we could have within a revitalized USAID. Rather than directing resources towards the military to construct development capacity as a secondary mission, we should focus our efforts on building up and adequately funding the civilian agencies where that expertise already resides.

**Civilian-Military Relations
Questions for the Record
Submitted by Ranking Member Kay Granger
for Dr. Gordon Adams**

DOD has the institutional experience and resources to provide sustained engagement in post-conflict environments. What ways can civilian agencies build this institutional capacity and in what ways can they draw on the experiences and resources of the Department of Defense to avoid this duplication of effort?

Answer: It is important for the U.S. military to play its role in U.S. national security policy. That role is primarily a combat and deterrence responsibility. As I suggested in my written and oral testimony, DOD has gone well beyond its core mission in developing stabilization, reconstruction, development, and governance programs. What wisdom they have learned in doing so should be transmitted to the civilian agencies, whose capacities to provide these capabilities should be developed. We should not have a duplication of capability, but, in my view, the right place for us to execute development, governance, and reconstruction programs is on the civilian side of the U.S. government, not on the military side. In detail, the answers to the two questions posed by Chairperson Lowey provide the guidelines for strengthening these civilian capabilities.

**Civilian-Military Relations
Questions for the Record
Submitted by Ranking Member Kay Granger
for Dr. John Hamre**

I am intrigued by the suggestion that there should be a quadrennial review of diplomatic and development priorities. There are already existing planning mechanisms in the State Department, such as the "F" process, which coordinates foreign policy funding and strategy of State and USAID, and the Coordinator for Reconstruction's U.S. Government planning framework. What is your advice on how the Committee can help tie together these planning functions in a cost-effective way to achieve the best results? Should the existing processes be replaced by a new integrated quadrennial review?

The reason the Defense Department is so effective in justifying its budgets and securing funding from the Congress is because it has a bureaucratically powerful comptroller and a strong programming and budgeting process. The State Department has never had a real programming process and its budgeting process is weak. If there is going to be an effective quadrennial programming process in the State Department, they are going to need a stronger and more disciplined programming and budgeting process. It is ironic to note that it took an independent commission to identify the long-term staffing needs of the State Department. The State Department does not have this capability in house. That is the pre-requisite for a quadrennial review of diplomatic and development priorities.

**Civilian-Military Relations
Questions for the Record
Submitted by Ranking Member Kay Granger
for Ambassador George Moose**

The State Department and USAID have requested, and Congress has appropriated, resources to build a civilian response capacity. It seems to me that civilian agencies lack the institutional capacity, particularly with respect to security, to support long-term deployments of civilians to unstable and insecure environments (where they are most needed). In your experience, how realistic is it that the Department of State and USAID will overcome this challenge and how much time will be needed for this capacity to become operational?

Answer: I believe there is considerable historical evidence to support the proposition that civilian foreign affairs agencies such as the State Department and USAID can develop and manage a substantial civilian response capability, and that they can do so in insecure and unstable environments. The example I have cited previously is that of Vietnam, where USAID and State were called upon to mount a substantial civilian effort to support U.S. counter-insurgency and nation building efforts. Given the required staff and resources, I see absolutely no reason to think that such an effort could not be successfully mounted in current circumstances to respond to the challenges we face in places like Iraq and Afghanistan.

As my colleague Gordon Adams mentioned in his testimony, there is a question as to where the management of such a surge capability should be located. As I understand it, the current proposal would place this function within the responsibility of the Office of the Coordinator for Reconstruction and Stabilization. The alternative, as suggested by Mr. Adams, would be to assign the task to USAID, which as a line agency has greater administrative capacity to manage such an activity. This would allow for a much more rapid and orderly development of a reserve or surge capacity; and it would in no way detract from the important policy coordination responsibilities assigned to the Coordinator's office.

**Civilian-Military Relations
Questions for the Record
Submitted by Ranking Member Kay Granger
for Ms. Nancy Lindborg**

Much of the development and humanitarian relief work of our civilian agencies is carried out in partnership around the world with non-governmental organizations like your own, Mercy Corps. How might the Department of State and USAID, and NGOs including your own, work more effectively and efficiently with the military in global hot spots? For example, are there particular strengths of each? Are there particular weaknesses of each?

Answer: It is critically important to develop a coherent strategy laying out an overarching vision of national security that includes the importance of reducing poverty and conflict. We then need to structure our missions and fund and deploy each actor with a full understanding of the different skills and modalities they bring to the task at hand.

No single actor can do everything alone. The challenge for the USG is to ensure that the roles, resources and capabilities that it invests in and mobilizes are selected based on long-term policy priorities rather than short term capacity considerations. In recent years, the opposite has occurred, leading to the current civilian-military imbalance.

We urgently need to harness the value and core competencies of both our civilian and military agencies. Terms such as “whole-of-government approach” have become synonymous with the critical need for our nation to act with the full power of its military and civilian agencies directed toward common national goals. The danger of whole-of-government approaches is that we may create structures and approaches that inadvertently subordinate longer-term development objectives to the urgency of stability and short-term security objectives.

What we must find are structures and approaches that enable communication and coordination without co-mingling necessarily differentiated approaches. Therefore, I would propose the following division of labor:

Only the military can be responsible for providing security in conflict, a vital precondition for achieving successful reconstruction. Without securing the lives of civilians from immediate and large-scale violence, there cannot be true recovery. Likewise, in exceptional, overwhelming humanitarian disasters or crises, military support for civilian-led responses can be vital. The U.S. military has a range of capacities that have few civilian equivalents. Only the military can provide the amount of lift capacity that can mean the difference between life and death in the aftermath of a serious disaster. These capacities were used with great effect in the aftermath of the 2004 Southeast Asian tsunami and 2005 Pakistan earthquakes.

However, in all but the most extreme conflict situations where civilian access is impossible, the military's role in stabilization, complex development and post-conflict operations should be minimized and focused on what the military does best. The military must be able and willing to step aside once the heat of conflict has subsided in order to create space for well-resourced civilian actors to assume the lead.

Civilian agencies – those possessing the expertise, experience and cultural knowledge necessary to succeed in such environments – should be clearly in the lead whenever and wherever possible. Effective development practice is a tremendously complex and nuanced enterprise, and our civilian agencies and their partners in the non-governmental development community have been able, despite serious obstacles, to build up a professional skill set and a growing body of best practices that serve this goal. The military is not the appropriate home for a dedicated and dynamic corps of development practitioners, as we could have within a revitalized USAID. Rather than directing resources towards the military to construct development capacity as a secondary mission, we should focus our efforts on building up and adequately funding the civilian agencies where that expertise already resides.

WEDNESDAY, FEBRUARY 25, 2009.

BUILDING A 21ST CENTURY WORKFORCE

WITNESSES

HON. THOMAS PICKERING, PRESIDENT, AMERICAN FOREIGN SERVICE ASSOCIATION

PRUDENCE BUSHNELL, FORMER AMBASSADOR TO THE REPUBLICS OF KENYA AND GUATEMALA, RETIRED FOREIGN SERVICE OFFICER, AND MEMBER OF THE 2006 COMMISSION ON "THE EMBASSY OF THE FUTURE"

JAMES KUNDER, ACTING DEPUTY ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

OPENING STATEMENT OF CHAIRWOMAN LOWEY

Mrs. LOWEY. The Subcommittee on State, Foreign Operations, and Related Programs will come to order.

Before we begin, I would like to welcome my colleague Kay Granger as the Ranking Member of this committee, and I do believe it is the first time not just on Appropriations but in the Congress where there are two women as Chair and Ranking Member of a subcommittee. So I am delighted to welcome Ms. Granger. We look forward to all working together on the many challenges that we have ahead.

Good morning, ladies and gentlemen. The subcommittee on State, Foreign Operations, and Related Programs has come to order for our first hearing of the session. I am pleased to open our first hearing of the year on a subject that is very much on everyone's mind: the need to strengthen the capacity of our diplomatic and development personnel of the Department of State and the U.S. Agency for International Development.

Strong leadership and expertise are necessary to confront the extensive global challenges facing our Nation and the world, and we have much to be concerned about. As Admiral Dennis Blair, Director of National Intelligence recently noted, "The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications," which include growing instability and extremism.

For the first time in my 20 years in the Congress, diplomacy and development are considered key components of our national security. In a November 2007 speech at Kansas State University, Secretary of Defense Robert Gates said, "What is clear to me is that there is a need for a dramatic increase in spending on the civilian instruments of national security, diplomacy, strategic communications, foreign assistance, civic action, and economic reconstruction and development."

I wholeheartedly agree, and I welcome the growing support for civilian capacity. However, we need to do more than just add dip-

lomats, development staff and foreign aid dollars to truly transfer our foreign policy institutions to meet the challenges of the 21st century. We must increase and enhance the skills and knowledge of our diplomatic and development staffs to effectively interact with the communities in which they serve. They must get outside the embassy walls, engage in people-to-people diplomacy, work hand-in-hand with partner governments and civilian society as part of a comprehensive, integrated U.S. Government strategy to meet the diplomatic and development needs of the host nations.

This committee has already begun to expand and strengthen the Foreign Service, and with the resources provided in the 2008 Supplemental Appropriations Act and in the Omnibus Appropriations Act for 2009, USAID and the Department of State will be able to hire approximately—I am going to interrupt myself to welcome Ambassador Pickering, and I apologize for keeping you waiting on those long lines.

Mr. PICKERING. I apologize to you.

Mrs. LOWEY. Next time, call and one of us will come and get you. I thought you were so important they would understand immediately they needed to let you through.

The committee has already begun to expand and strengthen the Foreign Service and with the resources provided in the 2008 Supplemental Appropriations Act and the Omnibus Appropriations Act for 2009, USAID and the Department of State will be able to hire approximately 450 new core development workers and 638 diplomatic personnel.

However, as our witnesses—and again I thank you for being here—will testify today, there is still much more to be done and we must ensure that both agencies have the capacity to effectively and rapidly absorb, deploy, and manage this expanded workforce. This need to rebuild our diplomatic and development capabilities has been recognized and embraced by the Obama administration, and Secretary Clinton reiterated this message during her confirmation hearing earlier this year when she stated, “I don’t think there is any substitute for having seasoned, experienced professionals and experts leading our efforts on diplomacy and development and working, where possible, in partnership and coordination with the private sector and the not-for-profit sector.”

A quick review of the facts clearly demonstrates the weaknesses that have developed in our civilian agencies since the end of the Cold War. And as the October 2008 American Academy of Diplomacy report entitled “A Foreign Affairs Budget for the Future” observed: Since the fall of the Berlin Wall, the diplomatic capacity of the United States has been hollowed out. A combination of reduced personnel, program cuts, and sharply increased responsibilities has put maximum pressure on the capacity of those U.S. agencies that are responsible for the missions of core diplomacy, public diplomacy, foreign assistance, reconstruction and stabilization under the 150, the international affairs account.

By September 11, 2001, the overseas staffing shortfall in the State Department had approached 20 percent, with a larger gap at USAID. USAID currently has 8,000 employees, half the number the agencies had at its peak in the 1970s. Only 1,000 are Foreign

Service officers, the technical experts and voice of the U.S. Government in missions around the world.

While USAID has experienced staffing ups and downs over the past 20 years, foreign assistance funding has increased dramatically. In 1998, USAID conducted approximately 2,990 transactions, obligating a total of \$2.5 billion. And in 2007, USAID conducted 10,613 transactions obligating a total of \$10.3 billion, a fivefold increase. And to manage this workload, USAID has turned to new funding mechanisms—as we know, contractors—often transferring oversight responsibility, vetting and implementation to its contractors. It is clear we need to expand the number of qualified Foreign Service officers at USAID.

Today, we are fortunate to have with us several individuals who have examined and led reform efforts to address the lack of core development and diplomatic personnel. A report entitled “A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness” was released by the the American Academy of Diplomacy in October 2008, and we are pleased to have with us the chairman of the advisory group, former Ambassador Thomas Pickering.

A year earlier, the Center for Strategic and International Studies began the dialogue on the need to strengthen civilian agencies, with the publication of the findings of the Embassy of the Future Commission, and today we are also joined by former Ambassador Prudence Bushnell who served on that Commission following a distinguished career in the Foreign Service.

Finally, USAID began efforts to strengthen its internal capacity with the launch of the Development Leadership Initiative in 2008, and former USAID Deputy Administrator Jim Kunder, who supported this important effort, will provide perspective on this important initiative, as well as recommendations for future staffing growth at USAID.

All of these reports call for increased support and focus on the civilian agencies that champion our foreign policy priorities. Now is the time for Congress and the Obama administration to respond to these calls. We must strengthen our development and diplomatic capability in order to relieve the stress on an overused and overburdened military. My efforts to halt the erosion of the Department of State and USAID’s diplomatic and development capacity, to build up a robust reconstruction and stabilization capability, and to expand USAID and Department of State’s staffing are just the first steps in what must be a multiyear effort to rebuild the civilian instruments of national security that Secretary Gates called for in November 2007.

So I look forward to hearing from the witnesses today as we explore this critical issue, and to working with Secretary Clinton to rebuild our foreign policy infrastructure with a workforce prepared and equipped to address the global challenges of the new century.

But before I turn to our witnesses, I would like us to hear from our new Ranking Member of the committee, Congresswoman Kay Granger.

OPENING REMARKS OF MS. GRANGER

Ms. GRANGER. Thank you, Madam Chair, for your warm welcome and also for holding this hearing today, the first in our subcommittee of the 111th Congress, and it is a topic that is so important in building the USAID and State Department's workforce of the future. This is critically important for our U.S. diplomacy. This is my first hearing as the Ranking Member of the subcommittee, so I want to thank the Chair for convening this panel and look forward to working closely with her.

We just returned from a very productive visit to Mexico, Colombia and Peru. I applaud that wonderful trip and the information that we got as we move forward. I also want to thank Ranking Member Jerry Lewis for putting me in this position, and I look forward certainly to hearing from a very distinguished panel this morning.

There is a growing recognition that emerging threats to U.S. interests around the world must be confronted with smart power, a combination of military strength and civilian engagement. I have been serving on the Defense Appropriations Subcommittee and so I look forward to seeing how that works and how we arrive at what is the right balance in our military strength and civilian engagement and smart power.

The conflicts in Iraq and Afghanistan certainly have demonstrated the importance of building a civilian capacity to quickly respond to post conflict situations. Developing a civilian response capacity to rapidly bring stability to these very volatile situations is a topic that we will be examining in upcoming hearings.

Our civilian agencies, the Department of State and USAID, are experiencing difficulties carrying out their functions, let alone emerging challenges such as Iraq and Afghanistan, and we will have to work on this together, and that is how we will be successful. As a result, some of the traditional roles of development and diplomacy have been taken up by the military, placing a burden on our armed services and Armed Forces that may undermine their ability to focus on their primary security responsibilities, and Chairman Lowey talked about the numbers. They speak for themselves.

In 1990, USAID had 3,500 personnel to administer approximately \$5 billion in development assistance. Today that number is over \$8 billion, but they only have 2,200 staff.

The State Department and the Congress recognize the need for additional staff, and in 2001 we supported the Diplomatic Readiness Initiative launched by Secretary Powell by adding more than a thousand new personnel. Additional staff increases were provided for critical diplomatic security and consular affairs initiatives. And we supported Secretary Rice's transformation diplomacy effort, which further bolstered the Department's ability to shift personnel resources to the most complex and highest-priority regions and issues.

All of these State Department staffing initiatives were made in the context of heightened security risks and the increased costs of placing more American staff overseas.

As we move forward and as we listen, I say to this very distinguished and experienced panel, I look for guidance as a new member on this subcommittee as to how we can arrive at the right numbers so that we can be most effective.

Thank you, Madam Chair.

Mrs. LOWEY. Thank you, Congresswoman Granger.

Ambassador Pickering, we are delighted you are here and we are happy to place your full testimony into the record. And if you would like to summarize your statement, I am sure many of my colleagues have questions and we would like to have time to put the questions forth and get as much information from you as possible. Please proceed.

OPENING STATEMENT OF MR. PICKERING

Mr. PICKERING. Thank you, Madam Chair.

It is a pleasure to be here and I will attempt to provide a summary. Thank you, Congresswoman Granger, as well, for your statement and members of the subcommittee, thank you for the opportunity to testify today.

I am pleased and honored to join Ambassador Prudence Bushnell and former Deputy Administrator James Kunder on this panel to provide you our views on this critical and important issue which both of you have so well outlined.

I come before you at a time when funding for the conduct of diplomacy is obviously something less than the only budget priority we face as a country. I also come before you, I realize, against the background of relatively recent jurisdiction of this subcommittee in some of this territory and the competing demands with supportive U.S. constituencies across the board.

Indeed, I apologize for being late here today. I had an opportunity to meet with the Foreign Minister and Defense Minister of Colombia, and the Congress has become so popular that the lines outside, while not rivaling the Super Bowl, do make it harder to get in than I normally expected. My deep apologies to all of you.

I also come before you as a committed internationalist with what I believe is a very clear message. We urgently need to begin rebuilding our diplomatic capacity, and we can either pay the financial price of doing that now, or pay a much higher price later in the likely costs of humanitarian, reconstruction and perhaps even military responses.

Events of the past decade have produced obvious shifts in U.S. national security posture. One of these in particular now merits urgent reconsideration. Our post Cold War equation of military deterrence, diplomatic activism, foreign aid and human intelligence work has become seriously and, I think, counterproductively distorted. Rebalancing this formula rates a place among the early action items for the new administration and the 111th Congress, and that is why we are here.

In fact, the period since the fall of the Berlin Wall has seen U.S. diplomatic staffing constraints in most countries abroad, as the chart over here clearly illustrates. You too have recognized in your opening statements this particular point. But these findings were a key output of the recent report to which you all referred, "A Foreign Affairs Budget for the Future," and which I believe you are

familiar with, in which the American Academy of Diplomacy cooperated with the Henry L. Stimson Center in producing. I was very privileged to chair the advisory group for this report, and we would request that a copy of the report be placed in the record.

The report's principal findings include the fact that during the 1990s, overseas diplomatic staffing has been consistently constrained.

Second, more than 1,000 new State Department diplomatic positions were established between 2001 and 2004 by Secretary Powell. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan, and neighboring countries.

Third, since 2004, core diplomatic staffing deficits have in effect returned to pre-2000 levels.

There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which we believe should be managed by civilian leadership, and that puts again an additional burden on current staffing.

Finally, effective implementation of U.S. foreign policy will require, in the words of the report, 4,735 direct hire American staff increases by 2014, and the increased funding for function 150, totaling \$2 billion above the fiscal year 2014 CBO current services estimate by the end of the 5 years to support that increase.

As the subcommittee considers its priorities for the 111th Congress, I would strongly recommend support for the more field-first staffing orientation that has been developed in the report and was begun under Secretary Rice's tenure.

In compiling the report referred to, we believe its conceptual owners saw that the following principles ought to be central to the end of our diplomacy and, indeed, to the staffing requirements for the future.

First, what we call universality. Simply that the U.S. should have resident presence in every country with which it maintains a national government-to-government relationship and at every multilateral organization of which it is a member.

Second, expanded engagement. That the State Department will need significantly to expand interaction with nongovernmental actors, requiring concomitant staffing increases across the board. This includes academia, the NGO community, and the private sector.

Third, location and configuration. To this end, the Department will need to extend the U.S. presence in capitals and outside of capitals. We have to get out of the compound. To quote the report of the Embassy of the Future Commission, of which Ambassador Bushnell was a member, this extension would be manifested by, among other things, the establishment of branch offices, American presence posts, American centers and by the use of traveling circuit riders, among other techniques.

Fourth, security. To speak plainly, it can be anticipated as we proceed that physical threats to U.S. Government personnel abroad will continue. They will likely grow with dispersal, and they may grow in any event. In our opinion, this is a risk which now comes with the territory. It is part of the job, unfortunately. The alternative is starkly inadequate management of U.S. global policy demands, and the report makes some important recommendations on

moving to be able to find ways to deal with risk rather than totally submit ourselves to compoundization as a way to deal with the problem.

Specific to core diplomacy, State Department staffing remained static during the 1990s at a time when workload demands were growing significantly. My next chart illustrates these trends.

Again, specific to core diplomacy, the report we referred to recommended staffing increases in the core area totaling 1,099. In other words, staffing growth averaging 4 percent a year for the next 5 years, and a total underlying budget growth of \$510.5 million by fiscal year 2014 to sustain this effort.

One uplifting thing I can say about core diplomatic capacity is that it has fared marginally better than its public diplomacy counterpart. A number of significant analyses have documented public diplomacy's declining fortune in the post-Cold War era, notably the report of the Smart Power Commission of the CSIS, of which I had an honor to be a member, which cited a 30 percent real dollar decline in spending between 1994 and 2008, illustrated in the chart again to your left. It is interesting that this chart shows a real decline in real money terms between 1994 and 2008 as depicted on the chart by the yellow line.

At the admitted risk of stating the obvious, we noted the not uncommon 1990s' assumption that a strong public diplomacy effort was no longer needed after the fall of communism and, in fact, the end of the division of the world. To some, public diplomacy in those days looked like an easy kill during a time of overall U.S. Government fiscal constraint.

At the risk of stating something that is obvious, I think it is safe to say that this represented a really bad job of looking around corners. The plain fact was that there was a new generation of hearts and minds in the world to win, a new competition for them in a technologically exploding new Information Age with new technologies, new techniques and new opportunities.

At the same time, our reaction to physical security threats and budget constraints has included closing on a serious bases of facilities abroad, many of which were important to public diplomacy efforts, and the concentration of personnel in compounds which I just talked about sometimes really distant from the centers of our interest and the centers of population.

Whatever one's views are regarding the validity of the U.S. policy message in recent years, I would argue that shooting the public diplomacy messenger served no one's interest. The fact remains that more than in any other nation, the U.S. is looked to for ideas, innovation and opportunity. In most of the world, the U.S. is viewed as the society that recognizes individual initiative and rewards talent. We need to do a far better job of capitalizing on that outlook.

Our report for public diplomacy staffing shows an increase of 487,000 U.S. citizen direct hires, and 369 locally employed staff, with an underlying budget growth of \$155.2 million over the 5 year period.

We further propose expansion of public diplomacy programs, something that was beyond the initial scope of our report but considered so important in our minds that we had to include it in the document. This includes doubling of international exchange pro-

grams, a 50-percent increase in international visitor grants, and a 25 percent plus-up for youth exchanges at a further cost of \$455.2 million over the baseline during the same time frame.

Significantly, our public diplomacy recommendations also comprise the proposed opening or reopening of 40 freestanding American cultural centers and three new media hubs abroad. This is of course something that returns us to the question again of physical security which I touched on earlier.

The past year has seen an unusual set of milestone anniversaries in the ongoing evolution of international terrorism, some largely unmarked, but all of them significant. Among these were the 30th anniversary of the onset of the Iranian revolution in 1978 and 1979; the 25th anniversary of the bombings of the U.S. embassies in Beirut and Kuwait; the 10th anniversaries of the attempted bombings of the U.S. Embassies in Kenya and Tanzania, in which Ambassador Bushnell played a major role.

The terrorist activity of which these events are emblematic has produced, obviously and continuingly, shifts in U.S. diplomatic deployment. Secretary Rice some time ago recognized the downside impact of these changes, committing to move our diplomatic presence out of foreign capitals and to spread it more widely across countries to work on the front lines of domestic reform.

Reinforcing this 2 weeks ago, Senator Lugar introduced a bill specifically citing the budgetary and security pressures which have resulted in the drastic downsizing or closure of most American cultural centers and endorsing the goal of their reestablishment.

Former Secretary Albright in my view had it right 10 years ago when she said that job one is to ensure effective promotion of U.S. interests and values around the world.

Expanding diplomatic activity is imperative to this work, and entails a greater risk to diplomatic personnel which I, and I believe most of us will say, is worth the return as long as we take the necessary steps to ensure that our people are well prepared, well trained, knowledgeable and understand not only the risks but the adequate steps that have to be taken in every way to avoid those risks and to identify them.

Madam Chairwoman, as I mentioned earlier, our report also comprised significant findings and recommendations in areas relevant to training and assistance diplomacies, issues which my co-panelists are with me here today to address but which our report strongly supports.

It is my understanding that an upcoming hearing will examine issues relevant to security assistance authorities and staffing, at which our report's principal contributor in this particular area, Gordon Adams, will testify. But simply stated, we believe that some \$780 million worth of security assistance, currently supervised and allocated by the Department of Defense, should be reallocated to the traditional pattern of behavior; that is, that the Secretary of State would be responsible for defining the amounts in the budget and signifying the countries to which it is devoted, while the Secretary of Defense, as always, carries out those programs.

I realize, of course, that some of our recommendations, specifically in the area of expanded training, will likely be partially ad-

dressed in fiscal year 2009 appropriations as the cycle is now concluded, and I am heartened by your signification of the fact that it does include some significant personnel for the State Department. I am also aware that the outline of the President's budget for the 2010 fiscal year is expected to be before you in a day or two. It is my hope, based on what the administration has been saying publicly, that the President's request for overall State Department operations will be ambitious and we hope in line with the recommendations we are making.

I also realize that prioritizing among request components has never been what one would call the strong point of the State Department. What our report has put forth is a collection of what we consider to be the top operational priorities for consideration by your subcommittee. We do so humbly, but we do so on the basis of lots of experience and knowledge and we strongly urge their favorable consideration by your committee.

Thank you, Madam Chairwoman. I, along with the others, look forward to your questions.

Mrs. LOWEY. Thank you, Ambassador Pickering.
[The information follows:]

A Foreign Affairs Budget for the Future

Testimony of

Hon. Thomas R. Pickering

Before the

**Subcommittee on State, Foreign Operations, and Related
Programs**

of the

House Committee on Appropriations

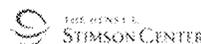
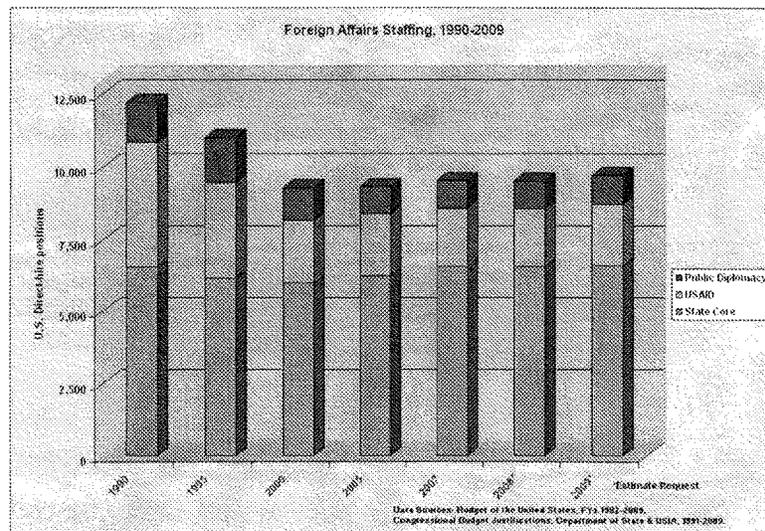
February 25, 2009

Madam Chairwoman, Ms. Granger, members of the subcommittee, thank you for the opportunity to testify today.

I come before you at a time when funding for the conduct of diplomacy is obviously something less than the only budgetary priority we face as a nation. I also come before you, I realize, against the backdrop of the relatively recent jurisdiction of this subcommittee in some of this territory, and of competing demands with supportive U.S. constituencies. Finally, however, I come before you as a committed internationalist with what I believe is a clear message: That we urgently need to begin rebuilding our diplomatic capacity, and that we can either pay the financial price of doing so now or pay much more -- in likely costs of humanitarian, reconstruction and even military responses -- later.

Events of the past decade have produced obvious shifts in U.S. national security posture. One of these in particular now merits reconsideration. Our post-World-War-II quadratic equation of military deterrence, diplomatic activism, foreign aid and human intelligence work has become seriously -- and counterproductively -- distorted. Rebalancing this formula rates a place among early action items for the new administration and the 111th Congress.

Reorientation must be broad-scope, or we risk ignoring some of the most crucial (and costly) lessons of our post-Cold-War experience. To view our recent redirection solely in terms of its extension of pre-emptive military force, for example, downplays the effects of a concurrent diplomatic retrenchment. In fact, the period since the fall of the Berlin Wall has seen U.S. diplomatic staffing constraints in most countries abroad, as this chart illustrates:¹



¹ American Academy of Diplomacy/Henry L. Stimson Center, "A Foreign Affairs Budget for the Future," p. 1.

Admittedly, this trend has occurred in parallel with domestic staffing growth, fed in part by perceptions that 20th-century technology could support the conduct of diplomacy by remote control. Measured against the policy demands of the past decade, this assumption has proven premature, and it will remain so for at least the next decade-plus. I would suggest that its pursuit has even proven counterproductive.

These findings, among others, were key outputs of the recent report "A Foreign Affairs Budget for the Future" -- with which I believe you may be familiar -- produced by the American Academy of Diplomacy and the Henry L. Stimson Center. I was privileged to Chair the Advisory Group for this report, a copy of which I would request be placed in the record.

The report's principal findings were as follows:

- During the 1990s, overseas diplomatic staffing was significantly constrained. By September 11, 2001, the overseas staffing shortfall in the State Department had approached 20%.
- More than 1,000 new State Department diplomatic positions were established between 2001 and 2004. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan and neighboring countries.
- Since 2004, staffing increases at State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to pre-2000 levels.
- USAID currently has 2,200 direct-hire personnel who administer more than \$8 billion annually in assistance. In 1990, USAID had nearly 3,500 personnel assigned to the task of administering a total of approximately \$5 billion annually.
- There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which should be managed by civilian leadership. There needs to be a permanent core of civilian experts who are ready to "surge" when required in non-combat zones; these experts should, in turn, be supported by a reserve corps of others in government and in other sectors that can provide additional or related support.
- Effective implementation of U.S. foreign policy will require an increase of 4,735 direct-hire American staff by 2014 and increased funding for Function 150 totaling \$2 billion above FY 2014 CBO Current Services estimates by the end of these five years.

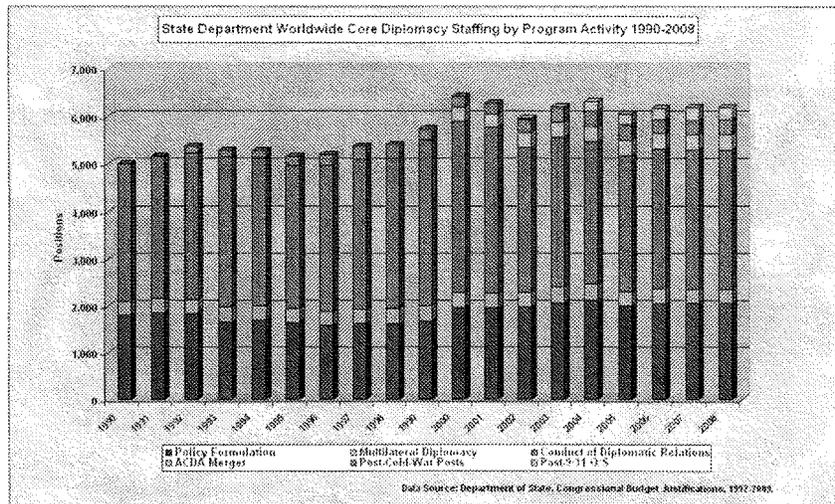
As the Subcommittee considers its priorities for the 111th Congress, I would strongly recommend support for the more "field-first" staffing orientation that began to develop during Secretary Rice's tenure. In compiling the report referred to earlier, we -- its collective conceptual owners -- saw the following principles as central to this end:

- First, *Universality*: That the U.S. should have a resident presence in every country with which it maintains national government-to-government relations, and at every multilateral organization of which it is a member.
- Second, *Expanded engagement*: That the Department will need significantly to expand interaction with non-national-government actors, requiring concomitant staffing increases.

- Third, *Location/configuration*: That to this end, the Department will need to extend the U.S. presence “in capitals and outside them,” to quote the report of the Embassy of the Future Commission, of which Ambassador Bushnell and I were both members.² This extension would be manifested by, among other things, the establishment of branch offices, American Presence Posts, and American Centers, and by the use of traveling circuit-riders.
- Fourth, *Security*: -- Also citing the EotF report – that “to support a diplomatic presence that is distributed, the Department’s security culture and practices must continue to transition from risk avoidance to risk management.” Key to this must be expanded training and other preparation to deal with threats. However, to speak plainly, it can be anticipated as we proceed that physical threats to U.S. government personnel abroad will continue, will likely grow with dispersal, and may grow in any event. In our opinion, this is a risk which now comes with the territory. The alternative is starkly inadequate management of U.S. global policy demands.

Specific to core diplomacy, State Department staffing remained static during the 1990s at a time when workload demands were growing significantly. During this timeframe, the Department absorbed most of the staffing needs associated with the opening of 20 new embassies, principally in the states of the former Soviet Union and Yugoslavia, and primarily by staffing down (and even closing some) Western European posts.³

This chart illustrates these trends:⁴



The American Academy of Diplomacy



THE HENRY L. STIMSON CENTER

² Center for Strategic and International Studies, *The Embassy of the Future*, Washington DC, 2007, p. 30.

³ Department of State, *Congressional Budget Justifications*, Washington DC, 1992-95.

⁴ American Academy of Diplomacy/Henry L. Stimson Center, *op. cit.*, p. 8.

Indicatively, in the way of “pay now or pay more later,” it is worth noting that State significantly constrained staffing in the former Yugoslavia after the end of the Cold War, only to spend somewhere between two and three billion dollars there in peacekeeping, refugee assistance and war crimes tribunal funding in subsequent years. Staffing in the countries in question is now more than double its Cold-War levels. It is obviously unsound to think that expanded, activist, on-the-ground pre-conflict diplomacy would alone have changed the course of events in the Balkans. However, it would seem just as hard now to come up with a net policy downside to such an approach. In any event, it is even harder to see how the financial savings produced by understaffing – at most some \$25 million annually in today’s dollars – merited even a remote risk of what became reality in Bosnia and Kosovo, or of its financial costs.

Again specific to core diplomacy, the AAD/Stimson report recommended staffing increases totaling 1,099 – in other words, staffing growth averaging 4 per cent a year for five years -- and total underlying budget growth of \$510.5 million by FY 2014. We based this, in large part, on recommendations of the report of the State 2025 Working Group which I co-chaired, and which called for an expansion of core diplomacy into the following new activity areas:⁵

- Proactive and Preventive Shaping Diplomacy: To create conditions favorable to U.S. interests on an anticipatory (vice reactive) and results-oriented basis, specifically consisting of proactive multilateral leadership, pre-crisis conflict mediation and resolution, the ability to activate and influence emerging areas of international law, and development of joint-planning and joint-response strategies with both state and non-state actors.
- Engagement of Non-Traditional Actors: A strengthened institutional means to understand, engage and partner creatively with private sector and Non-Governmental Organization (NGO) actors.
- Integrative diplomacy: Coordinating the periodic development of a Global Affairs Strategic Plan and presenting a related and integrated annual Global Affairs Budget; and, leading development of government-wide regional strategic plans and expanding its senior-level diplomatic visibility.

Madam Chairwoman, I think two particular subsets of activity merit mention. The first is an ever-growing importance of the Economics, Science and Technology portfolios in the conduct of U.S. foreign affairs. These functions are understaffed for existing overseas work. Overseas positions allocated to State’s economics portfolio, for example, total 519, approximately 8 percent of State’s core diplomatic workforce, and this following growth by just under 100 staff-years in the past decade. The report specifically recommends a further near-doubling of this growth during the next five years, corresponding to 80 additional staff, to be deployed at posts abroad, detailed to multilateral development banks, and to the offices of U.S. Executive Directors of such institutions.

The Academy has previously recommended that State “have a formal mandate to manage international science negotiations and ... make an aggressive effort to recruit officers with the ability to understand sophisticated scientific issues and methodology.”⁶

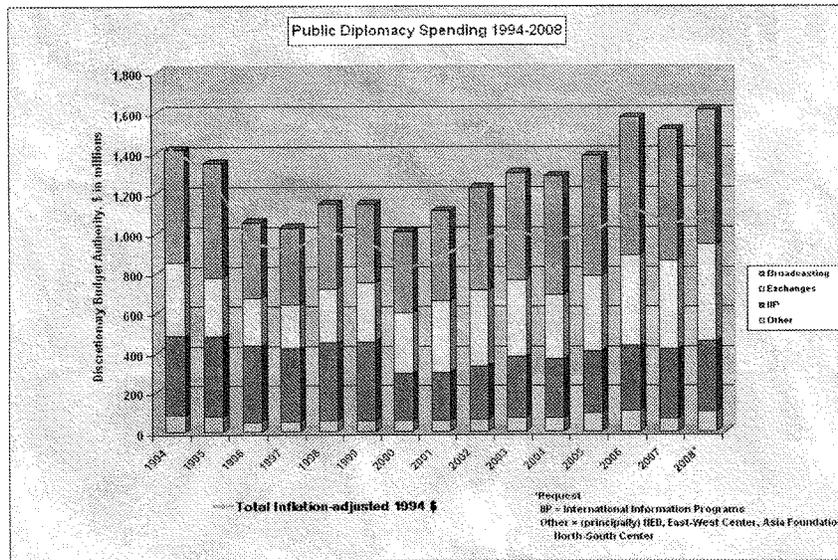
⁵ Based on recommendations 1-3, Advisory Committee on Transformational Diplomacy, *Final Report of the State Department in 2025 Working Group*, U.S. Department of State, Washington DC, 2008.

⁶ *American Diplomacy for a Changing World*. American Academy of Diplomacy, November 2004, p. v.

The Department currently has ESTH (Engineering, Science, Technology & Health) staff at 35 locations abroad. We believe that on the basis of current staff distribution, an increase of 70 overseas staff is warranted.

Also warranting specific discussion looking ahead is an obvious need for reinvigorated multilateral core diplomacy, meaning development and execution of longer-term more proactive strategies for influencing the agendas of multilateral institutions, and strengthened presence in such institutions to these ends. For the latest year in which records are available (2005), a total of only 28 State Department employees were detailed or seconded to multilateral organizations other than NATO, a figure hardly commensurate with our policy interests. Our report recommended a total of 100 additional staff for such assignments and related work.

One uplifting thing I can say about core diplomatic capacity is that it has fared marginally better than its public diplomacy stepchild. A number of significant analyses have documented Public Diplomacy's declining fortunes in the post-Cold-War era, notably the report of the Smart Power Commission, of which I was a member, which cited a 30-per-cent real-dollar decline in spending between 1994 and 2008, illustrated as follows:⁷



⁷ CSIS Commission on Smart Power, *A Smarter, More Secure America*. Washington, D.C., p. 48.

At the admitted risk of the obvious, we noted the not-uncommon 1990s assumption “that a strong public diplomacy effort was no longer needed after the fall of Communism in Europe.”⁸ To some, Public Diplomacy looked like an easy kill during a time of overall U.S. Government fiscal constraint. At the risk of the more obvious, I think it safe to say that this represented a bad job of seeing around corners. The plain fact was that there were new generations of hearts and minds to win, and new competition for them in a technologically-exploding new information age. At the same time, our reaction to physical security threats and budget constraints has included closings of facilities abroad important to public diplomacy efforts, and concentration of personnel in compounds sometimes distant from population centers.

Whatever one’s views regarding the validity of the U.S. policy message in recent years, I would argue that shooting the public diplomacy messenger served no-one’s interest. The fact remains that more than any other nation, the U.S. is looked to for ideas, innovation and opportunity. In most of the world, the U.S. is viewed as a society that recognizes individual initiative and rewards talent. We need to do a far better job of capitalizing on that outlook.

Our report calls for Public Diplomacy staffing increases of 487 U.S. citizen direct-hire and 369 locally-employed staff, with underlying budget growth of \$155.2 million over five years. We further propose expansion of public diplomacy programs – including a doubling of international exchange programs, a 50-per-cent increase in International Visitor grants, and a 25-per-cent plus-up for youth exchanges – at a further cost of \$455.2 million over baseline during the same timeframe.

Significantly, our Public Diplomacy recommendations also comprise the proposed opening or re-opening of 40 free-standing American Cultural Centers and three new media hubs abroad. This of course returns us to the question of physical security, which I touched on earlier. The past year has seen an unusual set of milestone anniversaries in the ongoing evolution of international terrorism, some largely unmarked but significant. Among these were the 30th anniversary of the onset of the Iranian revolution of 1978-79, the 25th anniversaries of the bombings of U.S. Embassies in Beirut and Kuwait, and the 10th anniversary of the attempted bombings of U.S. Embassies in Kenya and Tanzania. The terrorist activity of which these events are emblematic has produced obvious – and continuing -- shifts in U.S. diplomatic deployment. Secretary Rice some time ago recognized the downside impact of these changes, committing to “move our diplomatic presence out of foreign capitals and to spread it more widely across countries [to] work on the front lines of domestic reform ...”⁹ Reinforcing this, two weeks ago, Senator Lugar introduced a bill specifically citing the “budgetary and security pressures which have resulted in the drastic downsizing or closure of most ... American Centers,” and endorsing the goal of their re-establishment.¹⁰

⁸ American Academy of Diplomacy/Henry L. Stimson Center, *op. cit.*, p. 24.

⁹ Condoleezza Rice, “Transformational Diplomacy,” January 18, 2006, Georgetown University.

¹⁰ S. Res. 49, “To express the sense of the Senate regarding the importance of public diplomacy,” intr. Feb 13, 2009.

Former Secretary Albright had it right ten years ago: job one is “to ensure the effective promotion of U.S. interests and values around the world.”¹¹ Expanded diplomatic activism is imperative to this work, and entails greater risk to diplomatic personnel which I, and I believe most of us, would say is worth the return.

Madam Chairwoman, as I mentioned earlier, our report also comprised significant findings and recommendations in areas relevant to training and assistance diplomacy, issues which my co-panelists are here to address, but which we strongly support.

In terms of USAID, we propose that staffing be increased by 1,050 Foreign Service Officers and 200 civil servants between the present and 2014, as well as an increase in the number of Locally Employed Staff (LES). These staffing additions would require annual increases in the USAID Operating Expenses budget that results in a budget \$521 million above the current services baseline by FY 2014. In addition, to provide a substantial surge capacity for reconstruction and stabilization efforts, we propose an increase in U.S. direct-hire staffing of 562 by 2014. These increases and related program costs would require an annual funding increase of \$286 million by FY 2014. This would respond to what I believe is a broadly recognized need for a civilian surge capacity to intervene prior to conflicts and to assist with stabilization and reconstruction after conflicts abate. Such capacity should be an integral part of the civilian toolkit available to the Secretary of State to deal with contingencies that may arise in the coming years.

It is my understanding that an upcoming hearing will examine issues relevant to security assistance authorities and staffing, at which our report’s principal contributor in this lane, Gordon Adams, will testify.

I realize, of course, that the some of our recommendations, specifically in the area of expanded training, will likely be partially addressed as the fiscal year 2009 appropriations cycle is concluded. I am also aware that the outlines of the President’s Budget for the 2010 fiscal year are expected to be before you tomorrow. It is my hope, based on what the Administration has been saying publicly, that the President’s request for overall State Department operations will be ambitious. I also realize that prioritizing among request components has never been a State Department strong point. What our report has put forward is a collection of what we consider to be the top operational priorities for consideration by this subcommittee, and I strongly urge their favorable consideration.

Thank you Madam Chairwoman. I await your questions.

¹¹ “Remarks on receipt of the Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam,” January 8, 1999.

Thomas (Tom) R. Pickering

Thomas R. Pickering, currently Vice Chairman at Hills and Company which provides advice and counsel to a number of major US enterprises, retired as Senior Vice President International Relations and a member of the Executive Council of The Boeing Company on July 1, 2006. He served in that position for 5 and one half years. He was responsible for The Boeing Company's relations with foreign governments and the company's globalization.

Pickering joined Boeing in January 2001, upon his retirement as U.S. Under Secretary of State for Political Affairs, where he had served since May 1997. Prior to that, he was briefly the president of the Eurasia Foundation, a Washington-based organization that makes small grants and loans in the states of the former Soviet Union.

Pickering holds the personal rank of Career Ambassador, the highest in the U.S. Foreign Service. In a diplomatic career spanning five decades, he was U.S. ambassador to the Russian Federation, India, Israel, El Salvador, Nigeria, and the Hashemite Kingdom of Jordan. Pickering also served on assignments in Zanzibar and Dar es Salaam, Tanzania.

From 1989 to 1992, he was Ambassador and Representative to the United Nations in New York. He also served as Executive Secretary of the Department of State and Special Assistant to Secretaries William P. Rogers and Henry A. Kissinger from 1973 to 1974.

Pickering entered on active duty in the U.S. Navy from 1956-1959, and later served in the Naval Reserve to the grade of Lieutenant Commander. Between 1959 and 1961, he was assigned to the Bureau of Intelligence and Research of the State Department and later to the Arms Control and Disarmament Agency, and from 1962 to 1964 in Geneva as political adviser to the U.S. Delegation to the 18-Nation Disarmament Conference.

Pickering received a bachelor's degree, cum laude, with high honors in history, from Bowdoin College in Brunswick, Maine in 1953. In 1954, he received a master's

degree from the Fletcher School of Law and Diplomacy at Tufts University. He was awarded a Fulbright Scholarship to the University of Melbourne in Australia, and received a second master's degree in 1956. In 1984, he was awarded an honorary doctor-in-laws degree from Bowdoin College, and has received similar honors from 12 other universities.

In 1983 and in 1986, Pickering won the Distinguished Presidential Award and, in 1996, the Department of State's highest award – the Distinguished Service Award. He is a member of the International Institute of Strategic Studies and the Council on Foreign Relations. He speaks French, Spanish and Swahili and has some fluency in Arabic, Hebrew and Russian.

Pickering is married to Alice Jean (nee Stover) Pickering and they have a son, Timothy, and a daughter, Margaret, and four grandchildren and two great grandchildren. Pickering was born Nov. 5, 1931, in Orange, N.J.

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Mrs. LOWEY. I am going to turn to Ambassador Bushnell, but I just want to say when we get to the questions, you talked about hope and optimism, and I would like to know, and, if you don't have the figure, get the information as to what all of your hopes and dreams reflected in your statement will cost.

Mr. PICKERING. It is \$3.286 billion.

Mrs. LOWEY. Everything?

Mr. PICKERING. Yes. Chump change.

Mrs. LOWEY. Thank you.

Now we will turn to Ambassador Bushnell and we will place your statement into the record. Welcome.

OPENING STATEMENT OF AMBASSADOR BUSHNELL

Ms. BUSHNELL. Good morning, Madam Chairwoman, and Congresswoman Granger. I appreciate the opportunity to be here and to follow up on Ambassador Pickering's testimony.

My name is Prudence Bushnell. I am a retired Foreign Service officer and former Ambassador to the Republics of Kenya and Guatemala, and member of the 2006 Commission on the Embassy of the Future. My remarks will reflect those experiences, and I hope that the Commission's report can be placed in the record.

The Foreign Service attracts people who are fiercely patriotic and deeply committed to making a difference. While their capacity to perform remains outstanding, their jobs have become increasingly complex and dangerous. According to a 2004 survey, over 87 percent of those with 15 years of service had confronted significant crises, and that number is probably much higher today.

Having experienced the impact of the Rwanda genocide, suffered the wounds of the al Qaeda attack in Kenya, and witnessed the violent legacy of the 35-year conflict in Guatemala, I understand the difficulties in balancing security concerns and policy objectives.

Over the past few years, the former has trumped the latter in our efforts to keep people safe. I applaud the impulse, but I also believe that it is possible to accomplish both: the work of our Nation overseas and manage risk sensibly. It requires more staff, better technology, innovative strategies, and training, and a greater emphasis on taking care of people.

We could, for example, staff and operate embassies according to strategic interests instead of past tradition, limiting the presence to agencies and Americans who really need to be at a post. Foreign Service nationals and locally employed staff could be trained, delegated and rewarded to assume more professional roles. Everyone, including family members, could be prepared through training, crisis exercises, and vigilant leadership to confront danger.

As Ambassador Pickering suggested, we could put a virtual American presence, without risk to people, in all kinds of new places through American corners, resource centers operating in libraries and other venues. We already know that with adequate resources these centers work very well. We could also increase our influence and outreach through more American presence posts, operations staffed by a single Foreign Service officer and local employees to accomplish specific and limited objectives in cities other than the capital.

With the capabilities to produce video conferences, pod casts, blogs and other virtual links, Foreign Service personnel could reach people, NGOs, and businesses across time, distance, and danger. Program management and greater language skills could bolster these opportunities even further. With appropriate, secure, hand-held communications equipment, written work could be accomplished outside the confines of our embassy fortresses.

Imagine the possibilities were our embassies to have the backup of department-run centers to implement innovations, state-of-the-art technology, and modern business practices. Think of the new ideas employees could conceive if they had access to more sophisticated information and research links, formal communities of practice, and interagency blogs. Consider how much better embassy decisions regarding security would be if ambassadors and emergency action committees were privy to intelligence analyses still too often confined to Washington and the few considered in the need to know.

Should the worst happen, think of what we could learn if our accountability review boards sought lessons and not just blame. And suppose we considered post-traumatic stress and other psychological wounds to be just that, wounds to be healed instead of weaknesses to be suppressed or stigmatized. What a more healthy and better-prepared workforce we would have.

A recent Foreign Service Association poll noted employees' willingness to work in dangerous and difficult places. In return, they would like greater attention to family concerns and single sex partners, equitable assignments and salaries, and improved leadership. By that they mean bosses who care about people as well as policy, with the courage to stand up for them to secure the necessary resources and programs they need to do their jobs effectively.

I witnessed the extraordinary performance of which they are capable during the difficult months following the al Qaeda attack on our Embassy in 1998. A thousand pounds of explosives detonated in a small, confined area, left half of the occupants of our chancery dead or severely wounded. Outside, hundreds more were killed and thousands were injured. With no 911, or any of the services we take for granted in the United States, Kenyan and American employees had no choice but to move from victim to rescue force. In later weeks and months, notwithstanding the deaths, destruction and trauma, this community stayed in place, overcoming one challenge after another to reconstruct their organization, assist Kenyan victims and businesses, and help one another to heal. Despite the toll on themselves and their families, they put the U.S. Government back in business within hours of the bombing and never lost sight of its interests. Not for one day were we closed, and it showed in the policy objectives we achieved against great odds.

Now, imagine what people of this caliber could achieve if they were given the kinds of resources, technology, training, innovations and leadership we discussed today.

Thank you for listening.

Mrs. LOWEY. Thank you. Aren't we fortunate to have people of your caliber here, and we thank you again.

[The information follows:]

Testimony of Prudence Bushnell
Ambassador (Retired)
Before the House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 25, 2009

Madame Chairman and members of the Subcommittee, thank you for the opportunity to testify about the kinds of people, training, infrastructure and leadership the Foreign Service needs to do its job securely and effectively. My name is Prudence Bushnell, retired Foreign Service Officer and former Ambassador to the Republics of Kenya and Guatemala, member of the 2006 Commission on "The Embassy of the Future."

The Foreign Service attracts people who are fiercely patriotic and deeply committed to making a difference. While their capacity to perform remains outstanding, their jobs have become increasingly complex and dangerous. According to a 2004 survey, over 87% of those with 15 years of service had confronted significant crises, and that number is likely higher today. Having experienced the impact of the Rwanda genocide, suffered wounds from the Al Qaeda attack in Kenya and witnessed the violent legacy of the 35-year conflict in Guatemala, I understand the difficulties of balancing security concerns and policy objectives.

Over the past few years, the former has trumped the latter in our efforts to keep people safe. I applaud the impulse but I also believe that it is possible to both accomplish the work of our nation overseas and manage risk sensibly. It requires more staff, better technology, innovative strategies and training, and a greater emphasis on taking care of people.

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trained, delegated and rewarded to assume more professional roles. Everyone, including families, could be prepared through training, crisis exercises and vigilant leadership to confront danger.

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With the capabilities to produce video conferences, pod casts, blogs and other virtual links, Foreign Service personnel could reach people and businesses across time, distance and danger. Program management and greater language skills could bolster these opportunities even further. With secure hand held communications equipment, written work could be accomplished outside of the confines of embassy fortresses.

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Thank you.



Prudence Bushnell

As CEO of Sage Associates, Prudence Bushnell lectures and consults on international and leadership topics that range from crisis leadership and terrorism to leadership effectiveness strategies and women peacemakers. Her work in the public and private sectors reflects experiences as Deputy Assistant Secretary of State for African Affairs (1993-1996), Ambassador to the Republics of Kenya (1996-1999) and Guatemala (1999-2002), and Dean of the Leadership and Management School at the Foreign Service Institute (2002-2005). Before joining the Foreign Service, Ms. Bushnell had a successful career in management and leadership training.

Ambassador Bushnell's achievements as a diplomat, leader and educator have been recognized through numerous Department of State awards, the Department of Commerce *Peace through Commerce* Award, the *Service to America Career Achievement* medal and two honorary doctoral degrees. The Nairobi Mission Award for Heroism noted her community's response to the 1998 Al Qaeda bombing of the US embassy in Nairobi, Kenya. *Glamour* magazine named her one of the Top Ten Women of the Year and *Vanity Fair* magazine featured her in its Hall of Fame in 1998. Her efforts to bring attention to the 1994 genocide in Rwanda were featured in the 2005 film, *Sometimes in April*, in which she is portrayed by actress Debra Winger. She is one of three ambassadors highlighted in the National Geographic special, *Inside an Embassy*.

Ms. Bushnell's written works on leadership and terrorism have been published by the Cambridge University Press and the Foreign Service Journal. She is sought out as a public speaker and is a frequent guest on television and radio news programs.

Born in Washington, D.C., and educated in Germany, France, Pakistan and Iran, Ms. Bushnell holds a Bachelor's Degree in Liberal Arts and a Master's Degree in Public Administration.

3810 Lacy Boulevard, Falls Church, VA 22041
SageAssociates@cox.net

Mrs. LOWEY. Mr. Kunder, we will be happy to place your full testimony into the record.

OPENING STATEMENT OF MR. KUNDER

Mr. KUNDER. Thank you, Madam Chair.

I made four basic points in the testimony, and I would like to summarize them briefly. Just to put some meat on the bones of this personnel issue for the committee, the committee asked me to draw a little bit on my field experience, and I would like to make a couple of comments.

Why is it important to have these folks? Why is it so critically important to our national security? I would like to give you a quick example at the tactical level and at the strategic level.

When I was in Afghanistan in 2002, immediately we started creating these provincial reconstruction teams to reach out and assist with the reconstruction of Afghanistan. We followed on in Iraq with the same approach.

Our military colleagues learned very quickly that when they were out in the hinterlands in Afghanistan and Iraq, they needed exactly this kind of diplomatic personnel that the ambassadors have been talking about, or the development specialists at AID. You needed health officers and agricultural officers, and you needed folks who knew how to rebuild a government that had been torn apart. And we simply ran out of bodies.

As one report pointed out, there are shortages in filling these provincial reconstruction teams even today in Iraq and Afghanistan, not because folks don't want to serve or because they lack courage, but simply, practically, we have run out of bodies to meet our country's national security interests.

If you move to the strategic level, it is more of an invisible effect but equally critical to our national security. All of you know about the so-called "Green Revolution" where American technology during the 1960s and 1970s allowed—through the application of technology and new agricultural techniques, we had agricultural production around the world growing at 3 or 4 percent a year. So we were able to stay ahead of population growth around the world.

During the 1980s and 1990s, we cut back on American investment in teaching people how to grow food abroad. We cut back on the number of technical experts at USAID, as both the Chairman and Ranking Member have said. And what happened? Agricultural growth, agriculture productivity growth in the developing world, in the poor countries of Africa, Asia and Latin America, stopped growing at 3 or 4 percent a year and started growing at 1 percent a year, which doesn't keep up with population growth in those countries.

So what do you have over 20 years? You have less and less food, prices going up. And for the so-called "bottom billion," the bottom billion of our fellow citizens in the world who live on less than a dollar a day and who spend almost all of their money on food, all of a sudden they can't afford food. And also, I might add, they are not very good customers for American exports when they can't afford a basic livelihood.

So what happens, you have a billion potential recruits. A billion hungry people who no longer have faith in the future.

I think both at the tactical level and at the strategic long-term level, it is not just some abstract question of "State needs more people" or "USAID needs more people;" our country really needs these kinds of strategic effects in our national security interest.

I make four points in my statement, and you all have a copy of this PowerPoint called "USAID in 2012" that summarizes USAID's staffing needs and its plans. I would just call your attention to slide number 7, which is the one that shows the growth in our nation's foreign aid dollars over the last 20 years, the blue vertical bars, and then the little yellow triangles are the decline in our nation's technical experts overseas.

So, one, we are not getting the kind of bang for the buck that we should be getting with our foreign aid dollars and the taxpayers are not getting the kind of oversight that they deserve when we spend this kind of money overseas without enough staff.

I do want to thank the committee very much for the support that it has given to USAID for this "Development Leadership Initiative," and we are starting to rebuild that technical capacity that served America well over the decades. We hope that the committee will sustain that effort in the coming years.

Second, reinforcing what Ambassador Pickering's and Ambassador Bushnell's studies have said, it is not just a question of hiring more people. These numbers for our diplomats and our development experts abroad are so small compared to our military forces that we ought to look at these folks as "Special Forces troops" that need to be maximally equipped with the best technology America has to offer.

I like to give the example that our nation recently reemphasized the importance of instability and possible terrorism in Africa. We created AFRICOM at the Department of Defense. I have served in uniform and I have nothing against the U.S. military, and I have the greatest respect for our uniformed services. We have 1,300 people at AFRICOM headquarters in Stuttgart, Germany. We have 279 technical experts working for USAID, scattered across all of Africa. Something is wrong with these numbers. We need to rebuild the numbers and we need to equip these folks with the best technical capacity and communications capacity that they could possibly have.

I say this as a former military officer. By the time folks reach the ambassadorial level that Ambassador Pickering and Ambassador Bushnell received, if you were a military-equivalent general officer, you would have achieved, as I know Mrs. Granger knows, you would have had 2½ years of training provided by the U.S. military, cohort training at the lieutenant colonel level, at the Army War College or Navy War College level, 2½ years of training. A similar State or AID officer would be lucky if over a 20-year career they had 2½ weeks of organized training.

We have got to carve out the training "float" for State Department and USAID so people are going off to school to learn Arabic and Urdu and Farsi and the critical languages. And I have to tell you that our senior State and AID officers are not being given the computer skills and the management skills that our military officers are being given. And it is not because they are not smart. They are smart and highly educated. But we are not carving out

the training, because as these numbers show you, there is no training float. If I have a warm, sentient, competent body, I send that person to Anbar Province.

I point out in my testimony, there are some hidden assets in this system. At USAID, we have about 8,000 employees. About 5,500 of those are Foreign Service Nationals. Ms. Granger was just in Peru and probably saw this. If you go to a place like Lima, we probably have 10 American AID employees and about a hundred Peruvian experts who speak Spanish and know the culture. We don't allow those folks to be transferred internationally and we don't really give them the kind of compensation needed in terms of the value they provide to the United States of America.

So I suggest one of the things that this committee might look at in terms of the title of this hearing, "Creating the Workforce of the 21st Century," we need to hire more folks who are Americans and give them technical skills, but we also need to look at maximizing our Foreign Service National workforce at State and USAID and see if we can't get more productivity out of these folks as well.

Third, I address security. I cannot rival what Ambassador Bushnell said, but I believe we are on a collision course. By law we are still compacting our platforms abroad. We say we want to grow our diplomatic presence and our development presence, but I don't believe the lines cross. We are continuing to solidify, compact our diplomatic platforms, and we are continuing to shut down USAID offices and bring them within the embassy compounds. And then we are trying to figure out, as Ambassador Pickering said, how to do better public diplomacy.

It is very hard if you are a farm cooperative leader in some Third World country, or a women's group or a lawyer's group leader, it is very hard to get into a U.S. embassy. You used to be able to walk over to the AID office and talk to your American colleagues. But today it is very hard to get through security.

I would request that the committee take a hard look at this area because, driven by these horrible events that Ambassador Bushnell experienced firsthand in Nairobi and Dar es Salaam 10 years ago, our platforms are shrinking. Instead, we have to grow and meet and reach out to more people, and the lines are just not crossing. We have all of these wonderful projections of more people and I don't know where we are to put them. It is a great idea, but it doesn't comport with the law in terms of embassy security.

My fourth point is somewhat abstract but I think is the single most critical one.

All of us on State and USAID have worked on what kind of formula do we need to build our staff. And there has been some good work done. But I argue here that we are nowhere near where we should be in creating a mechanism something like the Department of Defense Quadrennial Defense Review. We need a "quadrennial diplomatic review" and a "quadrennial development review." We need to link our staff explicitly with the threat we are trying to address.

The Quadrennial Defense Review is not a perfect document, but at least it attempts to lay out our nation's strategic threat and then build a force that will meet that threat. This is hard stuff to do. It is similarly hard to do this in the diplomatic or development

work, but it can and must be done. And I believe the Congress should mandate that State and USAID develop such quadrennial reviews that identify clearly our development objectives over the next 4 years, and then force the personnel planners at State and USAID to present you with these kinds of numbers to accomplish the mission that we have been assigned.

Those are the four points I have made. I appreciate the committee taking on this difficult task. And again, as Ambassador Pickering said, we are all American citizens and taxpayers, and we understand that a lot of our fellow citizens are hurting in the current economic crisis, and we very much appreciate the courage of the committee in recognizing that reforming foreign aid is also an important part of meeting the taxpayers' priorities.

Thank you.

[The information follows:]

STATEMENT OF
JAMES KUNDER
BEFORE THE
SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS AND RELATED
PROGRAMS
HOUSE COMMITTEE ON APPROPRIATIONS
"BUILDING A 21ST CENTURY WORKFORCE"
20 FEBRUARY 2009

I appreciate the opportunity to appear before the Committee on the important topic of "Building a 21st Century Workforce," in order to conduct America's foreign policy and international development programs. The Committee's interest in this topic is timely and crucial to our nation's success abroad.

Exactly one month ago, I completed thirteen years of service at the U.S. Agency for International, including assignments as Director of U.S. Foreign Disaster Assistance, Mission Director in Afghanistan, Assistant Administrator for Asia and the Near East and, most recently, Acting Deputy Administrator. I will draw upon these experiences, as well as tours of duty in the NGO community, as a consultant to the United Nations, and in the U.S. military in my observations to the Committee today.

There are four basic points I would like to share with you. First, I would like to thank the Members for the strong support shown to USAID's efforts to rebuild its workforce, and to ask that the Congress continue, and increase, its commitment to reversing years of decline in USAID staffing. Second, I want to suggest that efforts to increase the size of State and USAID's respective workforces must be complemented by investments in tools and skills that these workforces will require to optimize America's investment in a robust 21st Century workforce. Third, I would like to address specifically the issue of personal security and how personal security considerations should be addressed in the context of rebuilding our foreign service community. And, finally, I want to suggest to the Subcommittee that we are ignoring the most pressing question of all: for what purpose are we "building a 21st Century workforce?" That is, I want to suggest that the Congress should demand much more rigorous strategic planning from those tasked with increasing State and USAID workforce levels.

In terms of the specific issue of rebuilding USAID's workforce, I want to thank the Chair and Members of the Committee for the leadership and courage they have displayed since

USAID launched its Development Leadership Initiative two years ago. The Development Leadership Initiative is the Agency's plan to reverse a precipitous decline in Foreign Service Officer staffing in the past twenty-five years. USAID concluded, and concluded correctly, that the steady erosion of U.S. Foreign Service Officer development specialists – from a high of over 10,000 during the Vietnam War to a low of just over one thousand two years ago – made it virtually impossible to carry out the range of relief, reconstruction and development missions assigned to USAID. USAID officers serve in more than 80 developing countries, where the absence of crucial systems makes the development mission challenging in the best of times. Having just over 1000 of these development specialists available in 85 countries worldwide significantly undercut our nation's ability to address underlying causes of poverty and instability.

I have appended to my statement a powerpoint presentation developed while I served at USAID, and since updated, which displays the genesis of the Development Leadership Initiative and the current plans for rebuilding staffing at USAID. In essence, the Development Leadership Initiative proposes a four-year plan to double the size of the American Foreign Service Officer workforce at USAID and significantly increase our nation's ability to project the health, education, governance, infrastructure, relief and other programs that are so critical to United States foreign policy and the well-being of billions of individuals in developing countries.

With the Chair's concurrence, I would like to request that this powerpoint presentation be made a part of the record. Sustaining the Development Leadership Initiative, in my perspective, in the single highest priority at the U.S. Agency for International Development. This initiative, which has enjoyed the support of the Committee thus far, must be sustained over the full four-year planned lifecycle, in order to achieve its important goals. So, my first point in today's testimony would be to request that funding continue to be made available for USAID's Development Leadership Initiative, in Fiscal Years 2009, 2010 and 2011, and that funding be appropriated to sustain the increased staffing levels from Fiscal Year 2012 forward.

Second, I want to suggest that efforts to increase the size of State and USAID's respective workforces must be complemented by investments in tools and skills that these workforces will require to optimize America's investment in a robust 21st Century workforce. Some of these complementary investments are obvious: new and existing employees at USAID must be given the computing and telecommunications technology they need to accomplish their missions. USAID needs to implement fully, for example, the Agency's new Global Acquisition and Assistance System. I believe we must think of each one of our USAID development specialists and State diplomats – in whom our nation has invested so much – as a human asset that must be equipped with the very latest technology we have to offer. Each USAID officer deployed abroad should be deployed with the very latest geo-referencing systems, ability to teleconference, ability to operate in classified or non-classified environments, ability to interface with other bilateral and multilateral development agencies, ability to call on security assets, and other tools that will enhance each officer's ability to achieve his or her development mission.

Beyond technical tools, I believe USAID's rebuilding efforts must be accompanied by a dramatic increase in training investments. The USAID officers comprising a 21st Century workforce need to know how to deal with their colleagues in the other U.S. government agencies, with their military colleagues, with their foundation and NGO colleagues, with the staff at multilateral financial institutions, with their private sector colleagues to leverage public investments, and with the media, in order to optimize development messages. USAID officers have significant, often world-class, skills in their technical specialties, but not all officers have developed the strategic planning skills required to ensure optimal use of tax dollars funding foreign assistance programs. And, the deterioration of USAID staffing levels over the past several decades has, regrettably, been accompanied by a decline in measurement and evaluation skills, with the relentless demands to deploy ever fewer officers to an ever larger list of countries. Developing these skill sets will require the development of new curricula, and it will require carving out training assignments. In short, it will require additional resources to ensure that the new USAID hires do, in fact, form a "21st Century workforce."

Ensuring that the civilian foreign policy workforce can do a "21st Century" job new levels of coordination and maximizing existing assets, as well. Currently, more U.S. government agencies with primarily domestic mandates are becoming active in the international arena, consistent with the globalization of both problems and opportunities. In general, this entry of new federal agencies into the international arena can be an asset. But it requires new levels of coordination, under the overall mandate of the chief of mission. I would recommend that the Committee examine carefully the new concept of a "Country Assistance Strategy" developed by USAID, as a mechanism for ensuring that all U.S. government agencies operating in a given country are coordinating their assistance operations. Coordination, as well as hiring, equipping and training, is an important aspect of a modern workforce.

As to maximizing existing assets and creating a 21st Century workforce, there is probably no area in which the U.S. government can garner a greater yield, with minimal investment, than in reviewing the law and regulations that apply to local-hire employees. Within USAID, the Foreign Service National workforce – those six thousand professional, technical and administrative employees hired within their own nations – provide a dramatically underutilized asset. These employees, who comprise the single largest category of USAID's workforce, given 21st Century transfer rights and pay commensurate with their contribution to U.S. foreign policy, could make an enormous contribution to U.S. foreign policy and international progress, beyond their already significant contributions. In terms of expertise, linguistic capability, and cultural awareness, there is no other foreign policy asset quite like USAID's Foreign Service National workforce, and I respectfully suggest that this is an area worth a closer look by the Congress.

The third area on which I would like to comment is the topic of personal security for our civilian workforce, and – in the dangerous environments in which many of these courageous Americans go abroad – whether there should be some alteration in our government's method of addressing personal security. It goes without saying that, in a

world of extremism and suicide bombers, some risk is inherent in taking on diplomatic or developmental assignments abroad. In general, I believe our U.S. Ambassadors, USAID Mission Directors, and Diplomatic Security personnel are striking a reasonable balance between allowing staff to accomplish their objectives and preventing unnecessary casualties.

Where I would suggest the Committee could most usefully focus its attention in the area of personal security is in the statutes that currently impel joint embassy platforms abroad. Increasingly, as is widely recognized, U.S. embassies are taking on a fortress-like aspect, isolated – both in location and in terms of access – from the people and institutions of the countries in which they are located. From USAID’s perspective, this new approach to consolidated, isolated, fortress-like embassies provides a special challenge to accomplishing the mission of the Agency. When, previously, the majority of USAID offices were located outside Embassy compounds, these offices served as outreach centers for local individuals, local civil society organizations, local farmers groups, local women’s groups, and similar entities. Now, these groups have difficulty gaining the same level of access to Americans stationed in their respective countries, and as more and more services are consolidated between State and USAID, USAID development specialists can find themselves restricted in reaching out to local partner organizations.

Also on this topic, the continuing trend toward consolidating embassy platforms, in my view, will significantly restrict the ability of State, USAID, and other federal agencies to deploy the planned levels of new employees abroad. I would recommend that the Committee seek a study specifically assessing how the current planning for consolidating embassy platforms and services will affect public diplomacy and development efforts abroad, and whether the current consolidation schedule is consistent with plans to revitalize the U.S. government’s overseas civilian workforce.

My fourth, and final, comment to the Committee deals with the question of how to link workforce planning with the missions our civilian government agencies are to accomplish. Simply put, taking the topic of this hearing, for what purpose are we “building a 21st Century workforce?” Frankly, as dedicated as State and USAID employees are, and as important as recent initiatives like the Development Leadership Initiative are, we are failing at efforts to link mission success with workforce planning. This is a subject on which the Congress could and should demand higher levels of strategic planning and analysis.

Let me explain what I mean in more detail. If, in a corporate setting, the sales division approached the board and asked for a larger marketing staff, the board would naturally ask, first, “what are we trying to accomplish?” “What are our overall marketing goals?” “What additional market share are we attempting to achieve?” In that corporate setting, we would demand to know, first, the quantifiable objectives in terms of marketing expectations before determining how many salesmen the firm wants to hire. Analogously, the U.S. military has developed its well-known Quadrennial Defense Review process, which assesses the military threats facing the nation, and determines how the U.S. military will face those threats. Once the Quadrennial Defense Review

process establishes the level of the threat and the strategies necessary to meet those threats, the “force planners” at the Department of Defense begin the complex analytical process of determining how many soldiers, sailors, airmen, and Marines our nation will need to meet the mission of fighting and winning the nation’s wars.

In the civilian diplomatic and development realms, we should make the same effort to establish, on a periodic basis, program objectives on which staffing levels can reasonably be built. This would naturally require a significant shift in how State, USAID, and the Congress itself, establish priorities and allocate resources. For example, if the Congress established as a clear-cut program objective for the foreign assistance program meeting on-time the Millennium Development Goal for basic education, allocating sufficient program dollars to achieve the USG portion of this goal, then workforce planners at USAID would have a laser-beam formula for building the education technical specialist workforce to accomplish this goal. Such an approach, explicitly linking program outcomes with staff size and configuration, is complex and difficult in the foreign assistance field, but no more so than in the military field, where the Department of Defense proceeds with a similar process.

In defense of USAID, and I suspect other federal agencies, the Agency has developed – and recently upgraded – a reasonable Workforce Planning Model, which generally links staffing levels to program performance. This Workforce Planning Model was employed in developing and designing the Development Leadership Initiative. But, without clear-cut guidance from the Congress on specific, mid-term, priority development objectives, “building a 21st Century workforce” will continue to be a relatively imprecise science, and specific linkages between program outcomes and the staff needed to achieve those outcomes will be limited.

Thank you again for the opportunity to share these observations with the Committee.

JAMES KUNDER
1111 Trinity Drive
Alexandria, VA 22314
TEL: 703-751-2643

PROFESSIONAL EXPERIENCE

January 2009 to Present: Founder/Principal; Kunder/Reali Associates; Alexandria, Virginia [Consulting firm specializing in international humanitarian assistance, post-conflict reconstruction, civil-military relations, and peacekeeping]

2002 to January 2009: Progressively senior positions at the U.S. Agency for International Development, including Director for Relief and Reconstruction (Kabul, Afghanistan), Assistant Administrator for Asia and the Near East, and Acting Deputy Administrator (Washington, DC); Nominated by the President of the United States and Confirmed by the United States Senate as Assistant Administrator for Asia and the Near East

1996 to 2002: Founder/Principal; Kunder/Reali Associates; Arlington, Virginia [Consulting firm specializing in international humanitarian assistance, post-conflict reconstruction, civil-military relations, and peacekeeping]

1997 to 2002: Adjunct Staff Member; Institute for Defense Analyses; Alexandria, Virginia (concurrent position)

1993 to 1996: Vice President for Program Development; Save the Children Federation; Westport, Connecticut

1987 to 1993: Progressively senior positions at the U.S. Agency for International Development, including Director, Office of U.S. Foreign Disaster Assistance, and Deputy Assistant Administrator for External Affairs; Washington, DC

1986 to 1987: Deputy Director; National Republican Senatorial Committee; Washington, DC

1984 to 1986: Vice President; Health, Incorporated; Butler, Pennsylvania [Regional non-profit organization providing home health care and hospice services]

1981 to 1984: Director of Marketing; Widmer Engineering; Beaver Falls, Pennsylvania [Regional civil and municipal engineering firm]

1979 to 1981: Senior Transportation Analyst; Commonwealth of Pennsylvania Washington Office; Washington, DC

1975 to 1979: Legislative Director; U.S. House of Representatives;
Washington, DC

1970 to 1973: Infantry Platoon Commander; United States Marine Corps

EDUCATION

1991 to 1998: Doctoral Program; The George Washington University;
Washington, DC [Completed course work and examinations; did not complete
dissertation or degree]

1977: Masters Degree in International Relations; Georgetown
University; Washington, DC

1970: Bachelor's Degree, *cum laude*, in American Government;
Harvard University; Cambridge, Massachusetts

ADDITIONAL

Numerous publications on international humanitarian operations, post-conflict crisis
management, and peacekeeping operations

Managed operations in, or conducted analyses of, numerous international crisis
environments, including Afghanistan, Iraq, Somalia, Bosnia, Sudan, Ethiopia, Sri Lanka,
Angola, the Republic of Georgia, and Liberia.

Language capabilities: moderate Spanish; some German

Extensive experience with international organizations and processes, and non-
governmental organizations

Extensive experience with Congressional processes

Extensive experience with national and international media, and public presentations

Former candidate for the U.S. House of Representatives, Fourth Congressional District of
Pennsylvania

Mrs. LOWEY. First of all, let me thank you all for your incredibly valuable testimony. We really are so appreciative and we certainly know that the Secretary of State and her staff is focused on thinking through many of these issues. I am hoping that you all have input and you have certainly made some recommendations because we appreciate it on this committee.

Before we proceed to questions, I just want to say that I have received written testimony from the American Foreign Service Association. The Association represents the members of the U.S. Foreign Service, an important voice as we examine workforce issues at the Department of State and USAID, and I ask unanimous consent that their written statement be made part of the record.

[The information follows:]



Testimony of John K. Naland
President, American Foreign Service Association

House Appropriations Subcommittee on State, Foreign Operations, and Related Programs
Chairwoman Nita M. Lowey (D-NY)
Hearing on:
"Building a 21st Century Workforce"
February 25, 2009

Chairwoman Lowey, the American Foreign Service Association (AFSA) continues to be grateful for the active leadership role you have personally shown in addressing staffing weaknesses in the U.S. Foreign Service. Additionally, we appreciate the engagement of many members of this subcommittee with respect to issues impacting the Foreign Service, including Rep. Mark Kirk (R-IL), Rep. Barbara Lee (D-CA), and Chairman David Obey (D-WI). We also welcome Rep. Kay Granger (R-TX) as the new Ranking Member of the subcommittee and look forward to keeping her informed of critical issues impacting the Foreign Service. Chairwoman Lowey, members of the subcommittee, I thank you for this opportunity to provide testimony in reference to "Building a 21st Century Workforce."

AFSA represents the members of the U.S. Foreign Service both as their official labor union and as their professional association. AFSA has its finger on the pulse of current issues impacting the career Foreign Service and their families. We take seriously our responsibility to our members to effectively communicate their collective interests and perspectives to Congress, and particularly your subcommittee.

This hearing is timely. We understand that forward strides will be made in the soon to be completed FY2009 budget on the Foreign Service staffing front. We are gratified by this as it has been a long-term priority for AFSA to achieve an increase. Thank you for your direct involvement in making this happen in what has been a difficult and unique budget climate. However, our consistent message has been that new Foreign Service staffing numbers go beyond what is currently in the recently filed HR 1105 or the FY2009 Omnibus Appropriations Act. We have also suggested that new positions be mostly for core Foreign Service staffing. The upward growth in the bill represents the first step towards getting the Foreign Service to a staffing level that more closely matches our nation's renewed goals to advance peace, stability, and economic vitality around the globe. While additional positions in FY2009 are critical, we must continue the forward momentum in the FY2010 budget process that will soon begin in earnest, and also in the FY2011 budget. AFSA has been appreciative of the manner in which Secretary of State Hillary Clinton has quickly engaged on the staffing front.

No Bench Strength for Diplomatic Surge

AFSA has long maintained the Foreign Service is underfunded and lacks the necessary tools to most effectively fulfill its mission. Quite simply, we lack people. Further, we are not adequately nurturing and tending to the needs of those who currently serve our country in the diplomatic corps. By the Foreign Service, I refer to Foreign Service personnel who serve at State, USAID, Department of Commerce, Department of Agriculture, and the International Broadcasting Bureau.

An accumulating stack of blue-ribbon panel reports over the last couple years have warned that the Foreign Service is hobbled by a lack of staffing to meet current and future responsibilities. The most comprehensive analysis is in the October 2008 American Academy of Diplomacy study "A Foreign Affairs Budget for the Future: Fixing the Crisis in Diplomatic Readiness." Ambassador Pickering will be representing this critical report at today's hearing. AFSA actively participated in the report's preparation. As you know, the report calls for significantly increasing the number of professional diplomats and Foreign Service personnel at the State Department to better meet complex world challenges.

The report also addresses critical staffing shortfalls at USAID and related agencies. The United States has a long and honorable history of extending humanitarian and disaster assistance to the most vulnerable of the world's population. Our nation's caring hand is a pillar of our foreign policy profile. The vast majority of the American public fully endorses the effective use of taxpayer funds for the purposes of alleviating poverty and inspiring hope. To achieve deeper programmatic impact, save more lives, nourish more children, empower women, advance microenterprise and medium enterprise activities, among other sound initiatives, USAID simply needs more Foreign Service personnel. Overall management of a greater flow of programmatic resources will only be compromised if we do not have the appropriate people at USAID and a vision for the future.

We also must think carefully about the course that has recently been charted in terms of how foreign assistance is delivered and managed. There are signs that decisions made in the last Administration to address the foreign assistance system were not carefully thought through and that the approach was piecemeal. The effort to reorganize the foreign assistance system has resulted in new layers of bureaucracy that have been counterproductive. Foreign Service personnel have been confused and ultimately the core mission of foreign assistance was undermined by plans that were Washington, DC centered and lacked intellectual groundwork. New Foreign Service personnel at USAID must not enter a reformed system that has been made less efficient through potentially poor, short-term management decisions.

While this subcommittee does not fund activities of the Foreign Commercial Service (FCS) at the Department of Commerce or the Foreign Agriculture Service (FAS) at the Department of Agriculture, I feel compelled to briefly raise how critical a role each of these entities play in the Foreign Service. Both these entities are comprised of many dedicated and patriotic Foreign Service personnel. Their critical functions are sometimes forgotten and overshadowed by State and USAID.

If we genuinely desire to enhance export sales, expand trade, promote jobs and open markets in a struggling global economy then we need more FCS and FAS Foreign Service personnel. Both agencies have strong track records. For example, in 2008, the FCS assisted U.S. firms to successfully conclude \$80 billion in documented export sales to more than 200 markets. For every dollar invested in FCS, we gained over \$430 in exports. Likewise, the FAS has been improving foreign market access for U.S. products and building the competitive position of U.S. agriculture globally. We need to strengthen the position of U.S. agriculture overseas particularly at this time of economic challenge and uncertainty. More Foreign Service posts at FCS and FAS will make a difference. Again, I understand that this falls out of the jurisdiction of the subcommittee, but is still quite relevant to the discussion of this hearing.

Further, the International Broadcasting Bureau (IBB) encompasses the Voice of America and Office of Cuba Broadcasting, which oversees Radio/TV Marti. Based on their own description, IBB manages a complex network of domestic and overseas transmitting stations as well as satellite and internet delivery systems with multimedia content. It conducts extensive audience and market research to enhance the worldwide reach of U.S. international broadcasting. The role that this limited but talented cadre of Foreign Service personnel plays at IBB is critical and often goes unheralded. More than ever, the United States needs greater investment in Foreign Service personnel at IBB so that the world can better understand America's values.

Investments in Foreign Service Training

No one has spoken more eloquently about the need for expanded training for Foreign Service members than did former Secretary of State Colin L. Powell. As a retired Army officer himself, Secretary Powell explained that "in my 35 years of service, almost 36 years of service, I was in school for close to 6 years – an enormous investment on the part of the Army in getting me ready for whatever came." He contrasted his nearly six years of classroom training to that of a typical Senior Foreign Service member who might have received only a few months of non-language training during a 30 year career. During his tenure, Secretary Powell launched several initiatives to begin to reduce that disparity.

For example, with AFSA's strong support, he established the requirement that Foreign Service members complete leadership and management training before they could be promoted. That marked a major culture change for Foreign Service members who often avoided any training (except for foreign language instruction) that took them away from their day-to-day duties. The resulting four new FSI leadership courses are highly regarded. However, added together, they total just three weeks of instruction prior to promotion to the Senior Foreign Service – compared to 30 months of mid-career training that the average Army officer receives.

Secretary Powell also sought funding to create a "training float" – such as the U.S. military services have – equivalent to 10 to 15 percent of the staffing level required to fill existing overseas and domestic jobs. Only with such "bench strength" could the Department of State significantly expand long-term language and functional training without leaving hundreds of regular positions vacant worldwide. Unfortunately, while Secretary Powell did secure some funding for additional training positions, the creation of a large training float was abandoned as all available positions were shifted to Iraq.

The net result is that, despite important initiatives in the last decade that afforded America's diplomats more training than ever before, Foreign Service members still receive far less professional training than does the average U.S. Army officer. This must change, particularly in light of the fact that Foreign Service personnel numbers will grow. This subcommittee has a genuine opportunity to increase funding for creative new initiatives designed to expand training for the Foreign Service and, therefore, make an investment in enhancing the overall effectiveness and impact of our diplomacy overseas. With that increase in training positions, more Foreign Service members could attend military war colleges, university training, or developmental details such as with NGOs or private industry. Creative management with adequate resources will make an impact. We are confident that Secretary Clinton will be very effective in raising these training issues.

Taking Care of the Foreign Service

As the Foreign Service stands ready to expand in size, we must not lose sight of the critical management issues that confront active-duty Foreign Service personnel and deeply impact morale. Any effective CEO would recognize that for his/her workforce to perform at the highest level, the morale of that workforce must be of central importance. The Foreign Service has a management issue that has for too long gone unfixed and it is deeply impacting morale, thus having potential implications for recruitment and retention.

This issue is the Foreign Service overseas pay gap. The pay gap that was created by the Federal Employees Pay Comparability Act of 1990 which added to the base pay of almost all federal employees a "locality" adjustment that represented the cost of attracting talent in a given geographical area. The area in which Foreign Service members are hired, initially posted, and repeatedly assigned is Washington, D.C. The law excluded overseas Foreign Service members from receiving this standard component of base pay. As the Washington, D.C. locality pay rate has risen from an initial 4.23 percent to 23.10 percent in 2009, this has created a huge financial disincentive to overseas service. Legislation in 2004 removed this disincentive from the salaries of Senior Foreign Service members, but junior and mid-level diplomats currently take a 23.10 percent cut in base pay when transferring abroad.

This overseas pay gap undermines, and often totally negates, traditional hardship and danger pay allowances. Thus, junior and mid-level Foreign Service members now take a *pay cut* to serve at 183 of 268 overseas posts (68 percent) including 20 percent differential posts such as Damascus, Tripoli, Libreville, La Paz, and Ulaanbaatar and even danger pay posts Amman, Bogota, and Tel Aviv. Losing the equivalent of one year's salary for every four or five years served abroad has serious long-term financial consequences -- especially for Foreign Service families already suffering the loss of income from a spouse who cannot find employment overseas. This problem faces all Foreign Service personnel across the U.S. government not just at State and USAID.

AFSA is grateful for the support this subcommittee has provided in helping address this problem and note the FY09 appropriated item to help partially close the gap in HR 1105 that is contingent on an authorization. However, the fact remains that the issue has gone unfixed.

AFSA respectfully asks this subcommittee to work with the Senate State Foreign Operations appropriations subcommittee, the House Foreign Affairs Committee, the Senate Foreign Relations Committee, Secretary Clinton, and the White House to find a solution. AFSA believes overseas junior and mid-level Foreign Service members deserve the same comparability pay adjustment afforded to colleagues assigned to the District of Columbia. We believe closing the gap by one-third of the pay gap in FY09, another third in October 2010, and the final third in October 2011 is the best solution.

Conclusion

AFSA notes that well-intentioned members of Congress often look to staffing and operating accounts at State and USAID to pull money so as to better fund programs designed to combat poverty or halt the spread of infectious diseases worldwide. We are mindful of the unique challenges of crafting a budget that is responsible and has impact in an era where funds are limited. Additional funding for vital initiatives that ease human suffering is critical, but funding to do this must not come at the expense of immediately addressing the staffing and training emergency that faces our diplomatic corps. We cannot neglect to adequately fund the overseas platform upon which diplomacy, trade and development assistance are conducted. These investments could yield significantly more benefits in advancing the interests of the American people.

Again, thank you for the opportunity to testify and for your support. We appreciate the leadership you have shown in convening this hearing. AFSA will continue to be a resource to you and this subcommittee in representing the views of the Foreign Service.

Mrs. LOWEY. I would also like to make it clear that I will be calling on members based on seniority of the members present when the hearing was called to order, and I will alternate between majority and minority. Each member is requested to keep questions to 5 minutes per round.

I would like to follow up, and again I want to thank you on your expert testimony. I would like to follow up with Ambassador Bushnell. I can't believe it. I was not aware of it, that the intelligence analysis is confined to Washington, so you as an ambassador in the field do not have access to the whole picture. Is that what I heard you say?

Ms. BUSHNELL. At the time I was Ambassador, that was correct. We had an al Qaeda cell in Nairobi. I was aware of that fact. I was also aware of the fact that our Intelligence Community was intercepting telephone calls both in Nairobi and with Osama bin Laden. We took, that is to say the FBI and CIA, took the computers of the head of the cell in Nairobi, and I never received any information as to what was on the computer because—and this gets back to what my colleagues have been saying, is we continue to follow the tradition of the Cold War which is “You will know if you need to know it.”

But if it is about Osama bin Laden and we think his activities are in the Near East, you, Ambassador in Kenya, don't need to have that information.

I think things have gotten somewhat better, but I don't believe that ambassadors are in the information chain because the Intelligence Community and the State Department still see Washington as the client, not overseas chiefs of mission.

Mrs. LOWEY. That is extraordinary. This is a basic question, that the ambassadors have the highest clearance but the intelligence officers just choose not to provide you the information. So it is not that you don't have the highest clearance, they are just choosing not to give you the information?

Ms. BUSHNELL. I don't want to leave you with the impression that chiefs of station or others are choosing not to give ambassadors information. The fact of the matter is that ambassadors are not privy to the information that goes from a station chief back to Washington because of issues of methods and sources. So yes—

Mrs. LOWEY. So yes, you do not have access?

Ms. BUSHNELL. Correct. But it is not because anyone is saying I don't think I am going to give my ambassador the information; it is because they are not allowed to give the ambassadors the information.

Mrs. LOWEY. By whose law are they not allowed?

Ms. BUSHNELL. You know, I don't know.

Do you know, is it a law or a regulation?

Mr. PICKERING. I think we are getting into a sensitive subject, but the Intelligence Community's internal directives are such that they are required to protect sources and methods in situations where individuals either have a need to know because they are directly engaged in the case; that is, how and in what way and from whom they collected information, and individuals who don't in the view have a direct role in the collection need to know.

Now I, as Ambassador, was briefed by my station chief very frequently on activities and operations that they were conducting because when they blew up, they inevitably knew I would be on the hot seat. And so they gave me prior warning. And the best of them did that for me.

I think in Prudence Bushnell's case, the failure to provide information on the operation of the cell as opposed to just the presence—and she is in a better position to judge this—was a huge error because it didn't permit her to take the active steps she would have to in defense of the embassy to deal with the issue at hand.

I am not sure that is generalized, but it happened; and it shouldn't happen again, in my view.

Mrs. LOWEY. Let me just say as a member of the Intelligence Committee, I am very aware of the need to know. If you don't ask the question, you are not going to get the information, and you need the information often to ask the question.

But I will follow up. I think it is important that we have a classified briefing on this very essential issue.

Ms. BUSHNELL. Thank you very much.

Mrs. LOWEY. I have 15 seconds left.

I just wanted to follow up on the technology issue as well. Do you currently—whoever wants to answer—do you currently have the technology to support your work outside the embassy? Is it a money issue or you don't have the technology? Do you need the technology? Can you comment on that as well?

Ms. BUSHNELL. Very briefly, we have some technology. We do not have adequate technology, particularly compared to the private sector. And yes, we need it; and yes, it requires resources.

Mrs. LOWEY. Thank you very much, and I will turn to Ms. Granger.

Ms. GRANGER. Thank you. I am intrigued by the suggestion of a quadrennial review type of program because I think it could help guide us as we look at these personnel, equipment, and other issues. Doubling the number of Foreign Service officers by 2012 can't be a goal itself. What do they do? What do we accomplish? What are our goals? So I would ask you as a panel what specific goals do you think that State and USAID should establish that would more clearly justify the request that we are getting?

Mr. PICKERING. Perhaps I could take the first shot at that, and I know the others will have it. With respect to the point that Mr. Kunder made, I would recommend that you look at this report called "Forging a New Shield" done by the Project on National Security Reform. The central piece of this report, but it covers the wide inadequacies of our Washington-based national security system, is precisely the points he made. And in fact, a fairly elaborate system of preparing both guidelines and budgets for the longer term in the national security area, and it makes recommendations with respect to those, as well as a lot of other recommendations which I think would be important for the committee to know about in terms of the future organization of national security.

Two of the current new appointees, General Jones, the National Security Adviser, and Admiral Blair, were on the report staff that

did this. It was not exclusively an ex-military staff. There were a lot of the rest of us who worked on it.

I think in addition, let me if I can, cover what the people in the core diplomatic area will be doing. The others we have to—Mr. Kunder recommended doubling AIDS Foreign Service officers. We are not recommending doubling across the board, but we are recommending the increases I had in my statement.

But some examples are, for example, to deal with multilateral diplomacy, an additional 100 staff. To deal with international law, which we see as a major asset to the United States, that the international rules can be made in an open and fair basis, which is obviously very much in harmony, in tune with our system; the creation of an additional staff of 20.

Economics, where we have very few people, 8 percent of our people are expert in economics. And I don't have to tell you the number one crisis today is economics; an additional 80 officers to deal with economics.

Science and technology, something we have left behind. We currently have 35 people around the world dealing with science and technology. We recommend an additional 70 staff, public-private partnerships that outreach, that I talked to you all about, in terms of one of the principles that we have adopted as guidance for this report. We think an additional 100 people are needed to deal with those.

Interagency coordination, again back to Mr. Kunder's very, I think, salient point. Planning, developing and executing policies and budgets in Washington and across the board and staffing regional planning hubs overseas, we recommend 175 additional staff.

In addition, there is, as you all know, no allocation of people to do training, certainly not in the core diplomatic area, so that everyone we train is pulled out of the front line. We don't have any units at rest. We don't have one up and two back. Everybody is in a full-time job. In order to train, we have to take people out of a full time job. That means other people have to cover that person's full-time job. So we are recommending a significant number, up to 1,000 training spots and spots for people who are in movement, so in the end we don't leave critical positions in the front line of diplomacy uncovered.

And that basically constitutes the bulk of the 1,099 core people I recommended, and some of the 4,735 that the report recommends as a total in public diplomacy, in aid, in stabilization and reconstruction, in addition to core diplomacy.

Ms. GRANGER. Thank you, Madam Chair.

Mr. KUNDER. May I point out briefly this gets into—I reread the CRS, latest CRS report on foreign aid reform, and your question gets into I think the fundamental question that all of us are grappling with, which is, what do we want our foreign aid program to accomplish? We are spending \$25 billion across all agencies. What do we hope to get for that?

And this requires a much larger hearing, and I don't want to take a lot of your time now, but the question of whether we are essentially doing this because America is good-hearted and we want to keep starving people alive, or whether we are doing this for national security interest or whether we are doing it for com-

mercial interest. The short answer is, for those of us who read the Foreign Assistance Act and try to follow the law, we are told to do all of the above. And hence, when you layer in additional earmarks—I am not here to insult the committee, I'm here at your request, but obviously we are told to do a lot of very specific things in malaria, in AIDS, and a whole bunch of other topics. And at the end of the day, the very bright officers we send off to carry out our nation's foreign policy are torn in 100 different directions in terms of what they are supposed to accomplish in Malawi or Peru or Bangladesh. And so, this is a fundamental question. If we were a corporation we would have gone out of business a long time ago because we are in every line of business known to mankind.

And so this question of should we do something similar to what DOD does every 4 years, and refresh the system and say what we really want to do the next 4 years out there in these 85 developing countries is focus on democracy or agriculture or women's rights, whatever it is, and give them some honest guidance. They will do the job you tell them to do. But right now they are just pulled all over the place by trying to read a 45-year-old law that is now very thick.

Mrs. LOWEY. Before I turn to Mr. Israel, I just have to follow up, if I may, because your comments are puzzling. And I wonder, with my great respect for you, whether it is a matter of who is the leader at the top. Is it really working so that the country team puts together a plan?

Look, we all work. I work on food allergies and then I work on asthma and then I am chair of this committee and then I do homeland security. Life is complicated. And it is more complicated when you have to deal with a whole range of issues in a country. But that is what you are supposed to do in establishing a country team plan.

And it is frankly it would seem to me any new leader is going to put together a plan and give some directives. And if the procedure works with the country team putting together a plan with an ambassador, and staff knows what they are going to do, they are going to send a plan up. And then, obviously, the Secretary of State and the President have the responsibility to say, Well, I think you should do it this way or I think you should do it that way.

But it is hard for me to believe—I don't want to say there hasn't been really strong leadership—but it is hard to believe that you need a Foreign Assistance Act to determine goals and priorities and get the job done. So if I can take the liberty and give you a minute or two to answer and then turn to my colleague, Mr. Israel, because your comment was just confusing to me.

Mr. KUNDER. The world is a complex place. And I am not going to suggest there are only three things we ought to do or we ought to use. As we don't need what the military calls a 6,000 mile screwdriver from Washington, and tell our staff in Malawi precisely what they should do. But I think the system suffers, honestly Madam Chair, from the lack of an overall conceptual framework globally that says "our goal is to do the following." If you told us our goal was to meet the Millennium Development Goals, eliminate illiteracy in the next 20 years, and AID was told I don't care if you give the money to Pakistan or Cameroon; there is not going to be

any pressure to put more money in Pakistan; and I don't care if you put the money in the Ministry of Education or build schools with it, I don't care if you help the poorest people or get the technical experts paid, you eliminate illiteracy in the next 20 years, I believe that the State Department and USAID working with our international partners would eliminate illiteracy in the next 20 years. But as soon as somebody comes in with a plan to eliminate illiteracy, we say I am sorry, we don't have money in that category; would you like some AIDS money or malaria money, because that is what he have.

Mrs. LOWEY. This is a long discussion and I don't want to deprive my colleagues of asking questions, but I think we should have more discussion on this issue. Mr. Israel.

Mr. ISRAEL. Thank you Madam Chair.

Mr. Kunder, I was actually going to ask the panel about the Civilian Response Corps, but you triggered something and so I am going to address something that you said and ask for your comments. You talked about the Green Revolution of the sixties and seventies and how that was an effective promotion of American strategic policy through agriculture. I want to ask you about a different kind of diplomatic Green Revolution. I will tell you about a model I heard of and ask you whether you believe it should be integrated more fully into the State Department and USAID.

I spend most of my time on energy issues and was in India several years ago and met with Dr. Pachauri who runs the Energy Research Institute of Delhi and received the Nobel Peace Prize, and shared it with Vice President Gore for his work on climate change. And he was showing me, he was torturing me with an abundance of PowerPoint slides on energy resources. And I was with our colleague, Congressman Tim Ryan, and just as we were on the verge of falling asleep, I respectfully asked Dr. Pachauri if he could put the PowerPoints aside and give me one game changer in U.S. foreign policy on green energy, something that was really changing the game.

And he said to me, "Well that would be the six women of the Sunderbans." I said, "What is that?" He said, Well, the Sunderbans is a delta in a delta region, no connectivity, no infrastructure, but there are six women who have a solar panel and they use the solar panel to charge solar lanterns and they rent the solar lanterns to the population. And that in the global war on terror, we have everything we need, we have the empowerment of women, we have the development of a sustainable small business, we have light. And I said, "Well what State Department program funds that? Is that a USAID program?" He said, "Oh no, that is a \$35,000 grant from the National Renewable Energy Laboratory in Boulder, Colorado."

Do you believe that that kind of program would be more suitable as a USAID function or somewhere in the State Department? Do you believe that the State Department, in order to effectuate good national security policy and foreign policy, are to be embracing more of those clean energy micro-financing programs? Is that the modern day Green Revolution?

Mr. KUNDER. I am sure Ambassador Pickering and Ambassador Bushnell will want to comment on this as well. The point you make

is an example of what is happening, the transformation of the development field. Fifty years ago, the only people really who cared about what was happening in the small villages of the developing world were a few folks at State and AID. But now we have a large NGO community, we have large private sector investment, we have many parts of the U.S. Government, as you just suggested, that are involved. And part of what is behind these PowerPoints in the training recommendations I am making is the notion that our diplomats and our aid professionals have got to be less operators and more “symphony directors” of the many, many players who are out there. Private sector investments from America and remittances from America, American immigrants, exceed our foreign aid account in most countries of the developing world.

So the answer is yes, it is more than just micro-enterprise, I would argue. It is mobilizing all of these private sectors, for-profit and not-for-profit resources, because there is a lot going on out there, more than just our technical experts. But they have got to be trained to think that way and to be seen as synergistic players in the broader arena. I hope that is helpful.

Mr. PICKERING. Mr. Israel, it is nice to see you again and thank you for asking what I think is a very trenchant question, and I certainly would echo the “yes.” I think Mr. Kunder has pointed out that he is engulfed in a sea of legislative restrictions. And, indeed, the history of the aid program is that we have passed 20 restrictions to stop every mistake we ever made. And when we do that, of course, we end up with no aid program. And he has shown you some of the frustration in his comments that the legislative boundaries or the legislative bindings are very difficult.

We do need I think new foreign assistance legislation. We need to find a way for you to tell us, in general terms, go and do something that is innovative that will help people lift themselves out of the mire and the morass of poverty and get engaged in growth. Use technology, which is something I think we are very weak on. Aid over the years has generally shied away from technology or contracted it out. But technology is very important because it is the wave of the future and we do see how things like technology in your example, the six women of the Sunderban, or indeed how we see innovative ideas, micro-lending, can provide empowerment and innovation.

Now, we don’t have to do it all. I agree with Mr. Kunder entirely. There is a huge community out there. But one of the things that has happened in our own government is we now have 22 or 26, whoever counts, different centers of aid activity. And one of the problems is that they all might be simply splendid, but who is coordinating and where are the priorities? And so in some sense we need to find a way to pull this together.

I would be strongly in favor, if it looks like aid and involves aid, pull it in; but keep the mission agencies with their innovative skills and with their technology linked to the process so we don’t end up finding a kind of single solution that eliminates the innovation. And we have to find ways to think about that.

I will just make one other point because I could go on forever.
Mrs. LOWEY. We all could.

Mr. PICKERING. One of the ideas in this report is that we do not use what I would call empowered network task force activities in our national security ideas, writ broad, to pull together and develop the kind of ideas, whether they are policy ideas or development ideas or public diplomacy ideas, that we could. We have a very rigid structure, and the same people consider everything, and we are not well linked up and we have lots of bureaucratic stovepipes that don't work well together.

And so moving in a cross-cutting whole-of-government approach to some of these problems is, in my view, something that is very important in the wave of the future. And I think it fits with what we are talking about now. And it certainly fits with AID and its focus and where we are going.

And for goodness' sake, let's adopt, adapt, and use and empower people outside who have all these wonderful ideas, who could make these happen, and we need new ways to do that. So we are on the cusp, I think, of discovering that we have a striking series of very interesting capabilities out there from all over. And our job together is how do we empower this and get it working in our common interest to do the kinds of things that obviously you and the Congress tell us are high priorities for you as we move ahead.

And on one final point, don't change the priorities every 5 years.

Mr. ISRAEL. Thank you.

Mrs. LOWEY. I am trying to figure out, how many minutes?

In the meantime, Mr. Crenshaw, do you want to begin while we are figuring out? I see there is a vote—how many more minutes?

I just have to say, Mr. Ambassador, you haven't convinced me, and I support the rewrite of the act, and Howard Berman is aggressively working on it, and we consult. But I still believe with strong leadership and direction you can get the message out. But I don't want to take Mr. Crenshaw's time.

Let me ask my distinguished witnesses—I am willing to come back. We still have a question from Mr. Chandler and Mr. Crenshaw. What is your time like? We have three votes. Mr. Chandler, do you want to come back or submit a question for the record.

Mr. CHANDLER. I hate to make them wait just for my questions.

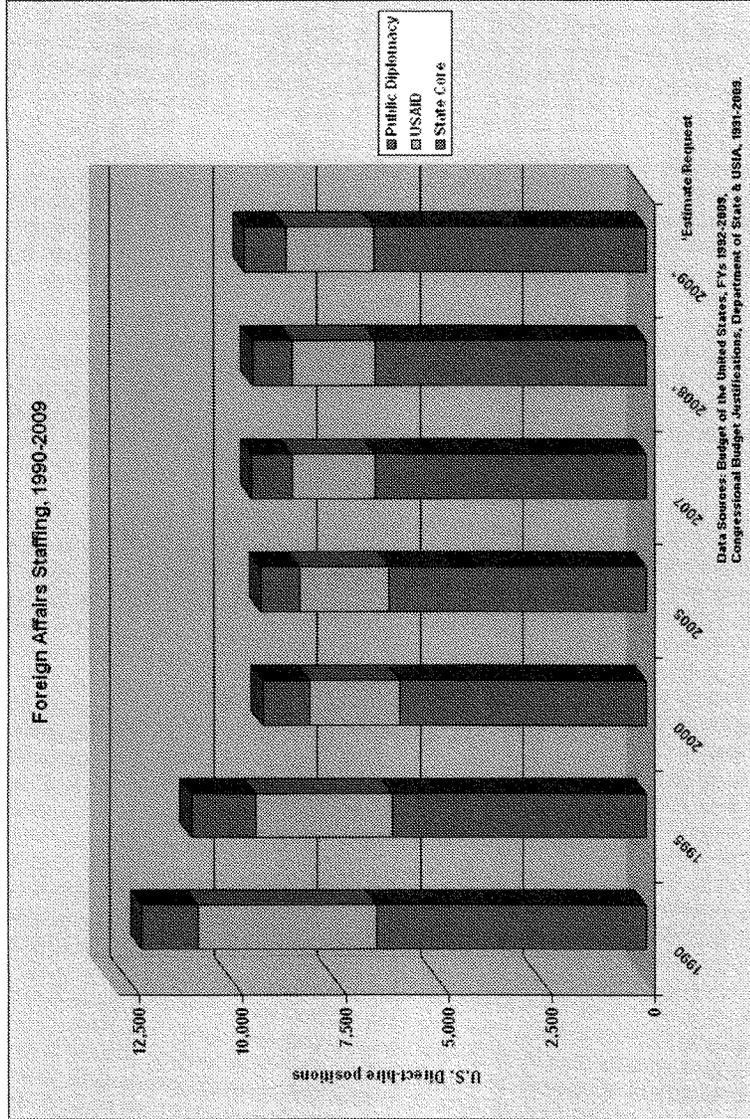
Mr. CRENSHAW. Same.

Mr. CHANDLER. I have a lot of questions but I hate to make them wait for them.

Mrs. LOWEY. Why don't we do this, then, because I think your input is so valuable. Perhaps we can orchestrate an additional—not an additional hearing, but additional discussions so that we can pursue this, because I hate to keep you waiting a half hour, I guess, while we go and vote.

So I am going to, instead of recess—this is very difficult for me because I would like to hear more of your outstanding advice and testimony—I am going to adjourn the hearing so we don't keep you waiting a half hour. And I do hope—I know you have all been in to see many of us—we have the opportunity to continue this discussion.

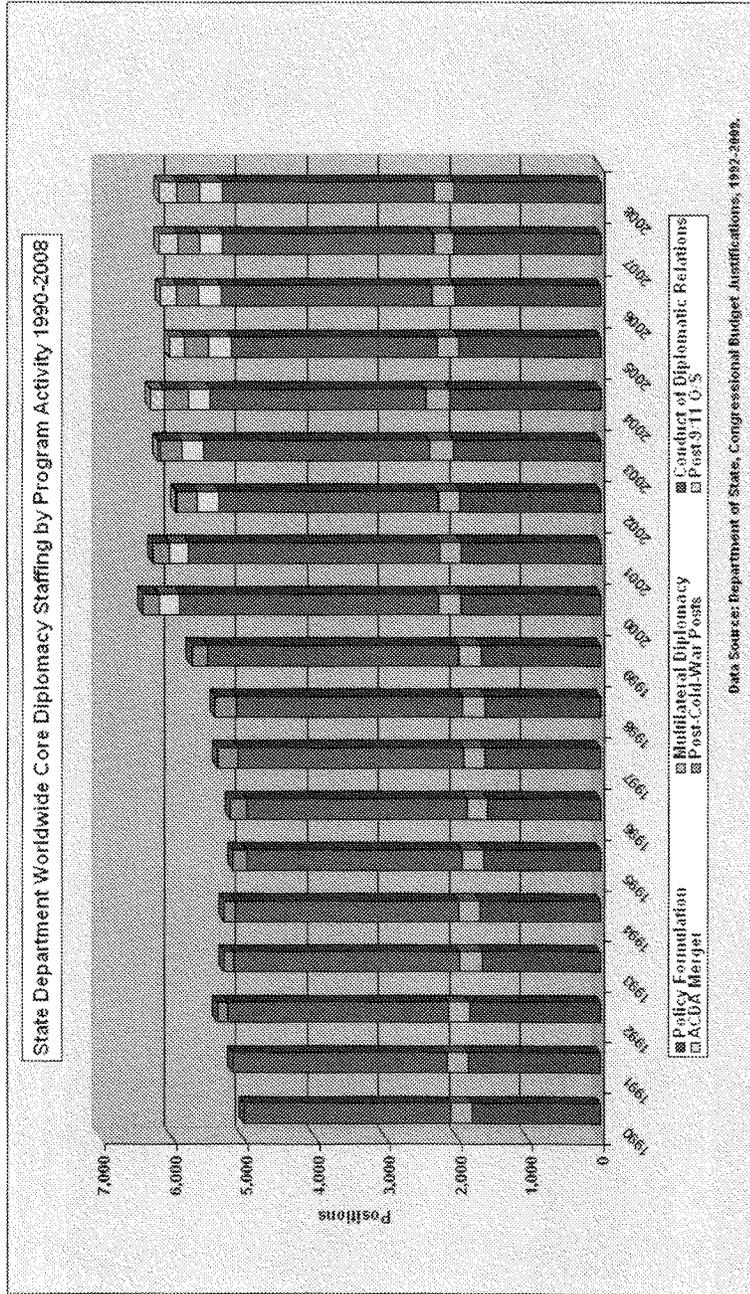
So thank you so much. The hearing is adjourned.



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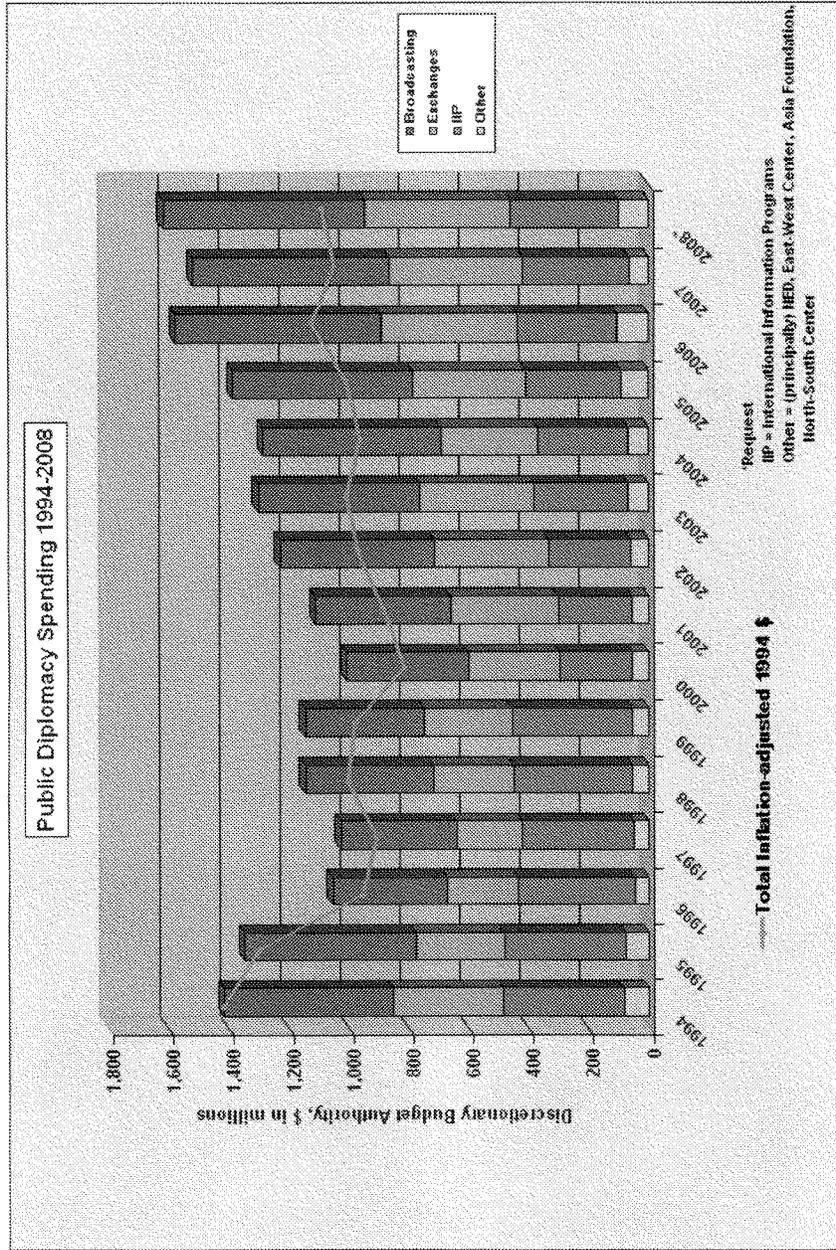
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USAID in 2012

Revitalizing and Refocusing USAID to Meet the
Critical National Security and Development
Goals of the USG in 2012 and Beyond

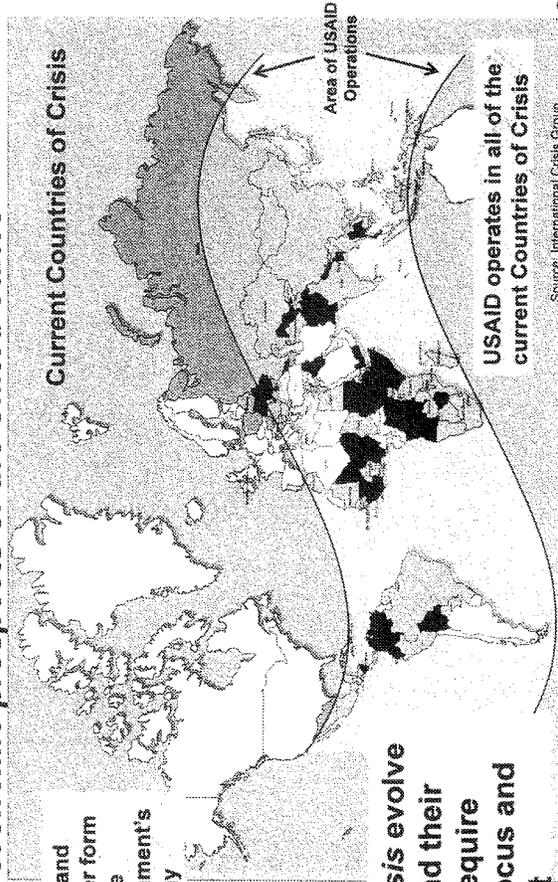
Updated - February 11, 2009



Political instability, conflict, poverty, disease, and natural disasters threaten countries throughout the world and impact the peace, security, and economic prospects of the United States

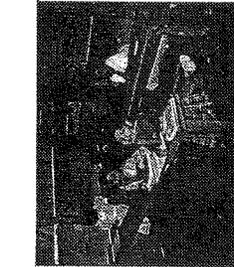
Diplomacy, Defense, and Development together form the three pillars of the United States Government's foreign policy strategy

... Areas of crisis evolve over time and their resolution require sustained focus and commitment





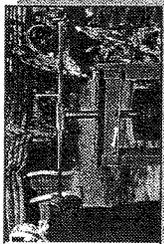
Crises of conflict and disaster garner international attention, yet long-term development challenges continue to affect billions of people



72 million primary-school-age children were not in school in 2005



2.6 billion people – 40% of the world's population – live on less than \$2 per day



In 2006 1.1 billion people did not have access to safe drinking water



22.5 Million people are living with HIV/AIDS in Sub-Saharan Africa
1.7 million people were newly infected in 2007



982 million people in the developing world were undernourished in 2006-7



USAID has the dual challenge of addressing current and emerging crises and maintaining the long-term engagement required for sustainable development

Since 2000 US development assistance more than doubled.

In this new environment USAID can change the way it does business:

- **Delivering programs better tailored to local needs**
- **Engaging partners in all sectors to enhance its development investments**
- **Refining its operating structure for flexibility, efficiency, and reach**
- **Expanding and strengthening its technical capacity**
- **Providing strategic leadership**



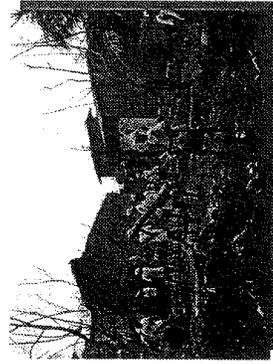


By 2012 USAID will make significant operational investments to support the USG's development goals



To be most effective with the increased USG investment in foreign development assistance USAID will:

- Double the size of the Foreign Service workforce
- Strengthen the Foreign Service National and Civil Service workforce
- Add depth and breadth in program technical areas
 - Increase capacity to conduct business in foreign languages
 - Complement USG investments through partnerships
 - Communicate its mission and impact through greater public diplomacy.

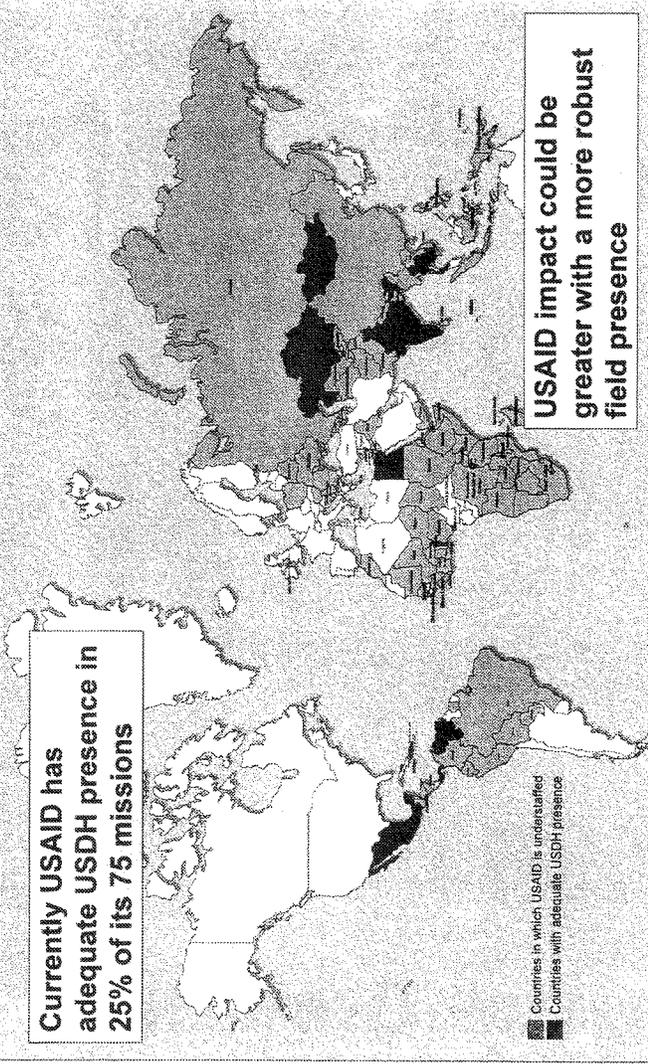




Currently USAID delivers development impact in both crisis and developing countries

However, USAID's impact is limited by the size of its US Direct Hire (USDH) workforce

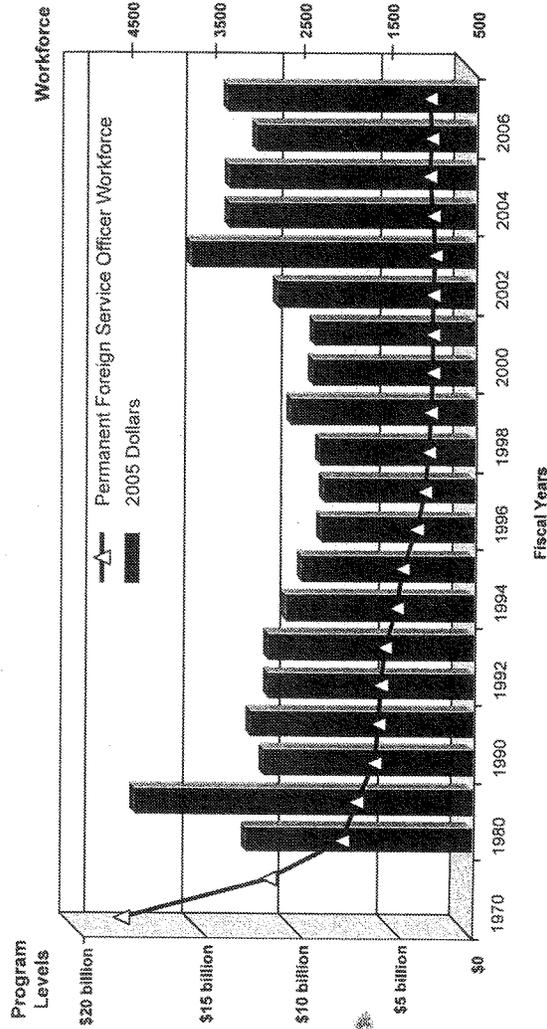
Currently USAID has adequate USDH presence in 25% of its 75 missions





Diminished Foreign Service Cadre Erodes Technical Leadership, Oversight, Policy Impact on Foreign Nations, and Innovation

Program funding levels have increased while the size of the foreign service workforce has fallen

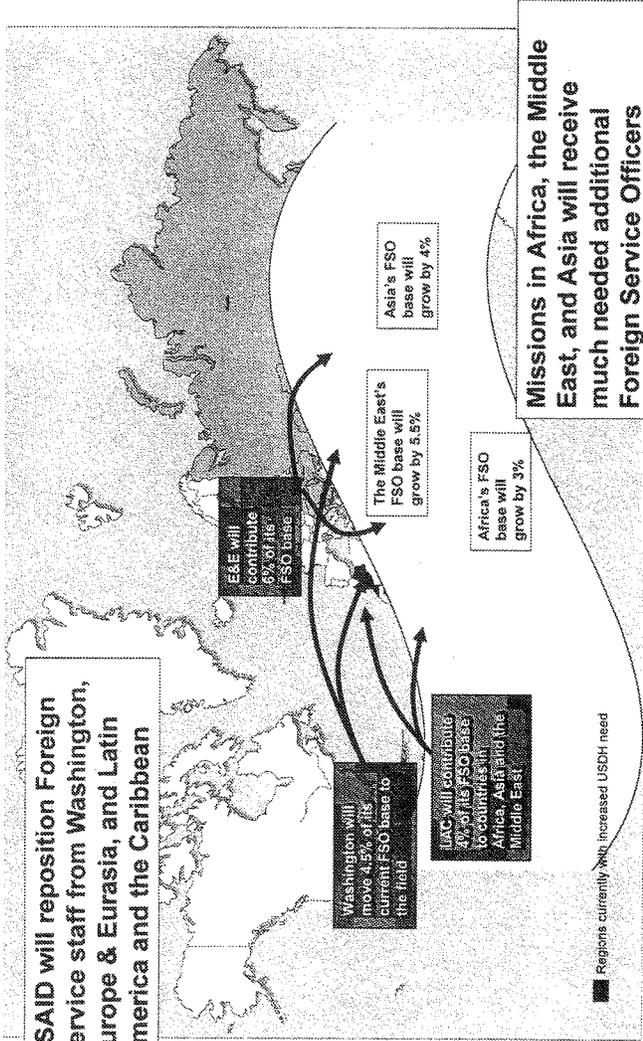




**USAID is strategically placing scarce staff
against Agency and USG priorities**

USAID is continually repositioning Foreign Service staff. During the FY09 Assignment cycle:

USAID will reposition Foreign Service staff from Washington, Europe & Eurasia, and Latin America and the Caribbean





Crisis Stabilization Initiative

USAID is creating a Washington-based surge capacity now

- Active Response Corps

- Available for deployment in 48 hours
- 41 GS/FS (FY08)
- 56 GS/FS planned for FY09

- Standby Response Corps

- 186 current USAID staff to be trained for crisis stabilization action by end of FY09; 740 total projected in the future
- Deployable within 30 days for up to 6 months





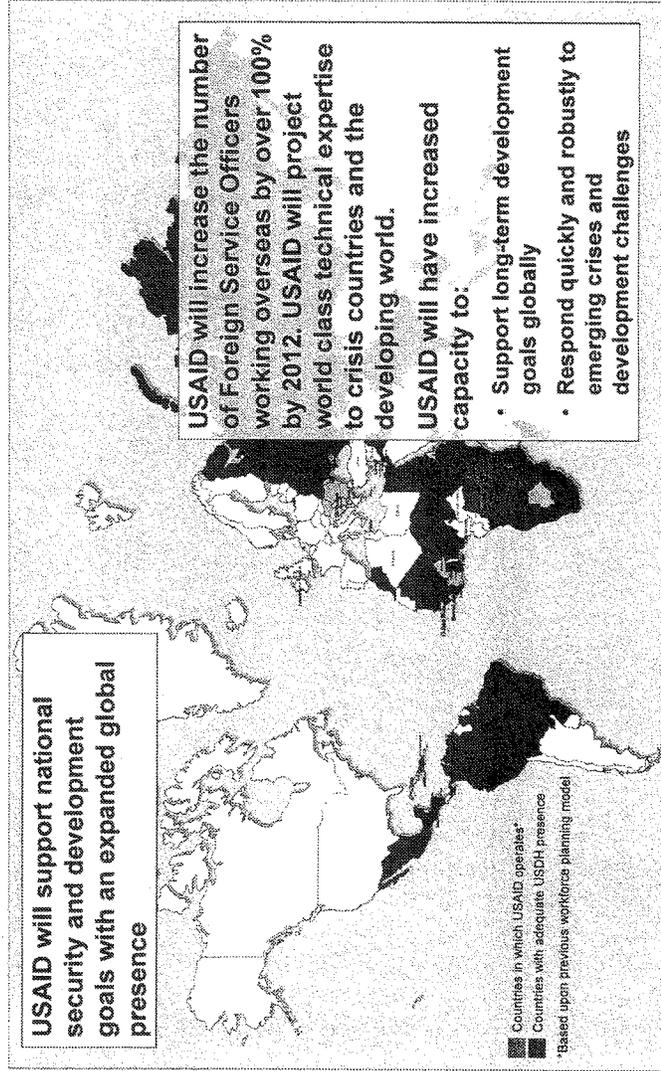
By 2012 USAID will project far greater impact

USAID will support national security and development goals with an expanded global presence

USAID will increase the number of Foreign Service Officers working overseas by over 100% by 2012. USAID will project world class technical expertise to crisis countries and the developing world.

USAID will have increased capacity to:

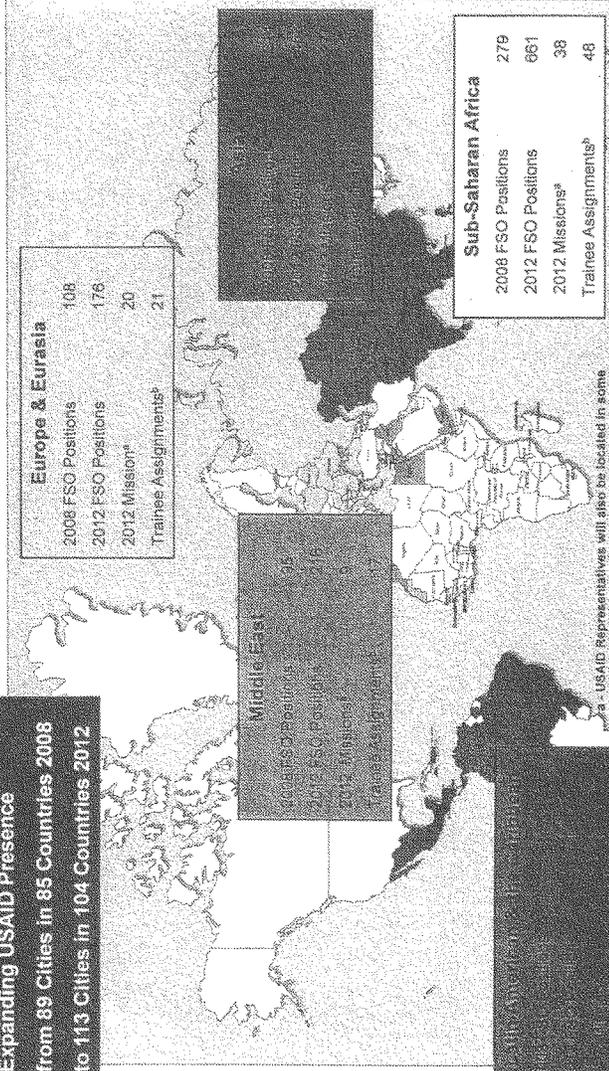
- Support long-term development goals globally
- Respond quickly and robustly to emerging crises and development challenges





USAID Double Overseas Foreign Service Officer Workforce by 2012

Expanding USAID Presence
from 89 Countries in 85 Countries 2008
to 113 Countries in 104 Countries 2012



^a - USAID Representatives will also be located in some countries where there is no formal USAID Mission.
^b - Trainee assignments may not align with placement of new FSO positions. Two FSO lawyers posted in Washington.

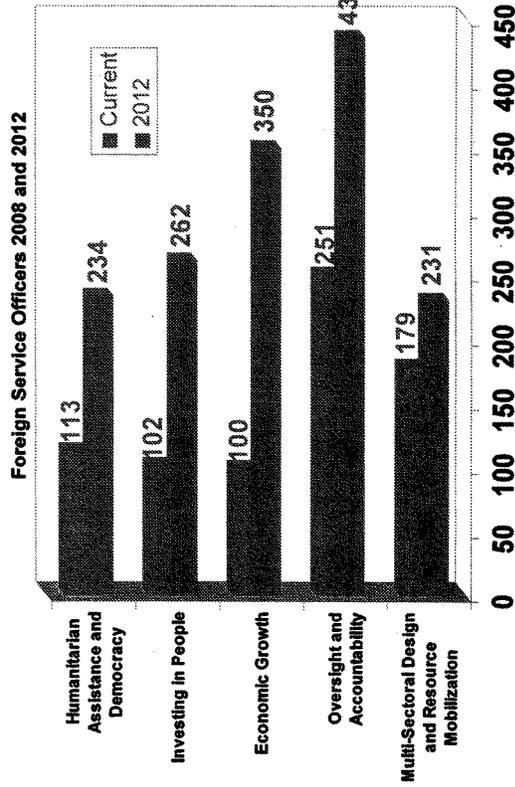


By 2012 USAID will have greater depth across all critical technical areas

A deeper core of technical officers will deliver greater impact

By 2012 USAID will:

- Double the number of Foreign Service Officers overseas.
- Add depth in current technical areas
- Create new technical areas to address evolving development challenges:
 - Technology and Development (Global Development Commons)
 - Energy
 - Alliance





USAID will complement its increased depth in technical areas with greater local language proficiency

Local language proficiency is essential to engaging communities and delivering effective development assistance

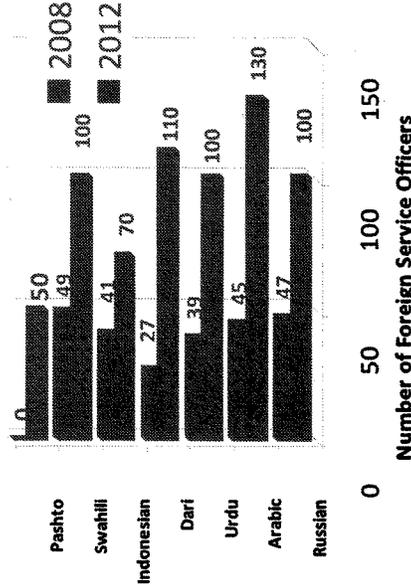
USAID will leverage FSI, regional training centers, and remote learning to increase its language capacity.

USAID must speak the languages of the regions it serves:

- Middle East
- South Asia
- Eastern Europe
- Africa
- Asia
- Latin America

By 2012 30% of the FSO workforce will speak a language in addition to French or Spanish

Example of Foreign Service Officers Speaking a Language in 2008 and 2012

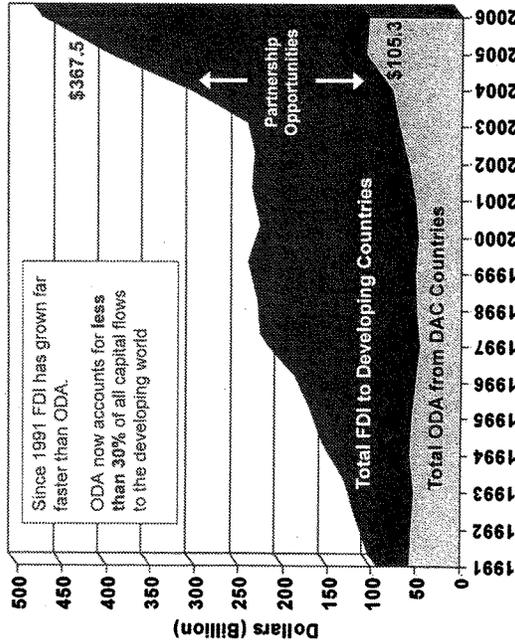




Public and private funds directed to developing countries have increased dramatically

The increase in Foreign Direct Investment (FDI) flows presents an opportunity to USAID

ODA and FDI Flows to the Developing World 1991-2006



Since 2001 the Global Development Alliance (GDA) has:

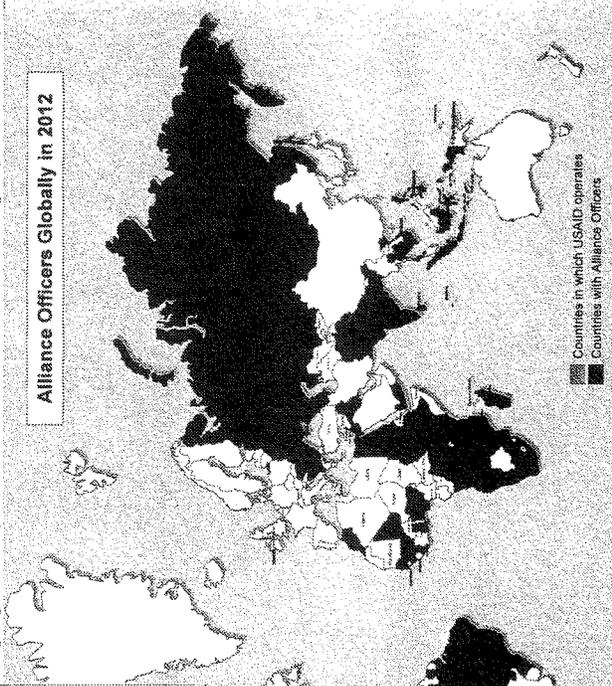
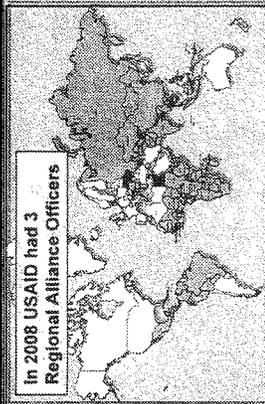
- Cultivated 600 public-private partnerships
- Leveraged \$5.8 billion in resources from partners with \$2.1 billion in public investment

Through partnerships with NGOs, universities, bi-lateral donors, and the private sector the USG can have impact greater than is possible with ODA alone



By 2012 USAID will increase by ten-fold the FDI dollars it leverages annually through partnerships

USAID will have Alliance Officers in every mission to engage the private sector and leverage partnerships



- By 2012 USAID will:**
- Leverage \$10 billion per year of FDI to complement public development investments
 - Maintain a portfolio of 8,000 local and multi-national private sector partners

A Foreign Affairs Budget *for the Future*

Fixing the Crisis in Diplomatic Readiness

October 2008

Resources
for US Global
Engagement

Full Report



The American Academy of Diplomacy



Dear Colleague,

The new Administration will face multiple, critical foreign policy challenges with inadequate diplomatic personnel and resources to carry out policy effectively. To lead the way in presenting detailed recommendations tied to specific analysis, we are very pleased to present *A Foreign Affairs Budget for the Future*. This study examines key elements of the resource crisis in America's ability to conduct its international programs and policies. Our study considers the 21st century challenges for American diplomacy, and proposes a budget that would provide the financial and human capacity to address those fundamental tasks that make such a vital contribution to international peace, development and security and to the promotion of US interests globally.

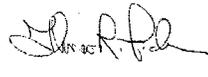
The American Academy of Diplomacy, with vital support from the Una Chapman Cox Foundation, launched this project in 2007 and named Ambassador Thomas Boyatt as Project Chairman. The Academy turned to the Stimson Center to conduct research and draft the report. To guide key directions of the research, the Academy organized, under the leadership of former Under Secretary of State Thomas Pickering, an Advisory Group and a Red Team, comprised of distinguished members of the Academy and senior former policy makers from outside its ranks. Their participation in a series of meetings and feedback was critical in establishing the key assumptions for the study. The Stimson team was led by former USAID Budget Director Richard Nygard. Former OMB official Gordon Adams, now a Distinguished Fellow at Stimson, was a key advisor to the project. The full list of American Academy and Stimson contributors can be found inside.

This study is intended to provide solutions for and stimulate a needed conversation about the urgent need to provide the necessary funding for our nation's foreign policies. We need more diplomats, foreign assistance professionals and public diplomacy experts to achieve our national objectives and fulfill our international obligations. This study offers a path forward, identifying responsible and achievable ways to meet the nation's needs. It is our hope that the US Congress and the Obama Administration will use this study to build the right foreign affairs budget for the future.

Sincerely,



Ambassador Ronald Neumann
President
The American Academy of Diplomacy



Ambassador Thomas R. Pickering
Advisory Group Chairman



Ellen Laipson
President
The Henry L. Stimson Center



Ambassador Thomas D Boyatt
Project Chairman

LIST OF CONTRIBUTORS AND COLLABORATORS

Project Organizers

Ambassador Thomas Boyatt
Project Chairman

Ambassador Thomas Pickering
Chairman of the Advisory Group

Ambassador Ronald Neumann
President, American Academy of Diplomacy

Ambassador Edward Rowell
Chairman, Red Team

Ellen Laipson
President and CEO, Stimson Center

Richard Nygard
Project Director, Stimson Center

Advisory Group

Senator Daniel Akaka (D-HI) | Congressman Howard Berman (D-CA) |
Ambassador Thomas D. Boyatt | Stephen Chaplin | Grant Green |
Ambassador Marc Grossman | John Hamre | Ambassador William C. Harrop |
Senator Patrick Leahy (D-VT) | Senator Richard Lugar (R-IN) | Peter McPherson |
John Naland | Ambassador Ronald Neumann | Ambassador Thomas R. Pickering |
Anne Richard | Ambassador Edward Rowell | General John Sheehan (ret.) |
Senator George Voinovich (R-OH)

Red Team

Jeffrey Biggs | Ambassador Julia Chang Bloch | Ambassador Avis Bohlen |
Ambassador Edwin Corr | Ambassador Richard Gardner | Ambassador Edward Gnehm |
| Ambassador James Jones | Ambassador Robert Keeley | Ambassador Kenton Keith |
Ambassador Princeton Lyman | Ambassador Robert Pearson |
Ambassador Edward Rowell | Ambassador Ronald Spiers | Ambassador George Staples

Una Chapman Cox Foundation

Ambassador Clyde Taylor

Stimson Team

Gordon Adams | William I. Bacchus | Stephen Chaplin |
David Glaudemans | Eric Lief | Richard Nygard | J.J. Saulino |
Stanley Silverman | Yvonne Siu (AAD)

Specific report findings and recommendations do not necessarily reflect the views of or endorsements by all members of the American Academy of Diplomacy, Advisory Group, Red Team, Una Chapman Cox Foundation, or Stimson Center.

Note: The Ambassadors listed above are not currently serving in ambassadorial positions.

Summary of Recommendations

This study reviews four major categories of foreign affairs activity – 1) core diplomacy, 2) public diplomacy, 3) economic assistance, and 4) reconstruction/stabilization – and finds critical gaps in each of them.¹ In addition to staffing shortfalls, there are “authority shortfalls” relating to certain economic and security assistance programs that should be in the Secretary’s civilian toolkit but that are currently being exercised by the Secretary of Defense. We also conclude that increased staffing capacity alone will be insufficient to meet U.S. Public Diplomacy goals; in addition, a number of international exchange and other programs should be expanded to help meet the country’s foreign relations goals and objectives.

As a result of our analysis, we recommend the following:

- The State Department should hire 1,099 additional staff members by FY 2014 for its core diplomatic functions. This increase will require an additional \$510.5 million in FY 2014 above the Congressional Budget Office (CBO) baseline. In addition, the Academy recommends funding to permit ambassadors to respond effectively to humanitarian and political emergencies be increased by \$125 million in FY 2010 and \$75 million annually thereafter. Finally, we recommend shifting 493 Consular positions from fee to appropriated funded status, at a cost over baseline of \$160.6 million.
- Permanent American staffing at the State Department should be further increased by 1,287 by FY 2014 primarily to support institutionalized workforce re-training and professional development, with the goal to continuously update the specialized competencies of State to meet new policy demands. This staffing increase will cost \$309.8 million annually by FY 2014.
- To fill current shortfalls and enhance the public diplomacy efforts of the State Department, there should be an increase in U.S. direct-hire staff by 487 and an increase of 369 locally employed staff (LES) for Public Diplomacy by FY 2014. This increase will cost \$155.2 million in FY 2014 above the CBO baseline. Certain existing programs in the area of public diplomacy should also be expanded to give the Secretary of State more tools at his or her disposal to conduct public diplomacy around the world. The total cost for these additional programs in FY 2014 is estimated at \$455.2 million. Increases for Public Diplomacy total \$610.4 million.
- For USAID, staffing should be increased by 1,050 Foreign Service Officers and 200 civil servants for a total U.S. direct-hire staffing increase of 1,250 by 2014. USAID should also reduce its reliance on Personal Service Contractors (PSC) and Foreign Service Limited appointments (FSL) because many of these workers perform functions that should be done by permanent direct-hire staff; accordingly, we recommend that the number of PSC and FSL staff be cut by 700 (these savings would be in USAID’s program accounts and would not reduce operating expenses). The USAID staffing increases would cost an additional \$521.1 million in USAID’s operating expenses account over the CBO baseline in FY 2014.

¹ This study’s scope does not explicitly comprise Department of State assistance, administrative, and diplomatic security activities, although some of these, such as overseas Counter-narcotics and refugee work, should in the Academy’s view be considered basic elements of U.S. diplomacy.

- In the area of reconstruction and stabilization, staffing should be increased by 562 U.S. direct-hire staff by 2014. This increase would cost an additional \$286 million in FY 2014, including equipment, deployment and training costs.
- Authority over selected Security Assistance programs should be moved in stages from the Department of Defense to the Department of State (DOS), with implementation largely remaining at Defense. In addition, 50 new staff would be required to manage the increased workload necessitated by the transfer of authorities and increased appropriations. These transfers of authority and appropriations could increase the international affairs budget by \$785 million by 2014.

In total, the Academy recommends that U.S. direct-hire staffing be increased by 4,735 during the 2010-2014 time period, a growth of 46% above current levels in the four categories listed above. This increase should be accompanied by significant increases in training opportunities and in the number of locally employed staff retained overseas. The cost of these additional staff and related expenses will rise to \$2 billion annually by 2014. In addition, program increases in Core Diplomacy, Public Diplomacy and Security Assistance will cost \$1.3 billion annually by FY 2014.

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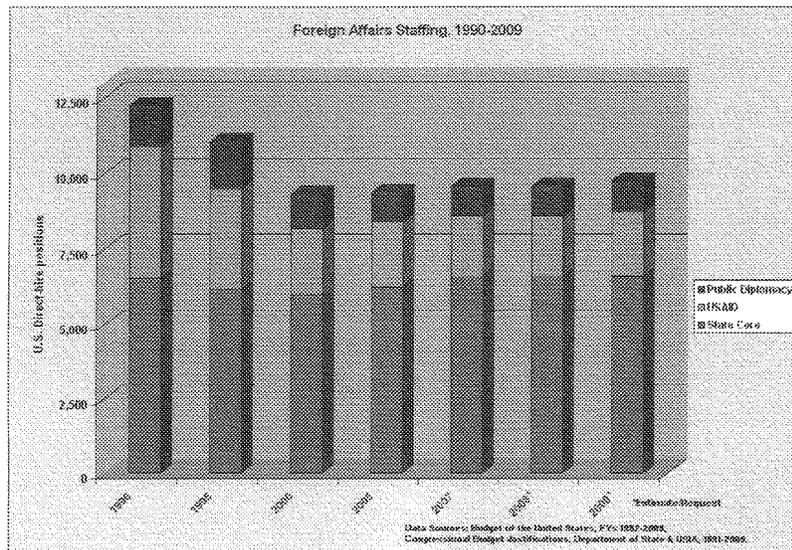
Introduction and Overview

"Our diplomatic leaders—be they in ambassadors' suites or on the State Department's seventh floor—must have the resources and political support needed to fully exercise their statutory responsibilities in leading American foreign policy."

—Defense Secretary Robert Gates, July 2008

The situation that Secretary Gates calls for does not exist today. Currently, the United States faces a wide range of problems ranging from Al-Qaeda and other terrorist organizations to the challenges of globalization, HIV/AIDS and other pandemics, environmental degradation, proliferation and failed states. Opportunities also abound in relation to rising powers, strengthening of international trade and financial systems, development and improvements in governance and the quality of life in developing and transitioning societies. These dynamic challenges and opportunities can only be met proactively and effectively through a significantly more robust foreign affairs capacity that features skilled diplomats and foreign assistance professionals.

Since the fall of the Berlin Wall, the diplomatic capacity of the United States has been hollowed out. The chart below illustrates the decline in foreign affairs staffing that has contributed to the diminished diplomatic capacity of the United States.



A combination of reduced personnel, program cuts, and sharply increased responsibilities has put maximum pressure on the capacity of those US agencies that are responsible for the missions of core diplomacy, public diplomacy, foreign assistance, and reconstruction and stabilization under the 150 Account. These missions are defined as follows:

- **Core diplomacy** consists of political, economic and certain consular functions, as well as emerging priorities such as expanded science and technology and multilateral diplomacy;
- **Public Diplomacy** includes exchanges and overseas public diplomacy and cultural affairs work;
- **Foreign Assistance** covers the work of the U.S. Agency for International Development and the management and oversight of security assistance programs; and,
- **Reconstruction and Stabilization** refers to an expanding area that provides for a civilian "surge" capacity that can respond quickly to pre- and post-crisis situations.

During the 1990s, overseas staffing for these functions was significantly reduced in the context of the roughly 30% real dollar reduction in U.S. international affairs spending as the "peace dividend" was cashed. In addition, the implosions of the Soviet Union and Yugoslavia resulted in the need to staff some 20 new embassies in the new countries created as a result, and to expand staff based in other Eastern European nations. By September 11, 2001, the overseas staffing shortfall in the State Department had approached 20%, with a larger gap within USAID.

Secretary of State Powell's Diplomatic Readiness Initiative (DRI) created more than 1,000 new State Department diplomatic positions during 2001 to 2004, bolstering core diplomatic staffing to above that of post-Cold War levels. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan and neighboring countries.

Since the DRI ended in 2004, staffing increases at State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to 2000 levels. The current realities are as follows:

- As of 2008, State faces a personnel shortfall of more than 2,000 staff-years relating solely to enduring core diplomatic work, emerging policy challenges, and critical training needs. Persistent staffing gaps at hardship posts continue to impede important policy pursuits. Staffing demands related to Iraq and Afghanistan translates not only into needs for resident personnel, but for significant ongoing waves of short-term staff who are diverted temporarily from other jobs to the detriment of other work.
- Training lags because of personnel shortages. A well-trained workforce is extremely difficult to achieve when every training assignment leaves a position unfilled. A 2006 report by the Government Accountability Office (GAO) found that 29% of language-designated positions at embassies and consulates were not filled with language-proficient staff.² Functional training lags as well.
- USAID currently has 2,200 direct-hire personnel who administer more than \$8 billion annually in development and other assistance (excluding cash grants), following cumulative staff reductions of nearly 40% during the past two decades. In 1990, USAID had nearly 3,500 personnel assigned to the task of administering a total of approximately \$5 billion annually.
- In public diplomacy, reduced budgets and staff devoted to explaining America abroad after the end of the Cold War contributed to a reduced understanding of and respect

² General Accounting Office, *Staffing and Foreign Language Shortfalls Persist Despite Initiatives to Address Gap* Washington, D.C.: GAO, Report 06-894, p 25.

for the United States in many parts of the world. Increased resources, including larger numbers of skilled personnel, are required in this area.

- There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which should be managed by civilian leadership. While a Presidential directive (NSPD-44) directs the State Department to coordinate government-wide stabilization and reconstruction operations and that Department is doing so, the Department of Defense (DOD) has assumed responsibility for implementing the largest of these programs, those in Iraq and Afghanistan. There needs to be a permanent core of civilian experts who are ready to "surge" when required in non-combat zones; these experts should, in turn, be supported by others in government and in other sectors that can provide additional or related support.
- The "militarization of diplomacy" is noticeably expanding as DOD personnel assume public diplomacy and assistance responsibilities that the civilian agencies do not have the trained staff to execute. In addition, in the area of security assistance - traditionally under the authority of the Secretary of State but implemented largely by the Defense Department - a number of new DOD authorities have been created, further reducing the role of the Secretary of State in this vital area of U.S. foreign policy.

The administration has proposed significant staffing increases for the State Department and USAID for FY 2009 (1,152 new positions). These proposals are consistent with the direction in which we believe the government should move and have, in some cases, provided a partial basis on which our forward projections have been built. The staffing models used by USAID and in part by State for both overseas and headquarters contain the critical policy and workforce factors needed to project staffing needs and we have utilized them in our analysis. We have, however, revised or added to the input data applied to these models. Given the likelihood that the Administration's proposed increases will not be enacted and that the government will spend much of FY 2009 under a series of Continuing Resolutions that extend FY 2008 funding levels, we have used the FY 2008 enacted levels as the base for our projections. We have built in some increases for FY 2009, based on supplemental appropriations enacted late in FY 2008, but have assumed that significant growth in staffing and funding will not occur until a new administration presents its budget for FY 2010. Funding increases described in each of the sections represent increments above the current services baseline used by the Congressional Budget Office (CBO), which projects programs at current levels in real terms, assuming modest levels of inflation.

Our review has led to the following conclusions:

1. Existing staffing levels are inadequate to meet ongoing requirements as demonstrated by significant vacancy rates and insufficient personnel flexibility to permit needed training and transfers;
2. New programmatic and substantive requirements in each of the areas will require additional staff with new and updated skills if they are to be addressed successfully;
3. In order to manage the foreign policy portfolio, certain authorities and programs in the area of security assistance now exercised in the Department of Defense should be under the authority of the Department of State; and,
4. Enhanced training, through the Foreign Service Institute and elsewhere, will be an essential complement to the recruitment of new staff.

Effective implementation of U.S. foreign policy will require an increase of 4,735 Direct-hire Foreign Service and civil service American staff by 2014, plus 2,350 Foreign Service Nationals (FSN) or Locally Engaged Staff (LES). This staffing increase will require increased funding for Function 150 totaling \$2 billion above FY 2014 CBO Current Services estimates. New program funding, primarily in the areas of public diplomacy and security assistance, will add another \$1.3 billion to Function 150.

Staffing Level Summary ³									
	2008	2009	2010	2011	2012	2013	2014	Delta	% Increase
Core	6,407	6,480	6,740	7,034	7,312	7,506	7,506	1,099	
Training	306	351	891	1,325	1,593	1,593	1,593	1,287	
PD	1,332	1,352	1,558	1,670	1,727	1,784	1,819	487	
USAID	2,020	2,150	2,500	2,850	3,100	3,270	3,270	1,250	
Stabilization	19	69	331	406	481	531	581	562	
Sec. Asst.	38	38	41	56	76	88	88	50	
Total	10,122	10,440	12,061	13,341	14,309	14,922	14,922	4,805	48%

Staffing Increases - New Hires Per Year							
	2008/9	2010	2011	2012	2013	2014	Total
Core	73	260	294	278	194	-	1,099
Training	45	540	434	268	-	-	1,287
PD	20	206	112	57	57	35	487
USAID	130	350	350	250	170	-	1,250
Stabilization	50	262	75	75	50	50	562
Sec. Asst.	-	3	15	26	12	-	50
Total	319	1,621	1,280	948	493	85	4,735

Cost Increase over CBO Baseline Selected Functions (\$ in millions)								
	2008	2009	2010	2011	2012	2013	2014	% Increase
Baseline	\$14,114	\$14,382	\$14,655	\$14,963	\$15,292	\$15,629	\$15,973	
Core Diplomacy Staff	-	\$15.4	\$88.6	\$183.8	\$323.9	\$447.9	\$510.5	
Consular Staff Program	-	-	\$21.1	\$65.5	\$112	\$147.7	\$160.6	
Training Staff	-	\$4.7	\$68.5	\$170.3	\$258	\$299.3	\$309.8	
USAID Staff Program	-	\$3.1	\$34.9	\$82.5	\$112.6	\$136	\$155.2	
USAID Staff Program	-	\$38.2	\$112.3	\$245.1	\$370.6	\$479.6	\$521.1	
Stabilization Staff	-	\$38.2	\$190.1	\$210.5	\$237.2	\$261.7	\$286	
Sec. Asst. Staff Program	-	-	\$6	\$5.2	\$14	\$21.3	\$24.2	
Increases	-	\$100	\$778	\$1,861	\$2,151	\$2,746	\$3,487	
Total	\$14,114	\$14,482	\$15,437	\$16,358	\$17,476	\$18,418	\$19,256	21%

³ Staffing figures throughout this study are considered U.S. Direct-Hire (USDH), unless otherwise specified, and represent people on board at the end of the year.

STAFFING AND RESOURCES REQUIRED

STAFFING FOR CORE DIPLOMACY

Summary

Significant recent work has gone far in defining the prospective global policy environment. Credible commissions, advisory groups and task forces have delineated likely over-the-horizon policy scenarios, and have set out a range of diplomatic activities required to rise to expected challenges and opportunities.⁴ On the basis of available information, a number of analyses have suggested critical gaps between needed and existing diplomatic capacity. This section attempts to quantify those gaps in terms of specific activities and associated financial costs and to set out a budgetary framework for their public presentation and execution.

For Core Diplomacy, the Academy recommends staffing increases totaling 1,099, and total underlying budget growth of \$510.5 million by FY 2014, as follows:

Core Diplomacy – Staffing and Cost Increases, 2010-2014 (\$ in millions)							
	2009	2010	2011	2012	2013	2014	Total Staff Increase
New Hires in Year (USDH)	73	260	294	278	194	-	1,099
Cost Increases Over Base							
Staff	\$15.4	\$88.6	\$183.8	\$323.9	\$447.9	\$510.5	
Consular Staff		\$21.1	\$65.5	\$112	\$147.7	\$160.6	
Program	-	\$125	\$75	\$75	\$75	\$75	
Total Cost	\$15.4	\$234.7	\$324.3	\$510.9	\$670.6	\$746.1	

For the purpose of our analysis, core diplomacy includes the following activities:⁵

- **Conduct of Diplomatic Relations:**
 - Government-to-government diplomacy, implementing policy, representing U.S. interests and advocating U.S. policy positions abroad, negotiation;
 - Intelligence, in terms of overt collection, analysis and reporting of information from foreign sources;
 - Transnational issue diplomacy, executing specialized U.S. policy pursuits, in areas ranging from law enforcement to energy.

⁴ e.g., Advisory Committee on Transformational Diplomacy, *Final Report of the State Department in 2025 Working Group*, U.S. Department of State, Washington DC, 2008, and prior analyses cited in its bibliography.

⁵ Department of State, *Congressional Budget Justification, FY 2009*. Excluded from "Core Diplomacy" for analytical purposes are the budget activity sets corresponding to "Diplomatic Security," as well as those corresponding to indirect management/administrative support. However, core diplomatic costs include full per capita shares of full funding for needed overseas administrative support services, without which none of the policy demands identified can be met.

- **Conduct of Consular Relations:**
 - Adjudication of non immigrant and immigrant visa requests;
 - Routine and emergency assistance to American citizens in distress;
 - Public information activities for the benefit of American travelers and the U.S. travel industry; and,
 - Adjudication of passport applications, and passport issuance or denial for U.S. citizens.
- **Policy Formulation:** Development of substantive policy positions and strategies for their pursuit.
- **Multilateral Diplomacy:** Conduct of relations at multilateral organizations.

In addition, State will also need to increase core diplomatic staffing and expertise to manage the following new emerging foreign policy imperatives:⁶

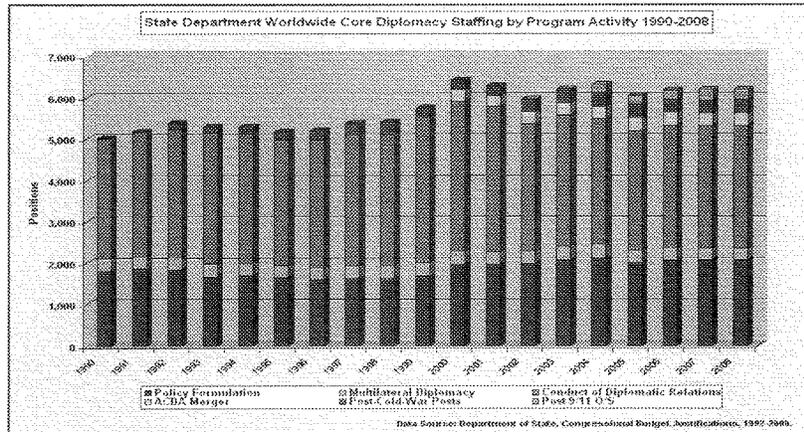
- **Proactive and Preventive Shaping Capabilities:** To create conditions favorable to U.S. interests on an anticipatory (vice reactive) and results-oriented basis, specifically consisting of proactive multilateral leadership, pre-crisis conflict mediation and resolution, the ability to activate and influence emerging areas of international law, development of joint-planning and joint-response strategies with both state and non-state actors.
- **Engagement of Non-Traditional Actors:** A strengthened institutional means to understand, engage and partner creatively with private sector and Non-Governmental Organization (NGO) actors.
- **Capacity to Integrate U.S. Government Global Affairs Activities:** Coordinating the periodic development of a Global Affairs Strategic Plan and presenting a related and integrated annual Global Affairs Budget; and, leading development of government-wide regional strategic plans and expanding its senior-level diplomatic visibility.

Background

Against a backdrop of overall post-Cold War fiscal constraint during the 1990s, aggregate funding for U.S. international affairs fell in both nominal and real terms until the end of the decade. As a subset of this, State Department staffing for so-called "core" diplomatic and policy activities remained static at a time when workload demands were growing significantly. During this timeframe, the Department absorbed most of the staffing needs associated with the opening of 20 new embassies, principally in the states of the former Soviet Union and Yugoslavia, and primarily by staffing down (and even closing some) Western European posts.⁷ The following chart illustrates these trends:

⁶ Based on recommendations 1-3, Advisory Committee on Transformational Diplomacy, *op. cit.*

⁷ Department of State, *Congressional Budget Justifications*, Washington DC, 1992-95.



At the same time, shifts in U.S. political thinking to a Cold War-victory mindset served to reinforce the downward drift in funding for international affairs generally and for diplomatic engagement specifically. Congressional debates of the early 1990s manifested a bipartisan drive for disengagement abroad and a fundamental questioning of the purpose of diplomatic missions. Such missions were defended, however, by a minority that warned against a predilection to "want to get off the world" and spoke of an environment "ever more complex, not simple, [to which] closing our eyes will not make the complexity go away."⁸ Contemporary academic work also underscored the need for ongoing engagement, while calling for a now-familiar broadening of diplomacy "...to augment state-to-state relations with other avenues of U.S. influence overseas, such as the business community, non-governmental organizations, international organizations, and charitable institutions."⁹

The staffing constraints of the 1990s, in turn, limited the Department's ability to expand and diversify the staff skills needed not only for a broadened mission but for conduct of government-to-government diplomacy in new countries and management of newly-emergent priority transnational issues. This in turn fed into perceptions of the Department's marginal relevance to work that was high on the 1990s policy agenda, such as democracy promotion and global environmental cooperation, further eroding political support for needed budget and staffing growth at State.

These cross-currents also reflected a continuation of debates regarding the extent to which technology and corporate business models could serve to centralize diplomatic activity and reduce overseas staffing accordingly. As early as the 1970s, Zbigniew Brzezinski wrote about U.S. needs for "a foreign-relations machinery that exploits the latest communications techniques ...," and of a "business community [with] extensive experience in foreign operations ... accurate reporting, foreign representation and central control -- without relying on enormous staffs and redundant operations."¹⁰

⁸ *Congressional Record*, Rep. Dante B. Fascell, July 30, 1992, pp. H7034-7; Sen. Joseph Biden, March 28, 1996, pp. S3144.

⁹ Project on the Advocacy of U.S. Interests Abroad, "Equipped for the Future; Managing U.S. Foreign Affairs in the 21st Century," John Schall, Executive Director, The Henry L. Stimson Center, Washington DC, October 1998, p. 7.

¹⁰ Zbigniew Brzezinski, *Between Two Ages*, Viking Press, 1970, pp. 291-3.

The downward trend in diplomatic staffing partially reversed itself beginning in 1997, with a return to immediate post-Cold War "core" levels by 2001. That was followed by increases of approximately three percent annually over four years. The first year of this growth, however, did little more than offset the impact of post openings that had occurred during the previous decade, and subsequent years were significantly consumed by staffing demands related to Iraq, Afghanistan, and their neighboring countries.

Simultaneous to these events, staffing and funding for security, management, information technology, and administrative activities within the Department rose at higher overall rates than did core funding and staffing. In part, this reflected the need to play catch up after years of infrastructure neglect. A number of these activities - for example new Embassy construction - came to be budgeted for and managed as operating or capital programs in and of themselves, with funding and staffing levels determined according to long-term operational or service quality goals, rather than direct reference to the core activities supported. Consular and security resources also expanded sharply to cope with the new, radically different post-9/11 environment.

Overseas Staffing

Since 2005, the Rice-era State Department has become explicit in emphasizing a more "field-first" staffing orientation that merits support. As this proceeds, the following principles should be seen as central to future overseas staffing:

1. *Universality*: The U.S. will have a resident presence in every country with which it maintains national government-to-government relations, and at every multilateral organization of which it is a member.
2. *Expanded engagement*: The Department will need to significantly expand interaction with non-national-government actors, requiring concomitant staffing increases.
3. *Location/configuration*: To this end, the Department will need to extend the U.S. presence "in capitals and outside them," as manifested by the establishment of branch offices, American Presence Posts, American Centers, and use of traveling circuit riders.¹¹
4. *Security*: "To support a diplomatic presence that is distributed, the Department's security culture and practices must continue to transition from risk avoidance to risk management." It can be anticipated that physical threats to U.S. government personnel abroad will continue, will likely grow with dispersal, and may grow in any event.¹²

With rare exceptions, contemporary staffing needs related to mainstream diplomacy have been gauged on a static basis, that is, in terms of building and maintaining a workforce to meet existing demands only. The most significant, forward-looking foreign affairs staffing initiatives since the 1950's have concerned agencies other than State. Prior to the 2008 budget cycle, such contemporary, State-centric staffing initiatives as were undertaken aimed to close existing gaps and meet established goals in the context of existing conditions. State's two recent "Diplomatic Readiness Initiatives" (of the Christopher and Powell eras, respectively) were constructed largely along these lines. Periodic attempts at "forecasting and matching future (policy) requirements with staff skills" have achieved only limited traction.¹³

¹¹ Center for Strategic and International Studies, *"The Embassy of the Future,"* Washington DC, 2007, p. 30.

¹² *Ibid.*, p. 50.

¹³ Barry Rubin, *Secrets of State*, Oxford University Press, 1985, p. 107. This point remains accurate today.

Consistent with this approach, the Department has, since at least the mid-1990s, gauged staffing demands on the basis of separate Overseas and Domestic Staffing Models. The current Overseas Staffing Model (OSM) sets out a framework of five program activity sets for purposes of core diplomatic workload measurement: Executive, Political, Economic, Labor and Science. Staffing requirements for each are then calculated on a post-by-post basis by assigning each post to one of five categories, according to a matrix of: 1) the magnitude of U.S. interests locally at stake, juxtaposed against; 2) the importance of post roles in pursuit of U.S. policy goals as set out in the Department's strategic plan.

For purposes of job categorization, the Department defines corresponding work content overseas according to the following 16 skill codes set out in regulation:¹⁴

State Skill Codes	
Executive (Chief of Mission, DCM)	Economic Affairs
Political Affairs	Finance & Economic Development
Political-Military Affairs	International Transportation/ Communications
Labor Affairs	Trade
Narcotics Control	Economic Resources & Commodities
Refugee Affairs	Environment, Science, Technology
Legal Affairs	Multifunctional
Intelligence Research	International Relations

As of 2008, overseas staffing gaps related to core diplomacy totaled 234, calculated according to the Department's OSM criteria. In addition, State has identified staffing growth demands of 320 needed to support new initiatives directly, including Transformational Diplomacy (100), opening of new American Presence Posts (75), and Iraq (45). These are being budgeted in annual increments consistent with recruitment and training capacity. Among these requirements, 73 were funded in FY 2008. Although some of these needs were met through the Department's Global Repositioning exercise, none were put in the 2009 budget, leaving a shortfall of 481. All of these components of new initiatives appear to have been developed on the basis of policy drivers, for example, of standard models for staffing needs related to Provincial Reconstruction Teams (PRTs) in Iraq, or target sites for American Presence Posts.¹⁵

Although State models its overseas staffing configuration on the basis of policy conditions and working environments rather than quantifiable workload, the staffing gap identified appears to correspond to 5% or less of the total overseas workforce for core diplomatic work. There is no basis for believing that legitimate alternative modeling techniques would produce dramatically different results in a range this small.¹⁶ The application of alternative, more robust staffing models to micro-scale new initiatives would likely be similarly unproductive. The one-person American Presence Post concept, for example, has already been field-tested and validated at multiple locations in different environments.

In addition, State will need to increase staffing and expertise by 545 staff-years to assure effective management of new foreign policy imperatives.¹⁷ Current baseline analyses and workload assessments for these activities are difficult to construct because State does not

¹⁴ 3 FAH-1, Exhibit H-2323.3

¹⁵ *Transformational Diplomacy*, speech, Georgetown University, January 18, 2006.

¹⁶ A 2006 GAO analysis identified shortfalls totaling 154 staff-years. GAO Report 06-894, p. 14.

¹⁷ Based on recommendations 1-3, Advisory Committee on Transformational Diplomacy, *op. cit.*

act in some of these areas and does not frame its activities in this way even where it acts in others. The following staffing guidelines, derived from the emerging activities outlined previously, could be indicative, however:

1. **Multilateral Diplomacy**, meaning development and execution of longer-term more proactive strategies for influencing the agendas of multilateral institutions, and strengthened presence in such institutions to these ends. For the latest year in which records are available (2005), a total of 28 State employees were detailed or seconded to multilateral organizations other than NATO. Assuming two additional State employees assigned to each of a menu of key regional multilateral organizations, specialized U.N. agencies and development banks, 10 additional mainstream U.N. assignments, and another 30 staff added to the static 300 employees working in multilateral diplomacy for the Department directly, a total of 100 additional staff would be needed.¹⁸
2. **International Law**, in terms of monitoring/driving the development of international law and practice – particularly in new domains, such as climate, genetics, and nanotechnology. The staffing increment associated with this workload would be significant in the context of the existing base, which is likely zero. The Office of State's Legal Advisor has long been assessed as seriously understaffed, and has no overseas assets. Establishment of a minimal staff of attorneys and legal assistants assigned to 5-8 regional hubs abroad would account for 20 total additional staff.
3. **Economics, Science and Technology**, specifically increased focus on economic diplomacy and on coordination of global economic policy execution, as well as expanded engagement in science, engineering, and technology. These functions are understaffed for existing overseas work, according to OSM outputs. Overseas positions allocated to State's economics portfolio, for example, total 519, approximately 8 percent of State's core diplomatic workforce, and this following growth by just under 100 staff-years in the past decade. The Academy specifically recommends a further near-doubling of this growth during the next five years, corresponding to 80 additional staff, to be deployed at posts abroad, detailed to multilateral development banks, and to the offices of U.S. Executive Directors of such institutions.¹⁸

The Academy has previously recommended that State "have a formal mandate to manage international science negotiations and ... make an aggressive effort to recruit officers with the ability to understand sophisticated scientific issues and methodology."¹⁹ The Department currently has ESTH (Engineering, Science, Technology & Health) staff at 35 locations abroad, including 12 sub-regional hubs. We believe that on the basis of current staff distribution, an increase of 70 overseas staff – 21 at existing ESTH locations and 49 at other posts – is warranted. An illustrative list of possible additional ESTH staff deployments is attached as Appendix A.
4. **Public-Private Partnerships**, meaning strategic engagement of non-state actors to influence the emerging patterns of activity through which they operate, and leverage the growing resources and capabilities at their disposal. It can and should be assumed that some work in this territory is already going on as part of core diplomacy, and that it will be expanded further using the projected one-time staff increases identified earlier for second-tranche APPs and Transformational Diplomacy, and identified separately for Public Diplomacy and Assistance Diplomacy. However, a reasonable out-year expansion (100 staff-years) of this activity in the form of regional hubs and roving staff should be anticipated.

¹⁸ Examples of specialized U.N. agencies and development banks include: ASEAN, AU, SADC, OAS, EBRD, ADB, AsDB, IADB, UNDP, UNHCR, PAHO, UNICEF, ILO, WIPO, WTO, EU, CARICOM, and ECOWAS.

¹⁹ American Academy of Diplomacy, *op. cit.*, p. 7.

5. Interagency Coordination, in terms of policy planning, development and execution. Both outside groups and the Department's FY 2009 Budget argue for staffing increases in this area. Both recommend an increase in interagency details, for which State proposes 125 additional positions for FY 2009. Other proposals circulating in the Department are more radical, specifically one calling for establishment of regional planning hubs abroad, a concept which merits endorsement, and, we believe, can be accommodated through a staffing increment of 50, in combination with a reasonable reallocation of Washington-based positions; for a total increase of 175 staff.

The first and third of these prescriptions are obviously not new. A 2004 AAD Task Force report and the 2006 U.S. National Strategy for Public Diplomacy and Strategic Communication included similar findings and recommendations.²⁰ However, even as early as the 1960s, FSOs were targets of Kennedy-Administration-era exhortations to "involve yourselves in every element of foreign life – labor, the class struggle, cultural affairs – attempting to predict in what direction the forces will move ..."²¹ echoed again a decade later by Brzezinski, "Our diplomatic machinery is still ...predominantly geared to government-to-government relations, often neglecting the currently far more important role of social developments."²²

To play its critical role in managing some of the highest-priority, over-the-horizon US Government (USG) global policy imperatives, State will need to staff up over the medium term - in numbers and expertise - to meet these new work demands. To the extent that State is not staffed accordingly, it is probable that other USG agencies will step into pieces of this territory, and that other critical work will go undone, to obvious public detriment.

Consular Affairs

For much of U.S. history, Consular representation actually outpaced diplomatic representation abroad. The following table illustrates historical trends:²³

Year	Diplomatic Posts	Consular Posts
1781	4	3
1800	6	52
1820	7	83
1840	20	152
1860	33	282
1880	35	303
1900	41	318
1920	45	368
1940	58	264
1950	74	179
1960	99	166
1970	117	122
1980	133	100
1990	145	97
2008	179	81

²⁰ AAD Task Force report, *American Diplomacy for a Changing World*, November 2004, p. 5.

²¹ *Foreign Service Journal*, July 1962, p. 28, cited by Rubin, *op. cit.*, p. 100.

²² Brzezinski, *op. cit.*, p. 292.

²³ Source: Department of State, Office of the Historian, and *Congressional Budget Justification, FY 2009*.

The U.S. Diplomatic and Consular Services, originally separate, were merged only in 1924. Transitions from consular to diplomatic representation obviously reflect post-1960s realities of decolonization. However, consulate closings were also an end-result of budget constraints, of security concerns, and of views that U.S. interests could be pursued more cost-effectively in growing numbers of locations by remote control, given post-World War II improvements in communication and transportation. In any event, Consular officers both acted and were perceived as sole U.S. government-to-government representatives vis-à-vis local authorities across most of the world well into the 1960s.

State's budget sub-category "Conduct of Consular Relations" comprises the following border security and citizen services activities:²⁴

- Adjudication of non-immigrant visa requests from foreign tourists, students, business people, investors, and government officials. In FY 2007, State processed 8.56 million non-immigrant visa applications. The Department expects that demand for non-immigrant visa services will grow to 9.64 million applications in FY 2008 and 10.1 million applications in FY 2009.
- Adjudication of immigrant visa applications. In FY 2007, the Department processed a total of 680,000 immigrant visa applications. This workload is expected to remain at the same level in FY 2008 and FY 2009.
- Routine and emergency assistance to American citizens in distress. In FY 2008 and FY 2009, the Department projects that it will respond to 2 million citizen services requests worldwide each year.
- Public information activities for the benefit of American travelers and the U.S. travel industry, regarding dangerous situations abroad, carried out by means of Consular Information Sheets, Travel Warnings, and the Department's Consular Affairs web site.
- Adjudication of passport applications, and passport issuance or denial for U.S. citizens wanting to travel abroad. In FY 2007, the Department processed 18.4 million passport applications. Workload is expected to grow to 29 million applications in FY 2008 and between 30 and 36 million in FY 2009.

Current State Department U.S. Direct-hire (USDH) Consular staffing abroad totals 1,435 representing just over a doubling since 1995. Virtually all such staffing is funded by fee collections. As of the end of FY 2007, only 161 overseas USDH consular positions were supported with appropriated funds, down from 712 in 1995, coinciding with a decline in total appropriated funding budgeted for the conduct of consular relations from \$241.3 million to just under \$60 million. These trends were predominantly induced by 1990s budgetary rules of the road; as increases in appropriated funding became harder to come by, fee increases became an interagency norm.²⁵

Taken at face value, this shift also appears to reflect an excessive reshaping of the Department's view of consular work; though significantly a function of general government, consular activities are now treated, from a budgetary point of view, as specialized services to a specific subset of users. From an administrative point of view, this has seemed a risk-free option during good economic times; but now, with fee revenues projected to decline, consular funding has become uncertain. The Academy notes the inconsistency of this shift with originally-stated legislative intent:

²⁴ Extracted from: Department of State, *Congressional Budget Justification, FY 2009*, p. 34.

²⁵ *Ibid.*, FYs 1997-2009.

The committee of conference emphasizes that the purpose of this fee retention authority is to provide enhanced consular services and equipment upgrades above and beyond current base consular services and modernization programs. This new authority is not intended to permit any of the current consular base funding to be transferred to any other purpose.²⁶

Looking ahead to the kinds of broader people-to-people diplomatic engagement foreseen by the Academy, Consular Officers should be expected to again play key roles. A logical budgetary reflection of this would be reversion of overseas Consular Officers to appropriated-fund status.

As a first step in this direction, the Academy recommends such a change affecting all overseas mid and senior level consular personnel, presently totaling 493 over the five-year period under examination. This would require a shift of funding of \$160.6 million by FY 2014.

Domestic Staffing

The most recent application of the Department's Domestic Staffing Model (DSM) indicated a 4.1% shortfall (498 FTE) in full-time permanent hiring authority as of the beginning of FY 2006 for work carried out during FY 2005. The DSM estimates regional bureau domestic staffing needs by ratios of domestic staff to the magnitude and complexity of overseas missions backstopped by each bureau, modified according to the relative difficulty of differing overseas operating environments. Other current domestic staffing requirements are calculated according to a matrix of more than 800 workload factors.

Projecting forward to 2009, the model identifies a basis for prospective increases in full-time permanent domestic hiring authority totaling more than 1,500. Significant shares of this are attributable to domestic passport and Diplomatic Security workload (discussed later), as distinct from core diplomatic activities.²⁷ The remaining DSM projection is qualified as assuming no workload restructuring resulting in efficiency or productivity gains, specifically citing the need "to set priorities on missions, seek operational efficiencies, and outsource functions to non-FTP categories, all of which would affect future staffing requirements ..."²⁸ Outside groups have made similar recommendations, for example, calling on the Department to "rationalize [its] organizational structure by reducing to three or four decision layers and consolidating bureaus and offices to reduce the number of officials reporting directly to the Secretary."²⁹

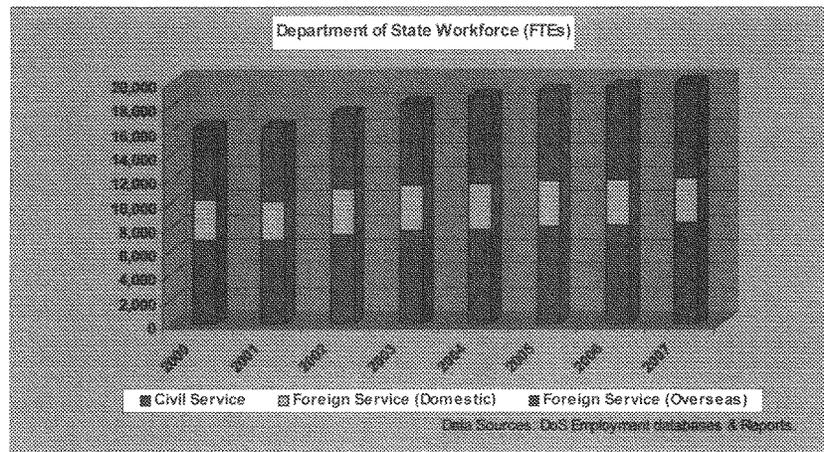
These recommendations are not new, but recur at this time against a backdrop of continuing domestic staffing growth at State, as illustrated in the following chart:

²⁶ House of Representatives, Conference Report 103-482, p. 167.

²⁷ Department of State, *Domestic Staffing Model, Phase 3 Report*, March 2007, p. 7-3.

²⁸ *Ibid.*, p. xi.

²⁹ Advisory Committee on Transformational Diplomacy, *op. cit.*, p. ii.



Reflecting this trend and anticipated economies, the Department has not proposed any significant net domestic staffing increases for core mission or administrative support for the last three budget years and none have been funded. Mid-senior-level officials have, in multiple separate discussions, explicitly confirmed this as representative of a deliberate effort to close domestic staffing gaps by "aggressively reforming existing structures, procedures, and systems - reducing organizational layers, expanding shared services, promoting strategic procurement, and eliminating or competitively sourcing lower priority, non-core functions."³⁰

Previous external reviews have endorsed efforts to consolidate administrative services as a component of this approach.³¹ This is seen, in part, as an acknowledgement of the success of the Powell-era acceleration in infrastructure spending (referred to earlier), as is the resulting ability to capitalize on this success to achieve efficiencies and economies of scale. Accordingly, the State Department should increase ongoing efforts to streamline the Department's domestic establishment, particularly looking ahead to the upcoming transition in administration in 2009, when such changes are optimally achievable.

Physical Security Context

Key issues include:

- The extent to which U.S. government mission effectiveness can be impeded by general application of current physical security standards to overseas staffing configurations.
- The extent to which employees and policy-makers are prepared to assume any increased risks associated with alternative configurations.
- The extent to which cost-effective variations - as reflected in the recommendations of the Accountability Review Boards convened after the 1998 terrorist attacks on U.S.

³⁰ Department of State, *Congressional Budget Justification, Fiscal Year 2009*, p. 4.

³¹ Center for Strategic and International Studies, *op. cit.*, p. 58.

Embassies in Nairobi and Dar es Salaam – of the current New Embassy Compound model have been adequately considered in overseas staffing configurations.

The 1979 seizures of U.S. Embassies in Tehran and Islamabad, and the 1983-84 bombings of U.S. Embassy facilities in Beirut, characterized two decades of escalating violence directed at U.S. diplomatic and consular facilities. The outlines of the Department's current security posture grew out of these events, and in part from the so-called "Inman Panel" recommendations which followed.³² They were reinforced as an immediate reaction to the 1998 terrorist truck bombings of U.S. Embassies in Nairobi, Kenya and Dar es Salaam, Tanzania. Pursuant to the recommendations of the two Accountability Review Boards convened following these attacks and chaired by Admiral William J. Crowe, the "Secure Embassy Construction and Counterterrorism Act of 1999" authorized needed appropriations for capital construction for the 2000-2004 timeframe.³³ This provided a renewed basis for long-overdue replacement of multiple USG facilities abroad, a number of which were substandard in both operational and security terms.

However, the 1999 Act further encoded into law the following two stipulations:

1. In selecting a site for any new United States diplomatic facility abroad, the Secretary shall ensure that all United States Government personnel at the post (except those under the command of an area military commander) will be located on the site; and,
2. Each newly acquired United States diplomatic facility shall be sited not less than 100 feet from the perimeter of the property on which the facility is to be situated.

An effect of this was to put physical security on at least an equal footing with the worldwide diplomatic agenda. In practice, this has meant that from 2001 onwards, new overseas construction projects have been required to conform to worldwide statutory specifications producing centralization of U.S. government personnel into sometimes-distant suburban facilities.

There is little evidence to suggest that the Crowe Boards seriously evaluated the potentially detrimental effects to U.S. policy pursuit that might derive from such configurations, simply because it was not within the scope of either of their mandates to do so. Secretary Albright specifically recognized this on receipt of the Crowe report:³⁴

Admiral Crowe's mandate was to investigate the embassy bombings and to recommend ways to improve security. As Secretary of State, I have a broader mandate to ensure the effective promotion of U.S. interests and values around the world ... We will continually have to make difficult and inherently subjective decisions about how best to use the resources we have and about how to reconcile security imperatives with our need to do business overseas.

Expanding on this, Secretary Rice more recently (January, 2006) affirmed a view that "transformational diplomacy requires us to move our diplomatic presence out of foreign capitals and to spread it more widely across countries [to] work on the front lines of domestic reform as well as in the back rooms of foreign ministries..."³⁵

The Academy endorses both the Department's ongoing efforts to replace substandard facilities and the (previously-referenced) "transition from risk avoidance to risk

³² Department of State, *Report of the Secretary of State's Advisory Panel on Overseas Security*, June 1985.

³³ Enacted by reference as §1000(a) (7) of P.L.106-113, Consolidated Appropriations Act for FY 2000.

³⁴ U.S. Department of State, "Remarks on Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam," January 8, 1999.

³⁵ Condoleezza Rice, "Transformational Diplomacy," January 18, 2006, Georgetown University.

management," enabling greater decentralization of the USG presence abroad. A summary of Diplomatic Security activities and staffing/funding trends is attached as Appendix B.

Contingency Funding

A number of standing authorities provide the Department of State, and/or Chiefs of Mission abroad, significant latitude to meet fast-emerging policy contingencies. In practice, however, use of these authorities has been highly constrained by regulation, precedent, and funding limitations. The Academy recommends relaxation of some of these constraints and appropriation of additional in two specific areas.

Diplomatic Contingencies

Specific permanent statutes provide the Department with broad latitude to meet unforeseen contingencies, specifically to:³⁶

...make expenditures, from such amounts as may be specifically appropriated therefore, for unforeseen emergencies arising in the diplomatic and consular service...only for such activities as—

- (A) Serve to further the realization of foreign policy objectives [and];
- (B) Are a matter of urgency to implement...

And to:

...provide for participation by the United States in international activities which arise from time to time in the conduct of foreign affairs for which provision has not been made by the terms of any treaty, convention, or special Act of Congress...

Historically, the Department has been comfortable with only very limited use of these authorities and has requested funding accordingly. The following table sets out a history of recent appropriations specifically for these purposes:³⁷

Contingency Fund Use (\$ in millions)																	
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
\$10.3	\$24.4	\$12.5	\$13.6	\$13.8	\$13	\$9	\$13	\$18	\$17	\$5	\$46	\$7	\$43	\$35	\$4	\$44	\$5

The Department currently labels activities conducted pursuant to these authorities "Emergencies in the Diplomatic and Consular Service (EDCS)," specifically:³⁸

- **Evacuations:** Urgent medical and travel expenses related to natural disasters or terrorist incidents; emergency evacuations of U.S. government personnel and their families overseas, and, in certain cases, private U.S. citizens and third country nationals.
- **Activities Relating to the Conduct of Foreign Affairs:** Representational activities, generally in connection with the U.S. hosting of conferences, such as the U.N. General Assembly, visits by foreign dignitaries, and official overseas travel by high-level members of the U.S. government, including Members of Congress.

³⁶ State Department Basic Authorities Act of 1956 (P.L. 84-885), as amended, §4-5.

³⁷ Data Source: OMB Public database.

³⁸ Department of State, *Congressional Budget Justification, FY 2009*, Washington, D.C., p. 581-2.

- **Terrorism, Narcotics, and War Crimes Rewards:** Rewards supporting Department of Justice publicity campaigns have focused on High-Value Targets in Iraq and elsewhere, as well as prominent Al-Qaeda terrorists. The recent success of these media campaigns has led to reward programs covering narcotics-related matters and war criminals in the Former Yugoslavia and Rwanda.

With an eye toward emerging foreign policy challenges, the Academy recommends the expansion of these activities to include more "in advance" policy pursuits, geared more toward development of anticipatory local partnerships and oriented more to crisis prevention, rather than crisis response. For example:

- Organization and conduct of pre-conflict reconciliation conferences in specific situations, or what could be called a localized "Dayton-in-advance" approach;
- Embassy-managed execution of small (maximum \$100,000) NGO grants for civil-society and/or micro-development purposes. (The operational success of the Department's limited experience with its Ambassador's Fund for Cultural Preservation is instructive here);
- Support for multilateral or bilateral deployment of rapid-deployment mediation rapid response teams into pre-crisis situations; and,³⁹
- Deployment of civilian police advising teams into localized environments of developing, over-the-horizon civil or ethnic strife.

For this field-oriented expansion, we recommend a \$25 million increase in funds appropriated to the Department's EDCS account annually for the next five years, with not more than \$5 million to be available for representational purposes. We also recommend that the name of the account be changed to the "Emergencies and Contingencies in Diplomatic and Consular Service."

Humanitarian Response

USAID's Disaster Assistance work has been widely praised in recent years. However, the International Disaster Assistance account is underfunded for the often-overlapping purposes of immediate crisis response and sustained relief operations. The Academy recommends partial separation of funding for these two kinds of activities and the establishment of a new USAID Emergency Humanitarian Crisis Response account (to mirror the Emergency Refugee and Migration Account in structure and operational mechanics), with an initial capitalization of \$100 million, and \$50 million annual replenishment thereafter.

Further, the Academy notes that the immediate effect of ambassadorial authority to declare humanitarian disasters has remained limited by directive/regulation to \$25,000 for so long as to have rendered such authority meaningless.⁴⁰ The Academy recommends an amendment of this limitation to lift this cap to \$250,000.

³⁹ The United Nations announced establishment of a mechanism for such deployments on March 5, 2008, ref.: <http://www.un.org/News/Press/docs/2008/pa1.doc.htm>.

⁴⁰ U.S. Agency for International Development, ADS E251.5.3

Recommendation

For Core Diplomacy, the Academy recommends staffing increases totaling 1,099 and corresponding budget growth of \$510.5 million by FY 2014. In addition to provide an adequate contingency fund the Academy recommends appropriating \$125 million in FY 2010 (\$25 million in EDCS; \$100 million in Emergency Crisis Response funding), and annual appropriations of \$75 million (\$25 million in EDCS; \$50 million in ECR funding) thereafter.

TRAINING

Summary

Increase permanent American staffing by 1,287 by 2014 to support institutionalized workforce training and professional development. The goal is to continuously update the specialized competencies, including Public Diplomacy, of State to meet new policy demands. This staffing increase will cost \$309.8 million annually by 2014.

Training – Staffing and Cost Increases, 2010-2014 (\$ in millions)							
	2009	2010	2011	2012	2013	2014	Staff Increase
New Hires in Year (USDH)	45	549	434	268	-	-	1,287
Cost Increase Over Base							
Staff Costs	\$4.7	\$68.5	\$170.3	\$258	\$299.3	\$309.8	

Foreign Service Training

In terms of strategic personnel management, the Department has, since the post-World War II period, faced two related fundamental issues: Whether and to what degree to reinforce specialized diplomatic competencies, and what role(s) various agencies should play in USG activities abroad. On the one hand, the performance of specialized responsibilities by agencies other than State has produced an accelerating fragmentation of the federal foreign affairs community, complicating coordination. On the other hand, as indicated previously, it is clear that staffing constraints – in terms of both numbers and skills – have prevented the State Department from effectively managing new-generation policy issues. In any event, prior to World War II, the number of non-State, USG employees involved in international affairs work was marginal. By 1975, non-State staffing abroad had grown to nearly 3,500, or almost one-half of the US government total.⁴¹ Today, the corresponding figure is approaching 10,000 – approximately two-thirds of total federal U.S. direct-hire staffing at diplomatic and consular posts.⁴²

It can be counter-argued that some of these developments have been self-generated at State. For example, as far back as the late 1940s, the Department was (in the words of one of its sympathetic biographers) resistant to integration of foreign assistance into U.S. foreign policy pursuits.⁴³ Yet, post-war reconstruction and stabilization in Western Europe were Truman Administration priorities. The result was establishment of a succession of separate “temporary” assistance agencies.⁴⁴ From this perspective, contemporary post-conflict Reconstruction and Stabilization activities can be seen as requiring not just staffing and money, but also a sustained institutional commitment.

⁴¹ James W. Clark, “Foreign Affairs Personnel Management,” Appendix P to the *Report of the Commission for the Organization of Government for the Conduct of Foreign Policy* (Murphy Commission), Washington DC, GPO, 1976, p. 222, cited by William I. Bacchus, *Staffing for Foreign Affairs*, Princeton University Press, 1983, pp. 78-79.

⁴² Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2009, Analytical Perspectives*, p. 364.

⁴³ Andrew L. Steigman, *The Foreign Service of the United States: First Line of Defense*, Westview Press, 1985, p. 24.

⁴⁴ Economic Cooperation Administration (1947), Foreign Operations Administration (1955), USAID (1961).

However, even assuming such commitment, the Department appears to lack the specialized expertise needed to fully execute the Forward Engagement responsibilities outlined previously, as well as sufficient numbers of on-board staff needed to retrain its existing workforce to take on new tasks while sustaining core diplomatic work. These constraints are systemic, as documented by repeated analyses. As early as two decades ago, a GAO report found training shortfalls attributable to "logistical, fiscal, and other concerns."⁴⁵ In 2006, GAO found staffing gaps closing, with "targets for hiring, filling vacancies overseas being met," but gaps still remaining in critical language competency, with 27% of State's 3,267 overseas language-designated jobs encumbered by language-deficient staff, and shortfalls exceeding 50% in some critical Arabic-speaking countries.⁴⁶

State's FY 2009 budget request sets out requirements for: (1) 300 additional staff-years for purposes of training in "critical needs languages such as Arabic, Chinese, Hindi, and Urdu," competition for which, in the context of U.S. supply/demand dynamics, makes recruitment of mid-level specialists difficult, and (2) 75 additional staff years for increased "professional development opportunities with DOD." The Department has modeled requirements for a further 34 Foreign Service language training staff-years (for a total deficit of 334), as well as an additional 290 F.S. staff-years for professional and functional training requirements (130 for professional education, with a total deficit in this category of 205, including the 75 requested for FY 2009, and 160 for other functional training), as summarized in the following table:⁴⁷

State Foreign Service Training Requirements ^a			
	Required	Actual	Deficit
Language training	527	193	334
Professional education	279	74	205
Other training	199	39	160
Total	1005	306	699

^a Totals in Staff-Years

These identified requirements need to be placed in a broader context. Many observers find that today's Foreign Service does not have to a sufficient degree the knowledge, skills, abilities, and outlooks needed to equip career diplomats to conduct 21st century diplomacy. Those skills include: foreign language fluency, advanced area knowledge, leadership and management ability, negotiating and pre-crisis conflict mediation/resolution skills, public diplomacy, foreign assistance, post-conflict/stabilization, job specific functional expertise, strategic planning, program development, implementation and evaluation, and budgeting. These shortfalls are largely a result of inadequate past opportunities for training, especially career-long professional education. But they also reflect the tendency of some officers to undervalue and thus avoid training.

State's Foreign Service Institute (FSI) has performed well in the past and has responded recently to emerging needs by developing and implementing new curricula in a number of areas of tradecraft and skills training, particularly management, budgeting and leadership courses. But FSI's staffing and budget must be substantially increased to meet the needs this report identifies.

To accomplish this needed upgrading requires considerable development work. One possibility would be to charge FSI and the Department with designing necessary

⁴⁵ General Accounting Office, *Professional Development of Foreign Service Employees*, NSIAD-89-149, p. 3.

⁴⁶ GAO, *op. cit.*

⁴⁷ CSIS, *op. cit.*, p. 10.

coursework in each of the chosen topics, and then to make the determination about how they should be assembled into workable packages that serve both broad system needs as well as specific needs of members of the service. Developmental detail assignments and retraining to update existing skills to meet new policy demands must also be included. But however it is done the Academy recommends an additional year of formal training for each FSO between the time of tenuring and entry into the Senior Foreign Service. All of these elements need to be incorporated into a comprehensive career development program for each officer.

Other Training, Transit and Temporary Staffing Needs

Beyond this, the Department has modeled "typical" requirements for 254 Civil Service staff-years solely for training related to "Mission-Critical and High-Yield Occupations," for which its pending budget does not specifically make a request.⁴⁸ These include:

- Security Administration: GS-0080
- Foreign Affairs: GS-0130
- Human Resources Management: GS-0201
- Management and Program Analyst: GS-0343
- Accounting: GS-0510
- Passport & Visa Examination: GS-0967
- Public Affairs: GS-1035
- IT Management: GS-2210

The modeling underlying identified Civil Service training requirements can be summarized as follows:⁴⁹

State Civil Service Training Gap – Mission-Critical and High-Yield Occupations					
Occupational Series	Total FTP Workforce	Actual Training Hours	Required Training Hours	Training Gap Hours	Training Gap
Mission-Critical Occupations	3,405	145,210	539,543	394,333	212
High-Yield Occupations	1,172	35,414	114,491	79,076	42
Total	4,577	180,625	654,034	473,409	254

The methodology underpinning calculation of the Civil Service requirements identified above appears to be sound.

The Department has further set out requisites of 199 Foreign Service staff-years for transit between assignments and 135 staff-years for temporary needs. The principle underlying the second of these requirements is clear: to offset the effects of near-constant total numbers of personnel on rotating temporary assignment to crisis hot spots since the mid-1990s; in other words, to provide sufficient personnel to deliberately and temporarily overstaff particular organizations to cover the gaps left by people being sent on lengthy temporary duty in hot spots. The principle behind the first requirement is equally clear: to provide sufficient staffing to double-encumber overseas positions in order to reduce staffing gaps between departing and arriving personnel.

⁴⁸ For these purposes, the Department defines "typical" training as that related to normal career progression.

⁴⁹ Department of State, *Domestic Staffing Model, Training Study, Phase Three*. Washington, D.C.: Bureau of Human Resources, 2006.

Recommendation

Additional staff-years for training, transit and temporary needs totaling 1,287, budgeted by fiscal year as follows:

Training, Transit, Temporary Needs - Staffing and Cost Increases, 2010-2014 (\$ in millions)							
	2009	2010	2011	2012	2013	2014	Total
Language Training	20	280	34	-	-	-	334
Professional Education	10	65	75	55	-	-	205
Other Training	-	10	100	50	-	-	160
Civil Service Training	10	65	100	79	-	-	254
In transit	5	70	75	49	-	-	199
Temporary needs	-	50	50	35	-	-	135
Total	45	540	434	268	-	-	1,287
Cost	\$4.7	\$68.5	\$170.3	\$258	\$299.3	\$309.8	

The above confirms and costs out conclusions on this subject of the CSIS *Embassy of the Future* report, which based its analysis on much of the same source data, but: 1) did not include a Civil Service training requirement; and, 2) identified interagency details in a training context, rather than as a mainstream element of core diplomacy as discussed previously.⁵⁰ The upshot of both sets of recommendations would result in comparable Foreign Service staffing corresponding to 15% of the total State Foreign Service workforce.

⁵⁰ CSIS, *op. cit.*, p. 10.

STAFFING FOR PUBLIC DIPLOMACY

Summary

The Academy recommends the following staffing and program funding increases for Public Diplomacy in the State Department: Increase permanent American staffing by 487 and Locally Employed Staff (LES) by 369 between 2010 and 2014. Increase current academic exchanges by 100%, International Visitor grants by 50% and youth exchanges by 25% in this timeframe. Expand capacity of PD English and foreign language advocacy websites aimed at experts, young professionals and youth and hire 57 additional specialists in website design, program content and technical operations. Establish 40 American Cultural Centers (or a mixture of ACCs and smaller Information Resource Centers) in order to broaden U.S. daily cultural presence worldwide. Re-engage the Binational Center (BNC) network in Latin America whose membership is desirous of closer cultural and political ties with the U.S. Expand other programs and activities, particularly overseas staff and operations, to increase the effectiveness of Public Diplomacy as described below. These staff increases will cost \$155.2 million annually by 2014 and the program activities, \$455.2 million. Increases for Public Diplomacy total \$610.4 million.

Public Diplomacy- Staffing and Cost Increases, 2010-2014 (\$ in millions)							
	2009	2010	2011	2012	2013	2014	Total Staff Increase
New Hires in Year (USDH)	20	206	112	57	57	35	487
Cost Increases Over Base							
Staff Costs	\$3.1	\$34.9	\$82.5	\$112.6	\$136	\$155.2	
Program Costs	-	\$101.7	\$192	\$274.8	\$362.5	\$455.2	
Total Cost	\$3.1	\$136.6	\$274.5	\$387.4	\$498.5	\$610.4	

Background

Almost two decades ago some observers believed that a strong public diplomacy effort was no longer needed after the fall of Communism in Europe. But in recent years, foreign public opinion has expressed extensive dissatisfaction with many U.S. global policies. At the same time, the Public Diplomacy (PD) function in the Department of State is understaffed and under-funded in comparison with historic levels. PD's FY 2008 budget is \$859 million. Today's staff of 1,332 Americans is 24% less than the comparable 1986 level of 1,742. To have a reasonable chance of accomplishing its goals, PD needs to fill shortfalls, add positions, obtain greater funding and significantly expand training as described on page 16 ("Training - The Department of State"). Despite negative attitudes about U.S. policy in recent years, the fact remains that more than any other nation, the U.S. is looked to for ideas, innovation and opportunity. In most of the world, the U.S. is viewed as a society that recognizes individual initiative and rewards talent. Foreign student enrollment in U.S. universities is rising and the number of foreign-born technology specialists interested in working for U.S. companies far exceeds available visas.

While there are many useful definitions of public diplomacy, we prefer the following definition of the State Department's Public Diplomacy's mission: " To understand, inform, engage and influence global audiences, reaching beyond foreign governments to promote

greater appreciation and understanding of U.S. society, culture, institutions, values and policies." The responsibility of PD practitioners in the Department of State is to devise comprehensive strategies, develop content and select the best communication vehicles for reaching diverse world audiences (See Appendix C for detail on Public Diplomacy activities at the Defense Department).

The typical workday, by definition, for PD officers abroad involves direct communications and interaction with host country citizens through personal contact and/or professional or academic exchanges or indirect communication through media placement and cultural and informational programming.

Today, Public Diplomacy personnel face a major challenge in attempting to engage foreign audiences on discussions about U.S.-host country relations and U.S. policies in general. PD officers continue to use traditional program tools such as media placement, professional and academic exchanges and cultural programming with readily identifiable individuals. But to succeed in 2008 and beyond, PD personnel must find ways to reach out to broader audiences now including the "Internet Generation." These 20, 30 and 40 year-olds, through their workplaces, their personal connections and their votes, are playing an increasingly influential role in the policy debates in their nations. To attract and hold this group's attention will require credible, informative and, in many instances, entertaining Internet media.

The three major components of Public Diplomacy within the Department are: field operations supervised by their regional bureaus; the Bureau of International Information Programs (IIP) that prepares products, programs and services for the field; and the Bureau of Educational and Cultural Affairs (ECA) that organizes professional and academic exchanges and cultural programs.

ECA is the only PD component to have received notable funding increases since the consolidation of the U.S. Information Agency (USIA) with the Department of State in 1999. A combination of executive branch initiatives and bipartisan congressional support has resulted in steadily rising budget levels. In fact, for FY 2008, Congress approved funding that exceeded the President's request.

Field operations - the heart of Public Diplomacy programming - have suffered in recent years from staff shortages and inadequate funding. The Bureau of International Information Programs responds to post requests for products and services and provides the field with PD policy guidance and other program assistance. Increasingly, it has broken new ground in developing Internet programming related to major policy objectives.

Snapshot of PD Resources (\$ in millions)							
	1990	1994	1998	2000	2002	2004	2008
Staff (USDH and IES)*	4,108	3,933	2,900	2,843	2,930	3,002	3,034
Main Accounts							
PD Ops	\$216	\$244	\$224	\$234	\$280	\$300	\$358
Education Exchange	\$154	\$367	\$198	\$204	\$247	\$317	\$501
Total	\$370	\$611	\$422	\$438	\$527	\$617	\$859

* Pre-2000 data adjusted for comparability with data after the State-USIA merger.

PD's peak year in the 1990s was 1994 – when the major accounts of USIA (with the exception of Broadcasting which received \$605 million) had a total budget of \$611 million (See Appendix D for more on Broadcasting). While the State Department has obtained annual budget increases for PD since the USIA-State consolidation in 1999, the fact remains that PD, like Core Diplomacy, has insufficient staffing and program funding to accomplish its mission.

In FY 2008, PD's overall workforce totals 3,034 full-time positions and includes 1,332 U.S. direct-hires and 1,702 Locally Employed Staff (LES). Of this total, 2,360 are assigned to the regional bureaus, 96% of whom serve abroad. IIP supports overseas operations with 263 staff and the ECA has a staff of 362. An additional 49 PD personnel are in the offices of the Under Secretary for PD and in functional bureaus throughout the State Department.

To enable PD to achieve its worldwide objectives the Academy proposes several specific, high priority funding and staffing increases. Other enhancements may also be in order. The Academy recommends:

1. Meeting Employment Shortfalls and Workload Increases

- a. *Current Staff Shortfalls:* According to an analysis by the Office of the Undersecretary for Public Diplomacy and Public Affairs, in early 2008 the difference between PD Foreign Service requirements worldwide and available staff personnel was 13% or 90 staff years. That shortfall should be met. In addition, program changes in 2007 and 2008 primarily financed by the 2007-2008 supplement appropriation have increased the workload for ECA (12 domestic and 3 overseas positions) and the field, (14 FS and 56 LES positions). The staff will be added as follows: Africa 4 USDH; East Asia, 5 USDH and 9 LES; Near East 21 LES; South and Central Asia, 4 USDH and 19 LES; Europe, 1 USDH and 7 LES. (Funding by 2014: \$41.5 million. Staff: 119 USDH and 56 LES.)
- b. *Projected Workload Requirements:* The major increase proposed below in educational programs will impose a significant workload on PD staffers abroad. The work includes: assisting Fulbright commissions and for other academic, International Visitors, youth and other exchanges programs; screening, selecting and processing applicants. The workload varies from post to post and will be determined by the final distribution of exchange program activities. In addition, staffing in a number of important countries (e.g. Iraq; Afghanistan; Pakistan; China; Sudan; South Africa and Nigeria among others) needs to be augmented to address important audiences and issues in these times of expanding communication opportunities and adversarial activities. (Funding: \$58.7 million; Staff: 115 USDH and 144 LES.)
- c. *Program Funding Increases to Support FS Workload Requirements:* The significant increase in educational exchanges requires program funding increases for posts abroad as well as enhancements to staff. Many of the 189 Public Affairs Section (PAS) offices will require funds for travel, printing and other expenses of \$10,000 to \$20,000 each on an annual basis beginning in 2010. This annual requirement, beginning at \$2.7 million in FY 2010 and adjusted for annual increases and inflation, will increase to \$15 million in 2014. In addition, requests for added programming funds, totaling \$6.9 million, to meet existing requirements at many posts, especially the posts receiving staff increases as noted above, should be funded. The Academy recommends an increase of \$5 million in 2010 to begin to

meet these requirements. Adjustments for inflation are also included. (Funding by 2014: \$20.6 million; no additional staff are required above those identified above).

Meeting Current Shortfalls and Workload Increases (\$ In thousands)						
	2009	2010	2011	2012	2013	2014
Direct Hire						
U.S.	14	123	190	212	234	234
LES	-	122	148	174	200	200
Total Staff	14	245	338	386	434	434
Costs						
U.S.	\$2,741	\$23,571	\$53,811	\$71,783	\$84,108	\$91,796
LES	-	\$2,196	\$4,995	\$6,279	\$7,480	\$8,400
Staff Cost	\$2,741	\$25,707	\$58,806	\$78,062	\$91,588	\$100,196
Program Cost	-	\$7,665	\$10,640	\$13,786	\$17,111	\$20,623
Total Cost	\$2,741	\$33,372	\$69,446	\$91,848	\$108,699	\$120,819

2. Expanding Academic and Professional Exchanges

Academic Programs

Academic exchanges involving Americans and foreigners over the past six decades have been a major element in creating greater mutual understanding and respect among the participants and the people they met. In monetary terms, U.S. governmental and private sector-financed exchanges have been an enormous bargain when one considers the positive results in terms of good will, cooperation and, in some instances, institutional ties that have developed. The Fulbright program in its 60-year history has become the world's most renowned and successful international exchange program. The concept of having participating nations contribute toward the program costs allows the foreign partners to view themselves as stakeholders with a vested interest in the program's success.

In 2007 there were nearly 7,000 participants in programs under the Fulbright umbrella, ranging from short-term summer participants to students and professors whose scholarships or fellowships lasted a year or longer. The Hubert Humphrey Fellowships, English Language programs and Advising Student Services are also included in this category. The Academy recommends a 100% increase (twenty percent per year for five years) in these programs and to a number of similar excellent private sector institutional exchanges that are funded with private or other government funds. In addition, given the increasingly important and complex engagement of the U.S. with China and India, we endorse a proposal previously made in the CSIS "Smart Power" report for a multi-year initiative aimed at developing a new generation of American academic experts on China and India and Chinese and Indian academic experts on the United States.⁵¹

The dollar increase level has been determined by increasing the FY 2008 Academic Exchange Program base of \$280 million by 20% per year (plus inflation) over the five-

⁵¹ CSIS Commission on Smart Power, *A Smarter, More Secure America*. Washington, D.C.: CSIS, November 2007.

year period beginning 2010. ECA requires a staff increase of 23 USDH per year or a total of 115 domestic USDH by 2014. The 2014 additional personnel cost will be \$15.68 million. By 2014, the grant program total increase would be \$315.14 million. Total staff and personnel costs will total \$330.82 million in 2014. We expect the current pattern of foreign contributions to the Fulbright program to continue and offset about 10% of the U.S. government's grant program cost.

A number of other worthy exchange and scholarship programs that support study abroad by U.S. university students are important complements to those examined in this study, but some lie beyond the scope of our recommendations because they are outside the Secretary of State's direct authority. Both the Department of Education and the National Science Foundation, for example, host significant exchange programs as elements of the U.S. higher education budget and a number of government-funded foundations host university scholarship programs.⁵² The Academy sees such programs - and others proposed, such as the Paul Simon Study Abroad Foundation - as needed parts of a broader public diplomacy framework and as consistent with its previous recommendations on this subject.⁵³ The Paul Simon Study Abroad Foundation is likely to be funded substantially within the 150 account and be substantially controlled by the Secretary of State, and as such the funding for the program would logically come within the 100% increase recommended here.

Academic Programs (\$ in thousands)					
	2010	2011	2012	2013	2014
Direct Hire					
U.S.	23	46	69	92	115
Costs					
Staff Costs	\$1,530	\$4,732	\$8,225	\$11,829	\$15,680
Program Costs	\$56,000	\$115,360	\$178,230	\$244,768	\$315,140
Total Cost	\$57,530	\$120,092	\$186,455	\$256,597	\$330,820

International Visitor (IV) and Other Exchange Programs

The International Visitor Program has proven to be the most successful U.S. government initiative in bringing future government and private sector leaders to the United States. Typical International Visitor Grantees usually are in their 30s or 40s, have not studied or worked in the United States and are widely recognized as individuals who will make an important contribution to their societies. The program has been widely praised by our embassies, Congress and the thousands of American volunteers from cities large and small who have proudly welcomed foreign visitors to their communities and homes. In FY 2008 the International Visitor office projected 4,365 IV participants. The program has the capacity to increase its volume with only small foreign and domestic staff increases.

The Academy recommends an IV program increase totaling 50%, or ten percent per year (plus inflation) for five years. At the current rate of \$22,000 per grantee in FY 2010 the program increase for 436 grants in FY 2010 will be \$9.6 million rising to \$54 million by 2014. The Academy also recommends a 25% increase in youth and other exchanges with program costs reaching \$20.5 million by 2014. A total of 30 new positions will be added

⁵² e.g., the Barry Goldwater, Harry Truman and Morris K. Udall scholarship programs.

⁵³ AAD, *American Diplomacy for a Changing World*, November 2004.

for all of these programs at a cost of \$4.2 million in 2014. The total staff and program costs in 2014 will be \$78.8 million.

International Visitor and Other Exchange Programs (\$ in thousands)					
	2010	2011	2012	2013	2014
Direct Hire					
U.S.	8	18	22	26	30
Costs					
Staff Costs	\$532	\$1,783	\$2,840	\$3,526	\$4,243
IYP Costs	\$9,592	\$19,760	\$30,528	\$41,924	\$53,980
Other Exch. Costs	\$7,300	\$18,798	\$19,362	\$19,943	\$20,541
Total Cost	\$17,424	\$40,341	\$52,730	\$65,393	\$78,764

3. Incorporating Internet and Other Modern Technology in PD Program Output

- a. *Staff Increases to Make Technological Changes Permanent:* The technological changes described below were initiated in 2007 and 2008 using funds from a supplemental appropriation. Ten contractors were hired to get these important changes underway. Now, staff should be added to make these operations permanent. In addition, many of the technical functions in the Office of International Information Programs (IIP) are performed by contractors, including the initiation of the America.gov website and other new web-based programs. In order to regularize these programs some 47 contractor slots (out of a total of 123) should be converted to domestic USDH status. (Funding: \$8.6 million by 2014; Staff: 57 Domestic USDH.)

Staff Increases for Bureau of International Information Programs (\$ in thousands)						
	2009	2010	2011	2012	2013	2014
Direct Hire						
U.S.	6	57	57	57	57	57
Staff Costs						
10 USDH (New)	\$386	\$1,064	\$1,370	\$1,420	\$1,470	\$1,515
47 USDH (Contract Converts)	-	\$3,125	\$6,439	\$6,674	\$6,909	\$7,120
Total	\$386	\$4,189	\$7,809	\$8,094	\$8,379	\$8,635
Contractor Savings	-	(\$3,642)	(\$2,567)	(\$7,802)	(\$8,084)	(\$8,460)
Net Cost	\$386	\$547	\$242	\$292	\$295	\$175

The costs above represent the salary, benefits and related support costs of the increased Domestic USDH staff of 57. By 2014, the salary account would be increased by \$8.64 million. That amount could be offset by savings of \$ 8.46 million from the reduction of 47 of 123 contractors charged to IIP's program account. It is likely however that the savings would be reallocated to additional technological changes rather than cut.

- b. *Expand America.gov Foreign Language Programming:* As part of an evolutionary process in providing information about the United States that began with the Wireless File, the Bureau of International Information Programs (IPP) launched a new website named America.gov in 2008. The website is produced in six languages besides English: Arabic, Chinese, French, Persian, Russian and Spanish. The website has sought to develop the design and interactive features that will attract younger, Web-savvy users, as well as cover substantive topics that interest traditional opinion

leaders. These topics include foreign policy, the U.S. economy, American life, democracy, science and health among others.

The Academy recommendations come in two parts. The first deals with existing services. Three major language services - Arabic, Chinese and Persian - have operated under funds first appropriated in an emergency FY 2007-2008 supplemental appropriation. Additional funds have been sought for FY 2009, but these services can only become fully established and achieve maximum impact if they receive base level funding in FY 2010 and beyond. The requests are as follows:

Arabic Service:

The Department seeks to provide Arabic speakers with the policy documents necessary to understand U.S. government positions. The material is offered on web sites, listservs, webcasting and text messaging. An expanded Arabic communication capability will enable the Department to increase targeted support to Embassy Baghdad and to reach an expanding youth audience. (Funding: \$571 thousand in FY 2014; Staff: See point a. above).

Chinese Service:

The proposed expansion would enable this critical service to offer a greater array of policy statements, speech texts, transcripts and other materials in formats that Chinese audiences are most comfortable with, e.g. websites, listservs, webcasting and text messaging. (Funding: \$746 thousand in FY 2014; Staff: See point a. above).

Persian Service:

Without a permanent physical U.S. government presence in Iran, this website serves as a virtual U.S. presence in providing information on U.S. policy and American society to the Iranian people. Much of this funding goes to establishing an adequate contractual staff component. (Funding: \$1.1 million in FY 2014; Staff: See point a. above).

The six current America.gov foreign language websites represent an auspicious beginning in reaching important foreign audiences--especially students and young professionals in their languages. We believe the time is right to expand the America.gov foreign language effort to two additional languages: Portuguese and Bahasa Indonesian. A Portuguese capability would be valuable in reaching millions of Portuguese speakers on three continents in Brazil, Portugal and Lusophone Africa. Similarly a Bahasa Indonesian service would be an asset in reaching the world's fourth most populous nation, a country with the world's largest Muslim population and a nation that is strategically important to U.S. interests in Asia. The start-up costs for each service are estimated at \$650,000 for contractors and other operational costs. (Funding for two additional websites: \$1.5 million in 2014; Funding for Current and Projected language services: \$3.9 million in 2014; Staff: See point a. above).

America.gov Current and Projected Language Services (\$ in thousands)					
	2010	2011	2012	2013	2014
Cost	\$3,450	\$3,571	\$3,696	\$3,825	\$3,959

- c. *Enhancing the Capacity of the Digital Outreach Team:* The Digital Outreach Team (DOT) was established in 2006 in recognition of the need to provide Arabic speakers the opportunity to look at reasoned U.S. policy positions. The DOT seeks to engage

interlocutors in a more informal manner than is normally associated with the U.S. government. The team, themselves Arabic speakers, identify themselves as U.S. government employees. The DOT mission is to explain U.S. foreign policies, including the role of society and institutions in forming these policies and to counter false information about the U.S. (Funding: \$688,000 in FY 2014; Staff: see point a. above concerning staff changes.)

Digital Outreach Team (\$ in thousands)					
	2010	2011	2012	2013	2014
Cost	\$600	\$621	\$643	\$665	\$688

- d. *Further Development of IIP's High-Tech Hub:* In order to keep pace with a rapidly changing global communication environment, the Department uses mass media technologies that most appeal to the individuals that the Department and U.S. missions most need to reach. To meet the audience's increased expectations a greater investment is necessary in multimedia packages of content that combine video, audio and other graphic materials. It is essential to identify and test the viability of emerging technologies and prototypes and introduce viable new products. (Funding: \$2.2 million in FY 2014. Staff: See point a. above).

High Tech Hub (\$ in thousands)					
	2010	2011	2012	2013	2014
Cost	\$1,900	\$1,962	\$2,026	\$2,091	\$2,159

- e. *Global Strategic Engagement Center:* The Global Strategic Engagement Center (GSEC) replaces the Counter-Terrorism Communication Center (CTCC) which was created in 2007 at the direction of the Under Secretary for Public Diplomacy and the National Security Council. The mission and staffing level remain the same. The GSEC serves as a rapid response unit to deliver effective messages that undermine ideological support for terror and to counter terrorist propaganda. The GSEC provides a quick, reliable service to Missions worldwide, but especially to the Middle East, Pakistan and Afghanistan. It is currently funded from the FY 2007-2008 emergency supplemental and is included in the Department's FY 2009 funding request. (Funding: \$573,000 in 2014; Staff: See point a. above).

Global Strategic Engagement Center (\$ in thousands)					
	2010	2011	2012	2013	2014
Cost	\$500	\$518	\$536	\$554	\$573

- f. *Promoting PD Websites:* The Department's websites compete with international websites for the viewer's attention. Because the Internet is increasingly becoming the place to promote products and services, PD is studying proposals for the purchase of Internet advertising on major search engines such as Google or Yahoo which reach millions of people world-wide daily. While the exact cost needs to be determined we recommend that \$1 million be provided for an annual promotion budget. (Funding: \$1.12 million in 2014; Positions: This activity involves a contractual arrangement and there is no additional staffing requirement).

Promoting PD Websites (\$ in thousands)					
	2010	2011	2012	2013	2014
Cost	\$1,000	\$1,030	\$1,060	\$1,090	\$1,125

4. Increasing Strategic Speakers Series

For more than five decades the U.S. government has sent expert speakers abroad to share their knowledge with foreign audiences on topics of mutual interest such as American politics, culture and history. The guest speakers often provide mission officers with access to new audiences or opportunities to renew ties with long-time contacts. Based on an increased volume of field requests on high priority topics, we propose an increase of 100 speakers annually to address topics such as terrorism; the rule of law; environmental protection and energy alternatives among others. Each program cost averages about \$10,000 (apart from staff costs). Three new domestic positions will be required to handle the additional speakers. (Funding: \$1.58 million in FY 2014; Staff: 3 Domestic USDH).

Strategic Speaker Series (\$ in thousands)					
	2010	2011	2012	2013	2014
Direct Hire					
U.S.	3	3	3	3	3
Cost	\$1,200	\$1,441	\$1,487	\$1,534	\$1,581

5. Enhance Program and Activity Evaluations

In a period of fierce competition for limited U.S. government resources, it is imperative for the Department to provide to OMB and Congress timely, accurate and comprehensive PD program and activity evaluations. These evaluations help justify both current and future funding requests. We recommend that three major studies be scheduled annually during the 2010-14 timeframe. The first studies to be undertaken by independent contractors should be expanded follow-up studies of the Mission Activity Tracker and the Performance Management Data Collection Project, and a study of a major PD activity such as the speakers program or Internet foreign language advocacy programming.

The Mission Activity Tracker (MAT) and the Performance Management Data Collection Project (PMDCP) were successfully launched and earned high marks from OMB. The MAT system provides timely data on Mission public diplomacy activities. PD officers at each Mission prepare it with input from other sections. MAT reporting analyzes the number of activities conducted at the Mission by category (e.g. media placement; representational activity; educational programming) and provides a breakdown of the audiences that attended. It tracks how well each activity matches major embassy objectives and PD themes and explores the tone of media coverage among other objective measures.

The Performance Management Data Collection Project (PMDCP) is a landmark study on the effectiveness of PD programs. The research contractor selected two cohort groups in seven locations throughout the world. One group included individuals who had studied in the United States, participated in Public Diplomacy programs and received PD information products. The other group had not studied in the U.S. and was not on the embassy's contact list. It was demonstrated that the former group thought more favorably about the

United States, had a better understanding of American society and values and were more open to sources of information about the U.S. The study while promising needs to be expanded to include a larger sample. Multi-country research is expensive, but remains the most reliable way to determine international public opinion.

There have been no recent major evaluation reports on significant programs such as the Speakers series or the panoply of IIP foreign language Internet websites. One of these programs should be evaluated in 2010 and the other in FY 2011.

The Academy recommends that \$3 million plus inflation be provided annually for a minimum of three PD-related research studies between 2010 and 2014. (Funding: \$3.37 million in 2014; Staff: Because these evaluations are done under a contractual arrangement there is no staffing requirement).

Program and Activity Evaluations (\$ in thousands)					
	2010	2011	2012	2013	2014
Cost	\$3,000	\$3,090	\$3,182	\$3,278	\$3,376

6. Establishment of American Cultural Centers or Information Resource Centers

The combination of spiraling budget reductions of the 1990s and the stepped-up security precautions in a post 9/11 environment served to eliminate or significantly reduce the operation of American Centers. These centers - along with smaller-scaled Information Resource Centers (IRCs) and the Binational Center network (BNCs) in Latin America (together with the American Corners program) - represent the major American cultural presence in many countries. The consequence has been lost opportunities in engaging host-nation audiences--particularly college-age students and young professionals--in discussions about the United States, its people, institutions and government policies.

Today the choice between operational preference and adequate personal security protection for American officials, Locally Employed Staff and local visitors is not an easy one and circumstances vary from country to country.

The Academy believes the time might be right to revive the American Center concept in those countries where the threat of violence has sufficiently diminished and the program environment warrants. To better describe the breadth of the centers' activities we propose that these new multi-service centers be called American Cultural Centers (ACC). The ACCs would offer a traditional library reading room containing open stack book and magazine collections, computer access, English language instruction, student counseling and multi-use space for lectures, performances and exhibits.

The smaller Information Resource Centers (IRC) approach generally consists of a reading room with computer access and librarian assistance on reference matters. The ACC operation provides more services and is therefore more expensive and involves more professional LES staff support. Depending on local circumstances, interested Missions might opt for either the ACC or IRC model.

We recommend that 40 American Cultural Centers (or a mixture of ACCs and IRCs totaling 40) be established or re-established between 2010 and 2014. Staffing would include an American director (preferably an FSO or a qualified local hire American) and four LES. A security guard contract will be required (we estimate the cost in the range of \$100,000 annually), and custodial help arranged. Initial annual program funding of \$150,000 per

year would be provided between 2010 and 2014. Students would pay for English language instruction and student counseling. Our embassies should consider seeking appropriate financial support from the host country private sector and resident U.S. companies. (Funding: \$47.17 million by 2014 for staff and program costs; Staff: 40 USDH and 160 LES).

Establishment of American Cultural Centers (\$ in thousands)					
	2010	2011	2012	2013	2014
Centers	8	16	24	32	40
Direct Hire					
U.S.	8	16	24	32	40
LES	32	64	96	128	160
Staff Cost	\$2,196	\$6,774	\$11,722	\$16,912	\$22,533
Program & Admin Costs	\$4,208	\$8,888	\$13,840	\$19,096	\$24,640
Total Costs	\$6,404	\$15,662	\$25,562	\$36,008	\$47,173

7. New Cooperation with the Binational Centers in Latin America

For over five decades Binational Centers (BNCs) were key program partners for U.S. Embassy Public Affairs Sections throughout Latin America and the Caribbean. BNCs are private, non-profit, autonomous organizations usually governed by a board consisting of host country citizens and resident private sector Americans. Most who attend BNC language classes and programs are interested in learning English because it opens up employment opportunities. Historically BNC students and alumni have held favorable views of American society and culture. Due to major budgetary reductions in the 1990s, USIA withdrew personnel and funding support to most BNCs and since that time sporadic attention has been paid to deepening the relationship.

Today there are over 100 BNCs of varying quality. Today over 100,000 students - mostly high school students to middle-age adults - annually take English language lessons. Many seek educational counseling on study opportunities in the United States. BNCs offer great opportunities for embassy programming targeting student and professional audiences. In some instances a BNC serves as a U.S. mission surrogate in cities where the embassy has no physical presence. We propose the establishment of a new position of BNC Coordinator in the Bureau of Western Hemisphere Affairs (WHA) to direct Department relations with the BNCs. The coordinator would be expected to establish program standards, determine which BNCs merit Department financial and program support. An administrative support position should also be created.

During the first year the Coordinator would determine those viable BNCs which merit Department consideration for immediate-to-long-term support. In addition, we recommend that \$5 million be provided annually to the Bureau of Western Hemisphere Affairs for grants to promising BNCs for the following: English teaching materials; computers; books; magazines; CDs; DVDs; lectures, cultural programs and other activities. In certain instances, limited funding to renovate BNC workspace could be considered. Where feasible, we recommend that a qualified resident American be appointed as BNC director. The possibility of a Department grant should be used to leverage host country private sector financial support. (Funding: \$5.9 million for staff and program support in 2014; Staff: 2 Domestic USDH).

Binational Center Support (\$ in thousands)					
Direct Hire	2010	2011	2012	2013	2014
U.S.	2	2	2	2	2
Staff Cost	\$153	\$274	\$284	\$294	\$303
Program Cost	\$5,000	\$ 5,150	\$ 5,304	\$ 5,463	\$5,627
Total Costs	\$5,133	\$5,424	\$5,588	\$5,757	\$5,930

8. Expand Media Hubs to Mexico City, New Delhi and Tokyo

The State Department's Regional Media Hub Initiative was launched in September, 2006. The current Hubs - in Brussels, Dubai and London - engage with Middle East and European media to strengthen the U.S. Government's presence and advocacy capabilities in those key regions.

The objective of the Regional Media Hubs is to increase U.S. government voices and faces on foreign television, radio and in other media. The Hubs complement work performed by U.S. embassy and consulate Public Affairs Sections. The goal is for foreign audiences to hear the U.S. Government's message every day, directly from American officials. The Dubai Media Hub primarily utilizes fluent Arabic-speaking U.S. government officials on Arabic television and radio programs. The London Media Hub engages directly with the influential pan-Arab media based in London, while also bringing USG officials to the broad array of international media working in that city. The Brussels Media Hub, using its' own new television and radio studios, amplifies U.S. policy messages by bringing together American officials with European audiences across the region.

The Media Hub staffing model consists of one to two American officers and three experienced Locally Employed Staff. We see potential benefits from extending the Hub concept to other regions. The Academy recommends new Media Hub operations in three of the world's most important countries, each of which is a regional leader and a key nation for U.S. regional and global interests: India, Mexico and Japan. There is a strong international media presence in New Delhi, Mexico City and Tokyo, and each city often plays host to important regional or international conferences on topics important to the United States. We recommend that two officers be assigned to each Hub, a senior FSO specialist in the region and a mid-grade FSO deputy also with regional experience.

Both officers would be expected to do electronic and print interviews in addition to organizing them for senior USG officials. Therefore these FSOs must be qualified at the professional business level in speaking and reading (a rating of 4-4 in reading and speaking on the Foreign Service Institute evaluation scale) in one or more of the region's languages. The FSN staff should include a senior media specialist; an administrative support specialist and, if a broadcast studio is involved, a studio broadcast technician.

We propose that the first new Hubs become operational in 2010 and the other two in 2011. (Funding: Estimated salary and operational costs will be \$ 4.8 million in 2014; Staff: 6 USDH and 9 LES).

Expanding Media Hub Operations (\$ in thousands)					
	2010	2011	2012	2013	2014
Direct Hire					
U.S.	2	6	6	6	6
LES	3	9	9	9	9
Staff Costs					
U.S.	\$405	\$1,666	\$2,581	\$2,664	\$2,747
LES	\$54	\$222	\$351	\$360	\$378
Program Costs	\$500	\$1,545	\$1,590	\$1,638	\$1,689
Total Costs	\$959	\$3,433	\$4,522	\$4,662	\$4,814

Recommendation

The Academy recommends the staff and program increases detailed above, which total 487 U.S. Direct Hire, 369 Locally Employed Staff, \$155.2 million for staff costs, and \$455.2 million for program costs. Total costs \$610.4 million.

Total PD Staffing, 2008-2014								
	2008	2009	2010	2011	2012	2013	2014	Increase
Direct Hire								
U.S.	1,332	1,352	1,558	1,670	1,727	1,784	1,819	487
LES	1,702	1,702	1,859	1,923	1,981	2,039	2,071	369
Total	3,034	3,054	3,417	3,593	3,708	3,823	3,890	856

Staff and Program Funding Increases (\$ in millions)						
	2009	2010	2011	2012	2013	2014
Staff Costs						
U.S.	\$3.1	\$32.1	\$75.5	\$102.8	\$123.7	\$140.4
LES	-	\$2.8	\$7.0	\$9.8	\$12.3	\$14.8
Subtotal	\$3.1	\$34.9	\$82.5	\$112.6	\$136	\$155.2
Program Costs						
Requiring Staff	-	\$97.2	\$187.4	\$270	\$357.6	\$450.1
Not Requiring Staff	-	\$4.5	\$4.6	\$4.8	\$4.9	\$5.1
Subtotal	-	\$101.7	\$192	\$274.8	\$362.5	\$455.2
Total Cost	\$3.1	\$136.6	\$274.5	\$387.4	\$498.5	\$610.4

STAFFING FOR USAID

Summary

We propose that USAID staffing be increased by 1,050 Foreign Service Officers and 200 civil servants between the present and 2014, as shown in the following table, as well as an increase in the number of Locally Employed Staff (LES). These staffing additions would require annual increases in the USAID Operating Expenses budget that results in a budget \$521 million above the current services baseline by FY 2014.

USAID — Staffing and Cost Increases, 2008-2014 (\$ in millions)								
	2008	2009	2010	2011	2012	2013	2014	Staff Increase
New Hires in Year (USDH)	66	70	350	350	250	170	-	1250
Cost Increase Over Base								
Staff Costs	-	\$38.19	\$112.28	\$245.11	\$370.62	\$479.81	\$521.11	

Those increases would be partially offset by eliminating 700 temporary and non-direct hire U.S. staff over the same period.

Background

During the past 30 years, USAID has lost much of the capacity that made it an effective force of U.S. foreign and development policy from the 1950s through the 1970s. The size of USAID missions overseas has gradually shrunk to the point where many believe that insufficient management oversight exists over many field activities. Implementation of programs has shifted from Agency employees to contractors and grantees and USAID lacks the technical management capacity to provide effective oversight and management. At present, USAID employs only five engineers worldwide, despite a growing number of activities in that sector, and employs only 29 education officers to oversee current education programs in 84 countries. Between 1995 and 2007 alone, USAID's permanent FSO corps, excluding the Inspector General's office, fell from 1,337 to 1,019, a reduction of almost 24% while, at the same time, the total level of economic assistance programs for which USAID is responsible (excluding cash grants), rose from \$4.7 billion to \$11.6 billion.

The environment in which USAID operates has changed in a number of ways:

- The flows of assistance and other funds fostering economic growth to developing and transitional countries from U.S. non-governmental organizations (foundations, universities, firms) have increased significantly, giving USAID opportunities to leverage some of those flows to promote U.S. assistance goals, a role the Agency has played somewhat over time, but whose potential has grown. Expanding the capability of USAID field missions to work with the U.S. non-governmental sector can be an important part of an expanded emphasis on economic diplomacy.
- Development assistance now comprises less than half of USAID's program portfolio and management of other kinds of assistance (such as the Economic Support Fund,

Assistance to Eastern Europe and the Baltic nations, The Freedom Support Act, International Disaster Assistance and Transition Assistance) constitutes much of the agency's workload, as does coordination and preparatory work for programs of the Millennium Challenge Corporation (MCC) and the President's Emergency Program for AIDS Relief (PEPFAR).⁵⁴

- In addition, economic assistance has become closely intertwined with other elements of U.S. foreign policy in the age of natural and global health, economic and environmental challenges, governance, regional conflicts and terrorist attacks. USAID needs knowledgeable staff to work closely with the Departments of State and Defense in carrying out U.S. international assistance programs in a collaborative fashion in pursuit of common national security and foreign policy goals.

We propose to provide USAID with the staffing that will permit the principal U.S. agency for managing foreign economic assistance to provide effective support to the Secretary of State in achieving U.S. foreign policy goals. Specifically, we propose to increase USAID's Foreign Service Officer corps from an estimated 1,080 in 2008 to 2,070 by FY 2014 (partially offset by reductions in non-direct hire US staff), and to increase its Civil Service staff from 1,000 to 1,200 over the same period of time.

Assumptions

We assume for the purpose of analysis that the size and composition of USAID-administered programs (including ESF, assistance to Eastern Europe and the former Soviet Union and food aid, in addition to development assistance) will remain as they are currently (FY 2008) in real terms, using the Congressional Budget Office's current services inflation estimates for the out-years. Increases in some programs will be offset by decreases elsewhere.

Recent studies, as well as the statements of at least one of the presidential candidates, have called for major increases in bilateral economic assistance, which we interpret as development/child survival/health programs. We estimate that an increase of 50% above current levels over five years for these programs would require an additional staff increase of about 10%, or 200 FSOs, while a doubling of USAID programs would require an increase of about 20%, or 400 FSOs. We have not made precise estimates of such increases nor have we priced them.

Approach

The tools required to permit USAID to enhance the effectiveness of program oversight in the field, to facilitate the flows of private resources and to assure effective coordination with other U.S. agencies include:

- More and different staff in USAID missions overseas, with the highest priority accorded to technical managers in fields such as agriculture and other areas of economic growth, health, education, engineering, democracy and humanitarian assistance who can manage the implementation of the Agency's varied programs;
- Smaller increases at headquarters to support the larger field missions;

⁵⁴ See Appendices F and G for MCC and PEPFAR detail.

- Expanded training to assure that staff have the skills to take on the challenges facing the agency (including expanded language training, updating of technical and professional skills and training in new areas such as the building of partnerships and working with private sector organizations); and,
- A shift from temporary to permanent employees in those skill areas that will be needed over the long term, while maintaining sufficient temporary staff (personal services contractors, detailees from domestic agencies and universities) to provide critical specialized skills.

USAID senior management, with the strong support of the Department of State, believes that a more robust presence is needed to design, manage and oversee field programs if the Agency is to perform effectively in the future. Internal studies by the Agency have shown that projects and programs which receive constant and detailed oversight generally produce better results than those where oversight is less frequent and exercised from afar. To that end, the Agency has undertaken what it calls the "Development Leadership Initiative" or DLI. This initiative, the first stage of which is proposed in the Administration's 2009 budget request, would double the size of USAID's FSO corps by FY 2013 and increase the civil service and FSN cadres, while reducing significantly the number of non-direct hire U.S. employees (personal services contractors and others).

The initiative is supported by an illustrative staffing model that shows how the increased staff would be deployed, based on program size and content, strategic or humanitarian importance of recipient countries and several other variables. The model provides a useful starting point for our analysis; we have added to and modified some of the assumptions, but find that the overall direction of the initiative is consistent with our approach. Our projections show somewhat smaller annual increases over a longer timeframe, but the basic outcome is similar – a greater field presence for USAID, supported by an effective headquarters staff, that will permit the Agency to contribute more effectively to achieving the goals of economic assistance diplomacy through better management of assistance programs and expanded interactions with other key actors like local groups, U.S. NGOs and businesses and other donors.

In addition to staff, greater emphasis is needed in assuring that both new and current employees have the skills needed to take on current and future challenges. For 2009, the Administration requested \$5 million for USAID's central training budget, less than 1% of the Operating Expenses account. Given that recent USAID annual training budgets have ranged from \$10 million to \$15 million, we conclude that this amount is insufficient to pay for even a basic amount of language and professional training. Given the very tight staffing, however, it is unlikely that many more people could be freed up to undertake additional training under current circumstances. Three things are needed in this area and are provided for in our approach:

- A set complement of 15% for the Foreign Service and 2% for civil servants, over and above operational positions in Washington and overseas, that will cover training, details to other agencies or outside the government (another form of training, which should be increased), post-to-post transfers and medical leave;
- The establishment of training positions for junior officers in the overseas missions and in Washington so that they can acquire experience while working with more experienced officers; and,

- Quadrupling of the training budget to a minimum of \$20 million per year to cover both long-term training and a number of shorter courses.

In addition, USAID needs to expand the use of formal classroom training. The Agency has experimented with combinations of distance learning and classroom work to lower the cost and increase the number of employees to whom training is offered. This has been successful, especially with FSN employees. However, it is important that distance learning not be the only source of training for FSNs or the primary source for US employees. Classroom work provides opportunities for useful exchanges with both instructors and other colleagues that are not available in on-line courses. This is particularly important as USAID moves more into coordinating the efforts of U.S. non-governmental organizations and into working with State and DOD counterparts.

Efforts should be made to assure that USAID can and does take maximum advantage of the capabilities of the Foreign Service Institute in developing and providing professional training courses. This training should be balanced with a limited number of courses at the War Colleges and Industrial College of the Armed Forces (ICAF), as well as opportunities for university training. Training courses need to be developed that will impart competencies in working with businesses and NGO organizations in development partnerships and provide updated skills in other business, financial and sectoral areas relevant to USAID's development and other economic assistance programs.

Application of the adjusted staffing model criteria (described in Appendix E) to USAID's current program operations yields a requirement for a total of 2,070 Foreign Service Officers and 1,200 civil servants. Staff assigned to the field would almost double, from about 750 to 1,450, and headquarters staff would rise by about one-third (including the larger training/transit complement). We propose that these numbers be achieved by gradual increases between 2010 and 2014. The tables below show the proposed increases by employment category and the offsetting decreases in non-direct hire and Foreign Service Limited (FSL) staff, as well as the funding implications of the staff increases.

One of USAID's goals is a shift to a greater proportion of permanent U.S. direct-hire employees. USAID requested and received a five-year authority to provide FS Limited appointments, financed from program accounts rather than the operating expenses account, to a number of Personal Services Contractors (PSCs) already employed by the Agency. USAID currently employs about 200 such FSLs under this authority but the authority expires in 2009. While individuals in this category do not automatically qualify for conversion to career appointments, the authority reflects a recognition that many PSCs carry out long-term, career-type work for USAID. With recent conversions to FSL status under this authority, USAID continues to employ about 900 PSCs. The Agency has concluded, after reviewing the work performed by PSCs, that more than half of them perform functions that should be viewed as permanent or long term. Under USAID's plan for the next five years, which we endorse, the FSL authority will expire and 500 of the 900 PSC positions will be eliminated. These functions are to be taken over by the expanded Foreign Service staff to be hired by the Agency. The result is that, while permanent FSO employment under our projections will increase by 1,050 officers, the net total U.S. staff will increase by only about 540. The FSL staff and most of the PSCs have been paid from USAID's program accounts, while permanent, direct-hire staff must be paid from the Operating Expenses (salaries and expenses) account. It has been difficult in the past to obtain significant increases in the latter account. It will be necessary, therefore, either to make a compelling case for such increases or to seek legislative changes that would make it possible to pay some USAID direct-hire staff from the program accounts.

USAID programs are implemented primarily by institutional contractors and private sector grantees (NGOs and universities). We have not reviewed the number of such implementation personnel, nor do we propose a basic change to the current mode of operations. The new USAID direct-hire staff would provide more effective program management and oversight and permit the building of partnerships in developing countries.

Recommendation

Increase U.S. direct-hire staffing in USAID by 1,250 by 2014, to be offset in part by reductions of 700 in temporary and non-direct hire staff. Increase USAID FSN staffing by 2,150 by 2014.

USAID Staffing Projections, 2007-2014								
	2007	2008	2009	2010	2011	2012	2013	2014
<i>Foreign Service</i>	1,020	1,000	1,150	1,450	1,750	1,950	2,070	2,070
<i>Civil Service</i>	1,000	1,000	1,000	1,050	1,100	1,150	1,200	1,200
<i>LES</i>	4,730	4,700	4,050	5,250	5,600	6,000	6,400	6,800
Subtotal	6,750	6,860	7,030	7,780	8,530	9,180	9,750	10,150
<i>FSL</i>	211	200	150	-	-	-	-	-
<i>PSC and Other</i>	900	850	800	700	600	500	400	400
Total	7,861	7,910	7,980	8,480	9,130	9,680	9,850	10,550

The cost of the staff increases would be borne by the USAID Operating Expenses account; offsetting reductions could come from various program accounts where the number of PSCs would be reduced and FSL positions would be eliminated.

Funding Levels for USAID Staffing Changes, 2009-2014 Changes from CBO Baseline (\$ in millions)						
	2009	2010	2011	2012	2013	2014
Increases						
<i>FSL</i>	\$25.8	\$71.3	\$171	\$260.4	\$319.4	\$352.5
<i>LES</i>	\$12.4	\$38.2	\$65.6	\$95.5	\$139.1	\$143.3
<i>Civil Service</i>		\$2.8	\$8.5	\$14.7	\$21.3	\$25.3
Total	\$38.19	\$112.28	\$245.11	\$370.62	\$479.81	\$521.11
Decreases						
<i>FSL</i>	(\$10.9)	(\$39.3)	(\$40.5)	(\$41.8)	(\$42.6)	(\$43.9)
<i>PSC and Other</i>	(\$15.5)	(\$31.8)	(\$54.6)	(\$78.8)	(\$104.3)	(\$119)
Subtotal	(\$26.4)	(\$71.1)	(\$95.1)	(\$120.6)	(\$146.9)	(\$162.9)
Net Cost	\$11.8	\$41.2	\$150	\$250	\$332.9	\$358.2

The costs above represent the total increases related to the increased staff, both US and foreign national, including recruitment, assignment, management support and training. The Operating Expenses account would rise by \$521 million; that could be offset by savings of \$163 million in the program accounts; it is likely, however, that the savings in the program accounts would be reallocated to programs rather than cut.

USAID — Staffing Increases, 2008-2014								
	2008	2009	2010	2011	2012	2013	2014	Total
<i>U.S. Direct Hire</i>								
<i>Foreign Service</i>	60	70	300	300	200	120	-	1050
<i>Civil Service</i>			50	50	50	50	-	200
Subtotal	60	70	350	350	250	170	-	1250
<i>LES</i>	50	100	400	400	400	400	400	2150
Total	110	170	750	770	650	570	400	3400

STAFFING FOR RECONSTRUCTION AND STABILIZATION

Summary

To provide a substantial surge capacity for reconstruction and stabilization efforts under the authority of the Secretary of State, we propose an increase in direct-hire American staffing of 562 by 2014. This would include: (1) 500 employees to serve as an active response corps in crisis situations; (2) 37 to staff an expanded Office of the Coordinator for Reconstruction and Stabilization; and, (3) 25 to backstop the new Standby Response Corps of federal employees and a Civilian Reserve Corps. These increases and related program costs would require an annual funding increase of \$286 million by FY 2014 and, to be effective, will entail further clarification of the roles and missions to be undertaken by surge teams in failed and failing states.

Reconstruction and Stabilization - Staffing and Cost Increases, 2009-2014 (\$ in millions)							
	2009	2010	2011	2012	2013	2014	Increase
New Hires in Year (USDH)	50	262	75	75	50	50	562
Cost Increase Over Base							
Staff Costs	\$38.2	\$190.1	\$210.5	\$237.2	\$261.7	\$286	

Background

Although the task of post-conflict reconstruction in Iraq and Afghanistan has fallen largely to the military as those two countries remain combat zones, there is a broadly recognized need for a civilian surge capacity to intervene prior to conflicts and to assist with stabilization and reconstruction after conflicts abate. Such capacity should be an integral part of the civilian toolkit available to the Secretary of State to deal with contingencies that may arise in the coming years. To address these priorities, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was created in the Department of State in 2004 for the purpose of identifying, integrating and utilizing relevant skills and personnel from across the U.S. government and from the private sector. In National Security Presidential Directive (NSPD)-44 of December 7, 2005, the President directed that the State Department be the lead agency in R&S and required State to coordinate all governmental activities in this area.

S/CRS has utilized Department of State employees and retirees for small-scale (usually one or two persons), conflict-related deployments over the past few years in countries such as Sudan, Haiti, Chad and Liberia, as well to provide support for embassy and military teams in Iraq and Afghanistan. The experience gained from these deployments has indicated the need for a larger, more established and better trained surge capacity to address pre- and post-conflict situations around the world, as well as the need for improved coordination among U.S. government agencies in planning and responding to conflict-related emergencies. To that end, an interagency management system has been established under the leadership of S/CRS. The system includes some fifteen federal agencies and a process in which country-specific working groups would be established for each crisis situation; it would be co-chaired by the S/CRS Coordinator, the appropriate regional Assistant Secretary of State and a director from the National Security Council staff.

For 2009, the Administration proposed a Civilian Stabilization Initiative (CSI) and requested \$248.6 million to finance the first year of the initiative. In addition to strengthening the Coordinator's office and the interagency management process, the initiative would establish:

- An active response corps of 250 people (hired by State but detailed in part to other agencies, including USAID and the Department of Justice) who would be available for immediate deployment when a pre- or post-conflict situation arises;
- A standby response corps of up to 2,000 people, working in full-time jobs in federal agencies, but trained and available to participate in surge activities on relatively short notice; and,
- A civilian reserve of up to 2,000 people who hold permanent jobs outside the federal government, to be trained and available to participate in surge activities.

The types of professions to be included in each of the three corps would include engineers, police officers, judges, lawyers, corrections officials, rule of law experts, economists, public administrators, public health experts, agronomists and city planners, among others.

S/CRS assumes that about 80% of the active response team would be deployed at most times and that approximately 10% of each of the other teams would be deployed. The numbers of people included in the request are intended to permit the United States to participate in several small post-conflict operations and one or two medium- or large-sized operations in a given year.

The FY 2009 National Defense Authorization Act incorporated legislation that would specifically authorize the programs in the Administration's CSI.⁵⁵ However, given the likelihood that a series of Continuing Resolutions will be in effect for most of FY 2009, significant implementation of the new surge capacity is not expected to begin until FY 2010.

Some initial build-up of staff and training capacity, as well as continued small-scale deployments to crisis situations, can take place in 2009 using up to \$50 million from expected supplemental funds and up to \$100 million in transfer authority from the Department of Defense under Section 1207. This funding is sufficient to recruit staff for an active response team of about 50 persons and to begin recruitment, training and deployment of up to 100 members of the standby corps of federal employees.

At present, issues remain regarding how U.S. civilian reconstruction and stabilization teams can be most effective in different types of pre- and post-conflict in failed states, whether working alone or under multinational mandates. These issues include further defining the precise gaps between conflict and development that the teams will fill as well as assuring that institutional arrangements among State, the Executive Office of the President and other involved agencies are optimal. They should be resolved before a major expansion of capacity is undertaken. The modest growth in capacity expected in 2009 will permit S/CRS programs to continue while establishing a firmer basis for a robust FY 2010 request. Positive resolution of these issues and a review of 2008 and 2009 performance can form a basis for justifying a larger program in FY 2010 as shown in the table above, including the interagency management system and the three response components.

⁵⁵ The Stabilization and Reconstruction Civilian Management Act was incorporated into the FY 2009 National Defense Authorization Act.

The magnitude of growth beyond FY 2010 will depend largely on the experience gained based on deployments in that year. For purposes of projection, we propose that the active response team would grow to 500 by FY 2014, the standby response corps would remain at 2,000 and the civilian reserve would grow to 4,000. The responders and reservists will need to be supplemented by contractors with specialized skills, to be called in as needs dictate. The surge budget would need to contain program funds for this purpose.

We do not project continued growth in the standby corps because we are concerned that this will be the most difficult of the three components to staff adequately, given the likely reluctance of domestic agencies to free up large numbers of highly qualified staff for deployment to post-crisis countries. Even though those deployed will be paid by the Department of State while on duty, the agencies from which they are deployed are to be reimbursed for only a portion (currently estimated at 25%) of the funds needed to fill in behind them.

Training will be required for each of the teams of responders. Prior to each deployment, area training will be provided relevant to the specific country where the team will be active. In addition, the standby and civilian components will require initial orientations regarding stabilization operations and support, as well as annual training to assure that technical skills are appropriate for deployment and to provide updates on the details of deployment operations. Funding is included in each year to provide continuing training for the standby and civilian components; those in the active response corps will also receive training between deployments. If and when the total response cadre grows, it may be necessary to develop new training capacities and obtain separate facilities.

The Administration's proposal includes annual training for all members of the standby and civilian reserve teams, even though the expectation is that no more than 10% of those teams will be deployed at any time. The Administration proposal of \$248.6 million included \$49.5 million for training and related costs during the first year, which includes the establishment of new training programs as well as salaries and maintenance for the standby and civilian staff undergoing training. As indicated above, it will be necessary to determine after the first few years of CSI operation the extent to which the standby corps – who have other full-time jobs – can actually be drawn upon for deployment on relatively short notice and to adjust training and other cost estimates based on these determinations.

Major costs related to deployment include equipment and security, the actual cost of which will depend greatly on the type of situations to which CRS responds. Costs for vehicles and either military or civilian security support may vary greatly. For the purposes of this paper, we have used the State Department projections for these categories of expenses.

The staffing and funding levels shown on the attached table reflect the supplemental funding that will be available in 2009 to permit the development of new training programs and the start of additional recruitment for the active and standby corps; we assume, however, that recruitment of the civilian corps and costs associated with that corps will not be undertaken until FY 2010. Out year costs assume a steady level of deployments, a figure that is likely to change but which cannot be predicted. S/CRS has estimated that maintaining the program, exclusive of deployments, would cost about \$130 million a year for salaries, training, equipment replacement and other costs. We have reduced the staff

for S/CRS by 20 from the level requested by the Administration because we conclude that a number of the Active Response Corps will be available to help staff the office.

It should be noted that USAID has a similar program carried out by its Office of Transition Initiatives (OTI), whose annual budget is around \$40 million. The USAID office currently cannot undertake police and law enforcement activities, which might be a key part of the CSI, but can and does provide other interventions in post-conflict situations similar to those envisioned in the CSI. USAID's offices of International Disaster Assistance, Military Affairs and Crisis Management may have related roles to play in dealing with fragile states. The relative roles of S/CRS and the USAID offices need to be resolved within State because there appears to be some potential overlap.

Recommendation

Increase total U.S. Direct-Hire (USDH) staffing for reconstruction and stabilization efforts carried out under the authority of S/CRS by 562 from current levels by FY 2014, consisting of 500 for the Active Response corps, 25 for a home office for the Civilian Reserve Corps and 37 for the S/CRS staff. The recommended increases would cost \$286 million above the CBO baseline by 2014.

Total Reconstruction and Stabilization Staffing, 2008-2014							
	2008	2009	2010	2011	2012	2013	2014
Direct Hire							
S/CRS	19	19	56	56	56	56	56
ARC		50	250	325	400	450	500
CRC Office			25	25	25	25	25
Total	19	69	331	406	481	531	581

Funding Levels, 2009-2014 Changes from CBO Baseline (\$ in millions)						
	2009	2010	2011	2012	2013	2014
Salaries	\$2.7	\$19.2	\$35.6	\$66.7	\$76.8	\$86
Training	\$11	\$56.6	\$69	\$82	\$93.8	\$106.1
CRC Recruit, etc.	-	\$17.7	\$4.7	\$4.8	\$5	\$5.2
Deployment	\$16.5	\$80.4	\$64.5	\$66.5	\$68.4	\$70.5
S/CRS non-salary	\$8	\$16.2	\$16.7	\$17.2	\$17.7	\$18.2
Total	\$38.2	\$190.1	\$210.5	\$237.2	\$261.7	\$286

SECURITY ASSISTANCE

Summary

One critical function of the Secretary of State is to budget, plan and oversee security assistance programs worldwide. These programs, managed in the bureau of Political-Military Affairs (PM) at the State Department, provide equipment, training, infrastructure, and even budgetary support to help U.S. allies combat terrorism and maintain global security. The State Department authority has ensured that these programs conform to overall U.S. foreign policy goals, while the Defense Security Cooperation Agency (DSCA) at the Defense Department, together with the military services, implements much of the program.

In recent years, a new parallel architecture of economic and security assistance programs has emerged at DOD that is planned, budgeted, managed, and implemented under Defense Department authorities. These have been created because of uncertainties about the flexibility and agility of existing security assistance programs and because it proved easier, in conditions of crisis, to raise funds through the defense budget. This trend, if continued and put in permanent law however, will have significant implications for the capacity of the State Department to direct overall U.S. foreign policy. This section chronicles this trend and highlights the major DOD security assistance programs. It recommends the gradual transfer of authority over some of these programs to the Department of State, integrating them with existing State Department authorities and capabilities (which should be reformed), and proposes the necessary funding and staffing for State to plan, budget, and oversee these programs at State, while their execution remains largely the responsibility of the Defense Department and the military. The eventual proposed transfers could total \$785 million annually in budget authority, requiring fifty additional staff at State to manage these programs.

Because security assistance continues to be an area of close State-Defense cooperation, the proposed adjustments in the security assistance portfolio are recommended in the framework of the following principles:

- The Secretary of State has and should have responsibility for assuring that all security assistance is carried out in accord with U.S. foreign policy. That includes setting the overall policy, approving the countries which receive assistance and the budget numbers in the requests for such assistance. The Secretary of Defense and the Chairman of the Joint Chiefs of Staff have important roles in making recommendations to the Secretary of State on these issues. The Defense Department also has the principle responsibility of implementing these programs.
- In areas where U.S. military forces are engaged in on-going, significant levels of combat operations the Secretary of Defense should, for the duration of the period of combat, have the authority to use DOD funds to provide clearly-defined emergency humanitarian, stabilization and reconstruction assistance, in consultation with the appropriate Ambassador and the Secretary of State.
- Where policy and funding authorities should, over time, be shifted to State, the current execution of these programs should continue to be carried out by the Department of Defense, under existing temporary authorities. The capacity of State to oversee, set policy, and budget for these programs should be enhanced, with the support of the Congress.

Security Assistance – Staffing and Cost Increases FY10-FY14 (\$ in millions)						
	2010	2011	2012	2013	2014	
New Hires in Year (USDH)	3	15	20	12	-	50
Cost Increase Over Base						
Staff Costs	\$6	\$5.2	\$14	\$21.3	\$24.2	
Program Costs	\$25	\$135	\$285	\$535	\$785	
Total Cost	\$35.6	\$140.2	\$299	\$556.3	\$809.2	

Background

The Department of Defense and the military have consistently supported U.S. national security objectives through use of military force and also as the implementer (through the Defense Security Cooperation Agency) of a number of security assistance programs that DOD and Joint Chiefs of Staff (JCS) jointly plan with the Department of State. The policies, budgets and recipients of such programs – notably Foreign Military Financing, International Military Education and Training, Peacekeeping Operations – are determined under the authorities of the Secretary of State and funding for them is provided through the State Department budget.

While the Pentagon began to create its own security assistance programs, beginning in the 1970s, the role of DOD and the military in security and foreign assistance changed significantly with the attacks of 9/11 and the invasion and occupation of Afghanistan and Iraq. A new security assistance portfolio emerged, based on DOD's own statutory authorities and funded either through additional defense appropriations or as a draw on funding in DOD's Operations and Maintenance accounts. Although the concurrence of the Secretary of State is needed to execute some these new authorities, the content of these programs is developed in DOD. Studies by the Government Accountability Office (GAO) and non-profit research organizations suggest that the required coordination between the State Department and the Defense Department is loosely structured.⁵⁶

The chart below lays out nine authorities and activities in DOD (all except CCIF and OHDACA were created after 9/11) that could be described as "foreign" or "security assistance." From FY 2001 to FY 2008, Congress authorized or appropriated nearly \$45 billion to support these DOD security assistance programs – with another \$3.2 billion already appropriated in the FY09 Bridge Fund.⁵⁷

⁵⁶ See, Government Accountability Office, *Section 1206 Security Assistance Program*, GAO-07-416R, 28 February 2007; Government Accountability Office, *Military Operations*, GAO-08-736R, 23 June 2008; Government Accountability Office, *Combating Terrorism: Increased Oversight and Accountability Needed Over Pakistan Reimbursement Claims for Coalition Support Funds*, GAO-08-806, June 2008; Government Accountability Office, *Combating Terrorism: Actions Needed to Enhance Implementation of Trans-Sahara Counterterrorism Partnership*, GAO-08-860, July 2008; Center for Strategic and International Studies, "Integrating 21st Century Development and Security Assistance: Final Report of the Task Force on Non-Traditional Security Assistance," December 2007.

⁵⁷ These figures include funds from the second FY08 supplemental and the FY09 Bridge Fund as part of P.L. 110-252, signed June 30, 2008.

DOD International Assistance Programs (\$ in millions)		
DOD Assistance Program	FY 08 Funding	Similar Program ⁵⁸
Global Train and Equip (Sec. 1206)	\$300	FMF, PKO
Coalition Support Funds	\$300	ESF
Security and Stabilization Assistance (Sec. 1207)	\$100	N/A
Combating Terrorism Fellowship Program	\$25	IMET
Commander's Emergency Response Program	\$1,727	OTI, DA, ESF
Combatant Commander's Initiative Fund (CCIF)	\$25	FMF
Overseas Humanitarian, Disaster and Civic Assistance (OHDACA)	\$103	FMF, INCLE
Iraq Security Forces Fund	\$3,000	FMF, PKO
Afghanistan Security Forces Fund	\$2,750	FMF, PKO

In addition to the new programs, DOD has expanded some of its existing security assistance authorities to include activities that have been historically carried out by the civilian foreign policy agencies. These expanded authorities include changes to the Combatant Commanders' Initiative Fund, and DOD's humanitarian assistance program, OHDACA.

The range of these new and expanded programs is broad, including humanitarian relief, stabilization assistance, reconstruction and development support, training for security forces in other countries, and budget reimbursement for support other countries provide to the U.S. military for the counter-terrorism operations. From 2001 to 2005, U.S. official development assistance rose from \$9.7 billion to \$27.6 billion, with much of this growth attributed to new DOD activities in security assistance and reconstruction (but not including DOD train and equip programs).⁵⁹

These new programs emerged in DOD under the pressures of combat and post-combat operations in Iraq and Afghanistan and broader military operations to confront terrorist organizations. Tasked to reconstruct and stabilize Iraq and Afghanistan and pursue terrorists globally, the DOD and the military services realized that there was a deficit in State/USAID capabilities (personnel, readiness, flexibility, agility and funding) to shape and support these programs. DOD had the resources and personnel to plan and execute these programs, but not the statutory authority in law, while the State Department and USAID had the authority, but lacked the capability. While DOD leaders have given strong support to strengthening the capacity of State/USAID for such activities, DOD is, at the same time, seeking to expand the funding for its own programs, extend their coverage to the global level, and embed some of them in permanent statute (Title 10).

While DOD and the military services have an important role in addressing the challenges of instability and chaos in post-conflict situations, it is our view that authority, policy responsibility and budgeting for security and assistance programs should lie with the Secretary of State, who has responsibility for the overall direction of U.S. foreign policy and U.S. relationships with governments in the recipient countries. Several of the new assistance programs that the DOD has developed are integrally connected to U.S. foreign policy and need the long-term, sustainable commitment and overall policy direction for

⁵⁸ FMF: Foreign Military Financing; PKO: Peace Keeping Operations; ESF: Economic Support Fund; OTI: Office of Transition Initiatives; IMET: International Military Education and Training; DA: Development Assistance; INCLE: International Narcotics and Law Enforcement.

⁵⁹ Organisation for Economic Cooperation and Development (OECD), *DAC Peer Review: United States 1999, 2006*. The bulk of official development assistance growth during this time period is attributable to Iraq Reconstruction Aid, provided by the DOD through the Iraq Relief and Reconstruction Fund (IRRF).

which the civilian agencies are responsible. Furthermore, many of the new DOD assistance programs parallel existing State/USAID authorities and programs.

Any transfer of authorities to State and USAID should be done gradually, as conditions in Iraq and Afghanistan improve and as the State/USAID capacity for overseeing these programs is enhanced. We recognize that the State Department and USAID's personnel and funding in this area are not as extensive as those of DOD. Specific to State, specialized Foreign Service Political-Military staffing has declined during the past decade from 63 to 19, in spite of assumption by State of additional GWOT-related responsibilities, integration of ACDA functions, and an overall increase in Function 150 military assistance during this period of 54% (from \$3.67 billion to \$5.65 billion).⁶⁰ There is anecdotal evidence of a significant increase in DOD details of uniformed military personnel to fill some of the gaps thus created during the first half of the period under examination (1998-2008). In the meantime, the Academy notes that core staffing at the Defense Security Cooperation Agency increased from 15 to 109 during the same time period.⁶¹ The Academy recommends that the FS staffing decreases in question be reversed, and additional staff hired for new responsibilities.

Moreover, the authorities governing many of the existing State/USAID programs are dated and inadequately flexible, and the Department faces a constant challenge raising funds in its budget for such programs. The current mechanisms are antiquated and slow to respond to changing security threats. However, if State/USAID authorities and programs need to be reformed to acquire the funding, flexibility and agility needed to deal with current security challenges, then such reforms need to be defined and proposed to the Congress. Details of such reforms are outside the scope of this study.

The military can bring skill and expertise to the implementation of these programs but they are not core to the military mission. DOD's expanded policy responsibility for security assistance programs risks leading to the additional atrophy of the civilian agencies' ability to plan and conduct foreign policy and foreign assistance and raises serious concerns that such programs could conflict with broader U.S. strategic and foreign policy interests. Finally, it is important for the U.S. to ensure that its non-military international presence and engagement be carried out primarily by civilians, not by the military.

⁶⁰ Data Source: OMB Public Budget Database

⁶¹ Department of Defense, Budget Justifications, Defense-Wide Operations & Maintenance, DSCA Budget Estimates, FYs 2000-2009.

The following discussion summarizes many of the new DOD authorities and programs that have implications on U.S. foreign policy. This section also describes the parallel State/USAID capability and provides a specific recommendation for change, where we think it appropriate.

A. TRANSFERS TO STATE WITH IMMEDIATE BUDGET IMPLICATIONS

DOD Authorities to be Transferred to State (\$ in millions)		
Program	FY09 Defense Authorization	Recommended 150 Funding by FY 2014
Global Train and Equip (Sec. 1206)	\$350	\$300
Combating Terrorism Fellowship Program (CTFP)	\$35	\$35
Commander's Emergency Response Program (CERP)*	\$1,500	\$450
Total	\$1,885	\$785

* The Academy recommends non-combat CERP be transferred to State and USAID. DOD should retain CERP in its current form for combat purposes.

Global Train and Equip (Sec. 1206)

Context

Section 1206 of the National Defense Authorization Act of 2006 authorizes the Secretary of Defense, with the concurrence of the Secretary of State, to conduct or support programs globally that build the capacity of a foreign country's military forces. In 2007, Congress increased the funding authority for Section 1206 programs from \$200 to \$300 million and permitted the Secretary of Defense to draw funds from DOD's Operation and Maintenance (O&M) accounts to pay for these programs. The Defense Security Cooperation Agency (DSCA) implements 1206 projects using similar procedures as the Foreign Military Financing (FMF) program.⁶²

The Pentagon continues to seek permanent, broader authority, for the Section 1206 program, to build the capacity of foreign military and security forces. In 2007, DOD submitted the *Building Global Partnership Act* (BGP) to Congress, which would authorize up to \$750 million for 1206 programs, make the authority a permanent part of Title 10 of the US code, and authorize the DOD to support non-military forces (police, border patrol guards, and other internal security forces). BGP was not enacted in 2007 but it was re-submitted as proposed legislation for FY 2009.⁶³ The FY 2009 Defense Authorization bill increased funding authority for Section 1206 to \$350 million and extends the program to FY 2011. It has not been enacted into permanent law.

Parallel Authority

Section 1206 parallels the existing Peacekeeping Operations (PKO) program that is planned and budgeted under State Department authorities. PKO funds, which are subject to the restrictions of the Foreign Assistance Act (FAA), "furnish assistance for friendly countries...for peacekeeping operations and other programs carried out in furtherance of the national security interests of the United States."⁶⁴ While planning and budgeting are

⁶² Government Accountability Office, *Section 1206 Security Assistance Program*, GAO-07-416R, 28 February 2007.

⁶³ Defense Department, FY 2007 NDAA Legislative Proposals, "Building Global Partnerships Act," Office of Legislative Counsel, accessed on 5/16/08 at: http://www.dod.mil/dodgc/olc/docs/third_package13April2006.pdf

⁶⁴ Part II, Chapter 6, Section 551, Foreign Assistance Act of 1961.

primarily the responsibility of State (in collaboration with DOD and the regional commanders), PKO programs are largely implemented by DOD, using the processes and capabilities of the Defense Security Cooperation Agency (DSCA).

Budget History

Global Train and Equip (Section 1206) (\$ in millions)					
	2006	2007	2008	2009	Total
Authorized	\$200	\$300	-	\$350	\$850

⁶⁵Section 1206 is an authorized drawdown on appropriated Defense-Wide Operations and Maintenance funds.

⁶⁶FY 2007 authorization for Section 1206 was a two-year authorization, thus there was no reauthorization in FY 2008.

Recommendations

We recommend that the authority over 1206 train and equip programs be transferred to the Secretary of State, along with an appropriation of \$300 million to the PKO account for this purpose. This appropriation would double the current PKO account. Management of the planning and budgeting process should be the task of the Office of Plans, Policy and Analysis (PM/PPA) in the bureau of Political Military Affairs (PM).

In the future, to better align these programs with the long-term foreign policy objectives of the United States, the State Department should consider three options: 1) Propose a broader, more flexible and agile training program for foreign militaries and security forces that reforms the current Foreign Military Financing (FMF) and PKO architecture; or, 2) Expand the PKO account, which provides greater flexibility to train and equip foreign security forces. Any new security assistance training program should be planned and budgeted under the foreign policy authority of the Secretary of State. For PKO to implement some of the same functions as 1206, Section 660 of the FAA – which restricts the training of police or internal security forces of a foreign country – may need to be amended, or the new program provided with “notwithstanding” authority. 3) Rewrite Section 1206 as an additional “drawdown,” authority under section 506(a) of the Foreign Assistance Act (FAA), through which the President, on the advice of the Secretary of State, could use DOD resources and capabilities to execute train and equip programs.⁶⁵ DOD and the Combatant Commanders would continue to play an important role in shaping programs and projects, and be the primary implementing agency, with State Department guidance.

Combating Terrorism Fellowship Program (CTFP)

Context

The Combating Terrorism Fellowship Program (CTFP) was established by Congress in early 2002. The program began as an academic training tool to share counterterrorism tactics with partner nations. The initial appropriation stipulated that the funds may be used by the Secretary of Defense to, “fund foreign military officers to attend U.S. military educational institutions and selected regional centers for non-lethal training.”⁶⁶ In the subsequent congressional decision to establish CTFP in permanent law in the FY 2004 National Defense Authorization Act, the program was no longer limited to non-lethal training (10 USC 2249c).

⁶⁵ Section 506(a) authorized the President to “direct...the drawdown of defense articles from the stocks of the Department of Defense, defense services of the Department of Defense, and military education and training, of an aggregate value of not to exceed \$100,000,000 in any fiscal year.”

⁶⁶ P.L. 107-117 §8125, “Department of Defense and Emergency Supplemental Appropriations for Recovery From and Response to Terrorist Attacks on the U.S. Act, 2002,” January 2002.

The statute authorizing the fellowship program allows the Secretary of Defense to spend up to \$35 million annually, drawn from funds appropriated in the O&M, Defense-Wide account for such education.⁶⁷

Parallel Authority

CTFP closely parallels the International Military Education and Training (IMET) program, which is authorized in the Foreign Assistance Act and planned and budgeted by the State Department. Chapter 5, Section 541 of the Foreign Assistance Act authorizes the President to provide, "military education and training to military and related civilian personnel of foreign countries."⁶⁸ IMET supports students from friendly allied nations in receiving training and education on U.S. military practices and standards. IMET programs are implemented by the DOD.

Budget History

Combating Terrorism Fellowship Program (\$ in millions)								
	2002	2004	2005	2006	2007	2008	2009	Total
Authorized	\$17.9	\$20	\$20	\$20	\$25	\$25	\$35	\$163

Recommendations

CTFP authority under 10 USC 2249c should be repealed and the program should be included in an expanded IMET program that covers counter-terror training and education. The State Department's IMET budget should be increased by the \$35 million proposed budget for the CT-IMET program.

IMET has previously been expanded (E-IMET) to provide education in defense management, civil-military relations, law enforcement cooperation, and military justice. Congress should mandate a CT-IMET that precludes lethal training but focuses specifically on counterterrorism training.

Section 544 of the Foreign Assistance Act (1961) should be amended to include subsection (d): "The President may provide for the attendance of foreign military and civilian defense personnel at counterterrorism training schools and programs in the United States and at U.S. military bases around the world without charge, and without charge, funds available to carry out this chapter, notwithstanding section 652(d) of this act."

Commander's Emergency Response Program (CERP)

Context

The Commander's Emergency Response Program was initially created by the Coalition Provisional Authority in Baghdad to "enable commanders to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility, by carrying out programs that will immediately assist the Iraqi people and support the reconstruction of Iraq."⁶⁹ Fragmentary Order 89 of the Commander of the Combined Joint Task Force 7 formalized CERP in Iraq on June 19, 2003 and provided guidance on

⁶⁷ 10 USC 2249c., See also, FY 2009 National Defense Authorization Act.

⁶⁸ Foreign Assistance Act (1961) as amended, Part I, Chapter 5, Section 541.

⁶⁹ Martins, Mark S., "The Commander's Emergency Response Program," *Joint Forces Quarterly*, Issue 37, 2005, accessed on 2/22/08 at: http://www.dtic.mil/doctrine/jel/ifa_pubs/0937.pdf

permissible uses of CERP funds. FRAG 89 directed that CERP funds be used for improvements and reconstruction for:

...water and sanitation infrastructure, food production and distribution, healthcare, education, telecommunications, projects in furtherance of economic, financial, management improvements, transportation, and initiatives which further restore the rule of law and effective governance, irrigation systems installation or restoration, day laborers to perform civic cleaning, purchase or repair of civic support vehicles, and repairs to civic or cultural facilities.⁷⁰

CERP was formally established in the FY 2005 Defense Authorization Act, which also authorized the creation of a CERP program for Afghanistan.⁷¹

In the *Building Global Partnerships Act (BGP)*, DOD requested that CERP authorities become permanent law, with global application.⁷² The proposed legislation would require the Secretary of Defense and the Secretary of State to, "jointly develop procedures" to execute any CERP project, but does not provide for State Department concurrence in CERP planning or budgeting.⁷³ CERP was expanded to include the Philippines in the FY 2008 Supplemental appropriation.⁷⁴

Parallel Authority

A large proportion of CERP programs, projects, and activities are parallel to those supported by State Department ESF and USAID Development Assistance (development assistance) and USAID Office of Transition Initiatives (OTI) funds.

Budget History

Commander's Emergency Response Program (\$ in millions)							
	2004	2005	2006	2007	2008	2009	Total
Appropriated	\$480	\$854	\$923	\$956	\$1,700	\$1,500	\$6,413

^{*}This figure represents the FY 2009 authorization for CERP. See FY 2009 National Defense Authorization Act.

We recommend that the DOD retain the CERP authority in Iraq and Afghanistan and in other areas which now or in the future are areas of combat activity under a US Combatant Commander to carry out those stabilization and assistance activities that are consistent with and supportive of combat missions, or to execute broader tasks on a temporary basis in areas where security conditions will not permit civilian deployment. CERP could be funded at a level sufficient to ensure that CERP projects focus on immediate needs in direct support of combat operations.

A parallel authority should be created or current State/USAID capabilities be enhanced to permit State/USAID to carry out projects and programs that focus on sustainable civilian reconstruction and agriculture, economic, financial and management improvements, food production, education, health care, irrigation, water and sanitation and other humanitarian assistance functions in post-conflict zones. This capability should be provided either through the proposed Civilian Stabilization Initiative (see section on Reconstruction and

⁷⁰ Ibid, p. 47. See also FRAGO 89 of June 19, 2003.

⁷¹ P.L. 108-375 §1201, "National Defense Authorization Act, 2005."

⁷² Defense Department, "Building Global Partnerships Act," Office of Legislative Counsel, accessed on 2/21/08 at: <http://www.DOD.mil/DODgq/olc/docs/BGPA.pdf>

⁷³ Ibid. The House National Defense Authorization Act for FY 2009 would extend CERP authority to the end of FY10 and the Senate National Defense Authorization Act for FY 2009 would extend CERP to the end of FY11.

⁷⁴ P.L. 110-252, "Defense Supplemental Appropriations for Fiscal Year 2008," June 30, 2008.

Stabilization) or through the USAID Office of Transition Initiatives (OTI), or both. State/USAID should also work to resolve this duplication of capabilities. The authority should be provided with \$450 million in contingency appropriations for these programs.⁷⁵

Reversing the Section 1207 authority (see below), the Secretary of State should also be given the authority to transfer up to \$200 million in funds to DOD from its own CERP-like program for short-term reconstruction and stabilization activities in environments that are insecure for civilian operations, but might include support for short-term electricity, telecommunications, law and governance activities.

B. TRANSFERS TO STATE WITHOUT IMMEDIATE BUDGET IMPLICATIONS

- Coalition Support Funds
- Security and Stabilization Assistance (Sec. 1207)

Coalition Support Funds (CSF)

Context

Coalition Support Funds reimburse the recipient countries for logistical, military and other expenses incurred while supporting U.S. military operations in Iraq, Afghanistan and the global operations against terrorist organizations.⁷⁶ This program was developed as part of U.S. operations in Afghanistan and against Al-Qaeda in 2001-2002. Pakistan is largest recipient of CSF (81% of the total through FY 2008) for the assistance it provides to U.S. counter-terror operations.⁷⁷ CSF funds have also been used to reimburse other coalition partners, including Poland, Slovakia, Georgia, and Lithuania, for support and operations in Afghanistan and elsewhere against terrorist targets.⁷⁸

Parallel Authority

Coalition Support Funds are similar to the State Department's Economic Support Funds (ESF) account, which is planned and budgeted at State in cooperation with USAID, which implements much of the ESF program. Like FMF, ESF funds are subject to the provisions of the FAA and AECA.

Budget History

		Coalition Support Funds (\$ in millions)							
	2002	2003	2004	2005	2006	2007	2008	2009	Total
Appropriated	\$490	\$1,400	\$1,150	\$1,220	\$935	\$1,100	\$1,100	200*	\$7,595

* Funding for FY 2009 funding is appropriated in the June 30, 2008 supplemental, FY 09 Bridge Fund (P.L. 110-252).

Recommendations

Authority over CSF should be transferred to State and funding should be budgeted annually as new requirements emerge. These funds should be treated as an ESF program

⁷⁵ This figure is based on the FY 08 percentage of combat-related activities of CERP projects in Iraq multiplied by one-half of the FY 2008 CERP appropriation for Iraq (totaling approximately \$200 million). In addition, the full FY08 CERP appropriation for Afghanistan was multiplied by the FY08 percentage of combat-related activities as reported by SIGIR (totaling approximately \$250 million). All Data reported by SIGIR, Quarterly Reports, July 2008, from FY04 through March 31, 2008.

⁷⁶ Department of Defense, FY08 Budget Request, Operations and Maintenance, Defense-Wide.

⁷⁷ Government Accountability Office, "Combating Terrorism: Increased Oversight and Accountability Needed Over Pakistan Reimbursement Claims for Coalition Support Funds," GAO-08-806, June 2008.

⁷⁸ FOIA, The Center for Public Integrity, Department of Defense, "Coalition Support Funds," 2 August 2006.

under the authority of the Secretary of State. Providing a budget subsidy to foreign governments is characteristic of some existing and past ESF programs. Decisions to agree to such reimbursements should be consistent with overall U.S. foreign policy objectives. The annual appropriation request should be prepared by State's foreign assistance budget office, with input from PM/PPA and the DOD. Funding levels will vary from year to year. State and the ESF budget process are sufficiently agile to administer this program, as opposed to DOD reimbursements that take an average of eight months to be processed.⁷⁹

Security and Stabilization Assistance (Sec. 1207)

Context

Section 1207 of the National Defense Authorization Act of 2006 authorizes the Secretary of Defense to transfer up to \$100 million in defense articles and funds to the Secretary of State for the purposes of providing reconstruction, security or stabilization assistance to a foreign country.⁸⁰

The Congress viewed this authority as temporary until the new State Department Office of the Coordinator for Reconstruction and Stabilization could be "fully stood up and adequately resourced."⁸¹ Congress commended the interagency collaboration between DOD and State, but was uncomfortable funding State Department activities through the Department of Defense budget. Nonetheless, Section 1207 was reauthorized in 2008 and extended to the end of FY 2009.⁸²

Parallel Authority

The State Department has not had a parallel authority like Section 1207.

Budget History

Security and Stabilization Assistance (Section 1207) (\$ in millions)					
	2006	2007	2008 [*]	2009 [†]	Total
Authorized	\$100	\$100	-	\$150	\$300

^{*}Section 1207 is an authorized drawdown on appropriated Defense-Wide Operations and Maintenance funds.

[†]In 2007, Section 1207 was extended through FY 2008 and therefore not reauthorized in 2008.

^{*}The FY 2009 National Defense Authorization Act included an additional \$50 million in authorized funding under the Section 1207 program for assistance to the Republic of Georgia. This \$50 million does not count against the \$100 million authorized for the overall Section 1207 program.

Recommendations

We recommend that authorization for Security and Stabilization Assistance (now Section 1210) be repealed. If additional funds are needed for security and stabilization assistance, then they should be funded through the International Affairs (150) account directly as part of the larger effort to establish a civilian capability for reconstruction activities.

C. AUTHORITIES TO REMAIN AT DEFENSE

- Combatant Commander Initiative Fund (CCIF)
- Overseas, Humanitarian, Disaster and Civic Assistance (OHDACA)
- Iraq and Afghanistan Security Forces Fund

⁷⁹ Department of Defense, "Coalition Support Funds," 2 August 2006, as released in response to a Freedom of Information Act request from The Center for Public Integrity.

⁸⁰ P.L. 109-163 §1207, "National Defense Authorization Act of 2006."

⁸¹ "National Defense Authorization Act of 2006, Conference Report" H.R. 1815, p. 802.

⁸² National Defense Authorization Act for FY 2009

Combatant Commander Initiative Fund (CCIF)

Context

The Combatant Commander's Initiative Fund, established in 1991, is a \$25 million-per-year program that enables Combatant Commanders to fund short-term, low-cost projects that meet the requirements of unforeseen situations.⁸³ In recent years, CCIF has received supplemental appropriations of an additional \$25 million, bringing total CCIF appropriations to \$50 million. As originally established in Title 10, Section 166a, the CCIF provided Combatant Commanders with funds for the following activities:

- 1) Force Training
- 2) Contingencies
- 3) Selected Operations
- 4) Command and Control
- 5) Joint Exercises (including activities of participating foreign countries)
- 6) Military Education and Training
- 7) Personnel Expenses of Defense Personnel for Bilateral or Regional Cooperation Program⁸⁴

In 2007, the John Warner National Defense Authorization Act, 2007 authorized CCIF to support programs that provided, "humanitarian and civic assistance to include urgent and unanticipated humanitarian relief and reconstruction assistance." It also stated that the Chairman of the Joint Chiefs of Staff should give priority consideration for CCIF funds to, "be used for urgent and unanticipated humanitarian relief and reconstruction assistance, particularly in a foreign country where the armed forces are engaged in a contingency operation."⁸⁵ The accompanying conference report urged the Department of Defense, "to request sufficient funds for this purpose in future years budget requests."⁸⁶ In FY09, the DOD requested \$100 million in CCIF as part of its *Building Global Partnerships* proposal.

Parallel Authority

The purposes added to the CCIF statute parallel the CERP program at DOD, the existing DOD authority to provide humanitarian and civic assistance (OHDACA) under 10 USC 401, and ESF, DA, OTI, and the proposed S/CRS initiative at State/USAID.

Budget History

Combatant Commander Initiative Fund (\$ in millions)									
	2002	2003	2004	2005	2006	2007	2008	2009	Total
Appropriated	\$25	\$25	\$45	\$50	\$50	\$50	\$50	-	\$175

* CCIF funding for FY 2009 has not yet been appropriated.

Recommendations

The CCIF was not intended, nor should it be used, to support humanitarian and civic assistance and reconstruction assistance, which is the domain of the civilian foreign policy agencies. We recommend striking sub-section (b)(6) - "humanitarian and civic assistance

⁸³ CJSI 7401.02D, "Combatant Commander Command and Control Initiatives Program," *Defense Technical Information Center*, 31 October 2007. Accessed on 3/17/08 at http://www.dtic.mil/cics_directives/cdata/unlimit/7401_02.pdf

⁸⁴ DOD Directive 7280.4, "Commander in Chiefs (CINC's) Initiative Fund," 26 October 1993. Accessed on 3/17/08 at http://biotech.law.lsu.edu/blaw/dodd/corres/pdf/d72804_102693/d72804p.pdf

⁸⁵ P.L. 109-364 §902, "John Warner National Defense Authorization Act, 2007."

⁸⁶ Conference Report 109-702.

to include urgent and unanticipated humanitarian relief and reconstruction assistance" - from 10 USC 166a. In addition, we recommend striking sub-section (c) (3) of 10 USC 166a: "the provision of funds to be used for urgent and unanticipated humanitarian relief and reconstruction assistance particularly in a foreign country where the armed forces are engaged in a contingency operation." This will remove the duplicative funding and authorities and maintain CCIF as a tool for the Combatant Commands to fulfill the functions described in the initial authorization and guidance.

Overseas Humanitarian Disaster and Civic Assistance (OHDACA)

Context

The relatively small OHDACA account at DOD was authorized in 1987 and is dedicated to providing humanitarian and civic assistance to foreign countries through three programs: the Humanitarian Assistance (HA) program, the Humanitarian Mine Action (HMA) Program and the Foreign Disaster Relief and Emergency Response (FDR/ER).⁸⁷ OHDACA funds are two-year appropriations that provide the DOD flexibility to respond to unforeseen disasters. Funding for OHDACA has historically been in the \$50-60 million range, with supplemental appropriations passed to fund emergency operations needed to cope with natural disasters. Currently, DOD is seeking to amend the OHDACA humanitarian assistance authorization (10 USC 2561) to expand DOD's authority to provide relief for stabilization purposes worldwide.⁸⁸

Parallel Authority

The Office of Foreign Disaster Assistance (OFDA) in USAID provides parallel assistance responding to international disasters through the International Disaster and Famine Assistance (IDFA) account. In FY 2006, OFDA responded to 76 disasters in 55 countries. Such disasters included droughts, floods, earthquakes, and health emergencies.⁸⁹ OFDA coordinates closely with DOD in executing this program.

Budget History

Overseas Humanitarian Disaster and Civic Assistance (OHDACA) (\$ in millions)									
	2002	2003	2004	2005	2006	2007	2008	2009	Total
Appropriated	49.4	94.5	94.2	175.8	60.8	63.2	103	-	640.9

⁸⁷ OHDACA funding for FY 2009 has not yet been appropriated.

Recommendations

OHDACA has been an invaluable tool in supporting global relief efforts. The U.S. Pacific Command's response to the massive Indian Ocean Tsunami on December 26, 2004, used OHDACA funds to quickly provide supplies and relief to the affected areas. However, OHDACA's authority and funding should not be expanded to cover stabilization and reconstruction operations. No additional authority is needed at State/USAID to cover these needs, beyond the previous proposals and supplemental funding needed to cope with unforeseen disasters.

⁸⁷ Defense Security Cooperation Agency, "Overseas Humanitarian, Disaster and Civic Aid (OHDACA) Appropriation," DSCA, Accessed on 3/19/08 at: <http://www.dsca.mil/programs/HA/OVERSEAS%20HUMANITARIAN%20DISASTER%20AND%20CIVIC%20AID.pdf>

⁸⁸ Department of Defense, "FY 2009 Proposed Legislation," 7 February 2008, p. 109-110. Accessed on 5/16/08 at: http://www.dod.mil/dodgc/oic/docs/FY2009_NDAA_BillText.pdf

⁸⁹ USAID, OFDA FY 2006 Annual Report

Train and Equip (Iraq Security Force and Afghan Security Force)

Context

The lawlessness and instability following the missions of Iraq and Afghanistan led the U.S. military to develop programs to rebuild the Iraq and Afghan security forces. Officials hoped to transition security responsibilities from the U.S. military to indigenous military forces. Therefore, in November 2003, Congress appropriated \$150 million to "provide assistance only to the New Iraqi Army and the Afghan National Army..."⁹⁰ As the security situation in Iraq and Afghanistan deteriorated, funding increased dramatically peaking at nearly \$13 billion in 2007. Authorization was formalized in 2005 as "Iraq Security Forces Fund" and "Afghanistan Security Forces Fund" respectively.

Authority for these funds comes from Section 1209 of the 2006 National Defense Authorization Act, and Section 1202 of the John Warner National Defense Authorization Act, 2007.

Parallel Authority

The Iraq and Afghanistan Security Forces Fund parallels the existing State Department Foreign Military Financing program. Annual appropriations for Foreign Military Financing range from \$4-5 billion.

Budget History

Iraq and Afghanistan Security Forces Fund (\$ in millions)							
	2004	2005	2006	2007	2008	2009*	Total
Appropriated	150	7,485	5,415	12,900	5,750	3,000	\$34,700

*Initial funding for FY 2009 is appropriated through the June 30, 2008 supplemental FY 09 Bridge Fund (P.L. 110-252).

Recommendation

Spending for the Iraq and Afghanistan Security Forces funds are large and have been criticized for inadequate oversight and poor accounting. A recent GAO report found that the DOD could not account for at least 190,000 weapons.⁹¹ As activities in these two countries evolve, we recommend that these two programs remain at DOD. As funding declines and the security forces of these two countries acquire the capacity to provide adequate security, Congress will want to consider folding a residual program into a reformed FMF program under State Department authorities and guidance.

⁹⁰ P.L. 108-106 §1107, "Emergency Supplemental Appropriations for Defense and for the Reconstruction of Iraq and Afghanistan, 2004", November 2003.

⁹¹ Government Accountability Office, *Stabilizing Iraq: DOD Cannot Ensure That U.S.-Funded Equipment Has Reached Iraqi Security Forces*, GAO-07-711, July 2007.

Other Considerations

Human Resources Management

Resources - human and financial - are not by themselves enough. State's personnel management practices must reflect the expanded responsibilities and a global operating environment that itself has changed fundamentally from the Cold War period on which State's operating models are still based. Among the four categories considered in this paper, core diplomacy has been considered the most central function of the Department and even that area has changed in important ways, driven by the rise of such areas as multilateral and global issues. The mechanics of the personnel system must provide individuals with the skills and incentives to carry out the expanded functions and purposes of all of the categories examined, and the culture of the Department of State must accept those new or expanded functions as legitimate and important.

The Kennedy administration (and every President since) has given every Ambassador a letter confirming the Ambassador's authority to direct all elements of the U.S. government in the Ambassador's country of assignment. While divisions remain in Washington, for over 40 years the best Ambassadors and Deputy Chiefs of Mission have understood the important roles State, AID, USIA and other federal agencies play at post and have worked to ensure that they operated collaboratively under the Ambassador's authority. Despite the reality that significant progress has been made in this area, widespread perceptions remain that the Department has generally declined to acknowledge the importance of foreign assistance and public diplomacy as integral parts of the U.S. foreign policy mission. Many Foreign Service Officers, especially those who have served in Iraq, Afghanistan, on PRT's, in anti-narcotics programs and in other difficult assignments involving non-traditional functions, would consider that perception dated. All of this being said, more needs to be done.

Other nontraditional policy areas are an increasingly central part of U.S. global engagement. It is critically important that State emphasize efforts to recruit, train, and provide relevant career experiences and incentives for talented individuals who can assume these responsibilities as part of their diplomatic careers.⁹² The possible steps to accomplish this include:

- Recruitment practices attuned to emerging needs, including the use of specialist, mid-career appointments, waivers for the Foreign Service's strict time in class and "up or out" promotion system, and limited appointments as necessary;
- Expanded training, often mandatory, including current management and leadership training at each level as well as training in strategic planning and program development, implementation and evaluation;
- More effective coordination of the assignment process to ensure that individual preferences are balanced with overall systemic needs and best use is made of available human resources;
- Strong emphasis on assignments out of cone and details outside the Department of State, for example to USAID, DOD and Treasury, as well as working in multifunctional units or directly in development or Public Diplomacy. Such tours should be mandatory requirements in the Department's Career Development Program and in promotion precepts to cross the senior threshold;

⁹² For a similar argument, in more detail, see p. 35-36 of *State 2025*.

- Refined performance measurements and accountability, based on specific skills, goals and objectives, are developed for each employee;
- A promotion system that provides a proportionate opportunity for advancement for those individuals carrying out these broader responsibilities; and,
- Real opportunities for advancement to senior ranks for the full range of State personnel.

In sum, the mechanics of personnel operations must serve overall system needs. The culture of the State Department and Foreign Service must also continue to evolve to reflect new realities. For success to occur, underpinning all these efforts must be a strong and sustained emphasis on their importance by State's senior leadership.

USAID has also seen its mission change significantly, as described in the section of the paper devoted to that agency. Its culture and operations, and the human resources function that supports them, must be realigned to reflect its role as a fully integrated element of a broadened and more coherent national foreign policy.

Interagency Coordination

The expanding international role of other federal agencies in recent years has meant that the Department of State is also facing a coordination challenge. The Department should be working more closely in this area with the NSC and OMB to ensure effective coordination of U.S. foreign and national security policy. Enhanced coordination is necessary for success in at least two of this report's focus areas:

- Foreign economic assistance programs are carried out by more than 20 federal agencies, fewer than half of which lie under the authority of the Secretary of State and the Director of Foreign Assistance. These include programs planned and implemented by Health & Human Services, Treasury and others, as well as security assistance programs under the direction of DOD. While coordination and communication regarding such programs does occur between State and other agencies, it is often imperfect and is mostly *ad hoc*.
- The new civilian surge capacity for reconstruction and stabilization will draw on expertise located in a number of domestic agencies (Agriculture, Justice, etc.) for its Standby Response Corps. State has established an interagency management system to provide coordination and has set up a process by which country-specific operations will be overseen by interagency groups jointly chaired by the State regional assistant secretary, a director from the NSC and the State Coordinator for Reconstruction and Stabilization. As this process is used, it will need to be reviewed to determine whether it provides the types and numbers of people needed to make the surge capacity successful and whether coordination is being done at the right level.

Organization

Significant agency organizational issues were outside the scope of this study and thus were not reviewed for the purposes of this paper. We note the existence of credible work already done, and more underway, in recommending or examining a number of options for reorganizing the U.S. government foreign affairs apparatus, particularly in terms of Public Diplomacy and Foreign Assistance.⁹³ Our purpose has been to determine staffing

⁹³ See, e.g.: AAD Task Force report, *American Diplomacy for a Changing World*, November 2004; *Changing Minds, Winning Peace*. Washington D.C.: Report of the Advisory Group on Public Diplomacy, 2003; *Final Report*

and underlying financial needs related to specific diplomatic functions. None of the most likely organizational alternatives to the present configuration could be expected to reduce staffing requirements below the target levels we have identified. Without additional staffing – in terms of both numbers and competencies – the more effective conduct of diplomatic activities that is our goal and purports to be that of every serious reorganization concept now being considered, will not be achieved.

Overseas Administrative Staffing

Quality administrative support is clearly critical to successful conduct of diplomatic work abroad. The Department provides such support to most USG agencies within the statutory⁹⁴ framework of the International Cooperative Administrative Support Services (ICASS) mechanism, which “gives posts the authority to determine how services are delivered, at what cost ... by whom ... and incorporates a full-cost recovery system ...” The Academy assumes that there will be a need for additional administrative support services and/or staff abroad commensurate with its recommended increases in core, public, assistance and post-conflict diplomacy, but believes that ICASS has become effective during its decade-plus evolution, and accordingly finds it inappropriate to attempt to prescribe any specific service configuration. Accordingly, the Academy has built full ICASS funding into its recommendations, expects that any added administrative support personnel overseas will be funded through ICASS cost-recovery, and proposes that specific administrative support staffing and service modalities be decided on the “locally-empowered” basis referred to in applicable regulation.⁹⁵

Fiscal Environment

Projected federal deficits suggest that the fiscal environment will be constrained for several years. Some will suggest that the budget increases we propose are not possible, or need to be offset by other spending cuts, either in Function 150 or elsewhere in discretionary spending. We would argue that our proposed increases would have a minimal impact on the overall federal deficit. As Secretary of Defense Robert M Gates said in a speech on July 15, 2008:

It has become clear that America’s civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long – relative to what we traditionally spend on the military, and more importantly, relative to the responsibilities and challenges our nation has around the world...Because the numbers we are talking about are relatively small compared to the rest of government, a steep increase in these capabilities is well within reach – as long as there is the political will and wisdom to do it.

Even increases double what we propose would have a minimal impact, while not providing these funds would make only a minimal contribution to deficit reduction. It is our view that not providing these additional resources will ultimately lead to crisis spending, downstream, that will surpass the increments we are proposing. Therefore, we urge that these increases be provided without offsets. No current budget rules prevent such

of the State Department in 2025 Working Group, Advisory Committee on Transformational Diplomacy, U.S. Department of State, 2008, The HELP Commission Report: Beyond Assistance, Washington D.C.: December 2007.

⁹⁴ P.L. 104-208.

⁹⁵ 6 FAM 911.4

funding from being provided. If offsets are deemed necessary, we would urge that they not be provided from other reductions in International Affairs budgets.

APPENDIX

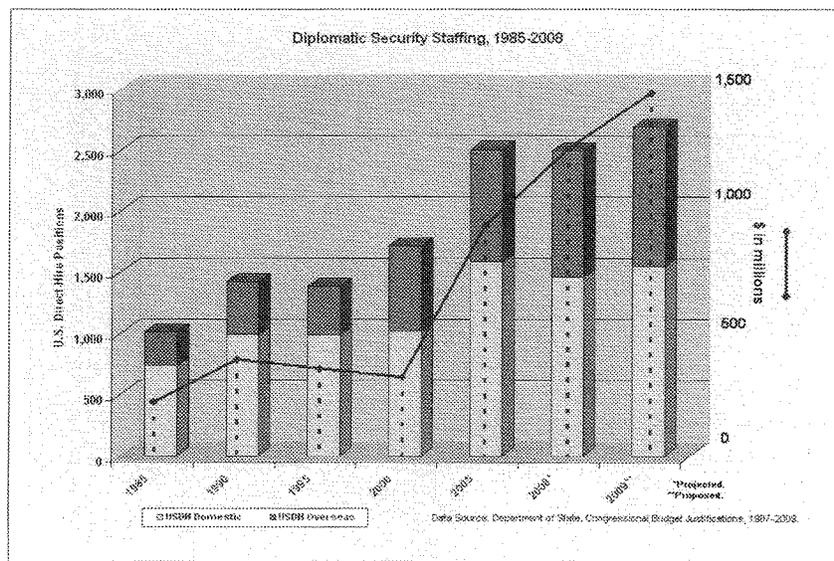
A. SCIENCE AND TECHNOLOGY STAFF DEPLOYMENTS

Possible Additional S&T Staff Deployments (Existing locations in bold *Hub location)					
AFRICA			WESTERN HEMISPHERE (cont.)		
Ethiopia*	Addis Ababa	1	Trinidad and Tobago	Port of Spain	1
Rwanda	Kigali	1	Uruguay	Montevideo	1
Kenya	Nairobi	1			
Botswana*	Gaborone		EUROPE		
South Africa	Pretoria		Austria	Vienna/UNVIE	2
South Africa	Cape Town	1	Belgium	USEU	2
Congo	Kinshasa	1	Belgium	USNATO	1
Ghana*	Accra		Denmark*	Copenhagen	
Nigeria	Abuja		France	Paris	1
			France	IEA	1
			France	OECD	
EAST ASIA/PACIFIC			Hungary*	Budapest	
Australia	Canberra		Iceland	Reykjavik	1
Burma	Rangoon	1	Italy	Rome	1
Cambodia	Phnom Penh	1	Russia	Moscow	1
China	Beijing	2	Spain	Madrid	
China	Chengdu	1	Switzerland	Geneva	1
China	Hong Kong	1	Turkey	Istanbul	1
China	Shanghai	1	Ukraine	Kiev	1
Fiji*	Suva		United Kingdom	London	1
Indonesia	Jakarta	2			
Japan	Tokyo	1	MIDDLE EAST/NORTH AFRICA		
Korea	Seoul	1	Algeria	Algiers	1
Laos	Vientiane	1	Egypt	Cairo	1
Malaysia	Kuala Lumpur	1	Iraq	Baghdad	
Mongolia	Ulaanbaatar	1	Israel	Tel Aviv	
New Zealand	Auckland	1	Jordan*	Amman	1
Papa New Guinea	Port Moresby	1	Kuwait	Kuwait City	1
Philippines	Manila	1	Morocco	Rabat	1
Singapore	Singapore	1	Oman	Muscat	1
Taiwan	Taipei		Qatar	Doha	1
Thailand*	Bangkok	1	Saudi Arabia	Riyadh	1
Vietnam	Hanoi		Tunisia	Tunis	1
Vietnam	Ho Chi Minh City	1			
WESTERN HEMISPHERE			SOUTH/CENTRAL ASIA		
Argentina	Buenos Aires		India	Mumbai	1
Barbados	Bridgetown	1	India	Hyderabad	1
Brazil*	Brasilia		India	New Delhi	1
Brazil	Sao Paulo	1	India	Chennai	1
Canada	Ottawa	1	Kazakhstan*	Astana	
Canada	Vancouver	1	Nepal*	Kathmandu	
Chile	Santiago		Pakistan	Islamabad	1
Colombia	Bogota	1	Uzbekistan	Tashkent	1
Costa Rica*	San Jose	1			
Ecuador	Quito	1			
El Salvador	San Salvador	1			
Guatemala	Guatemala City	1			
Haiti/DR	Santo Domingo	1			
Mexico	Mexico City	1			
Peru	Lima	1			

B. DIPLOMATIC SECURITY

State's current Diplomatic Security staffing posture has evolved since 1986, beginning with enactment of the Diplomatic Security and Antiterrorism Act of that year (P.L. 99-399). Prior to this, funding for Diplomatic Security (DS) totaled just over \$200 million, and staffing just over 1,000. For FY 2007, Diplomatic Security appropriated funding totaled \$1.055 billion, and U.S. Direct-Hire staff totaled 2,388, of which 1,462 were based in the U.S. and 926 overseas, in 25 U.S. cities and 159 locations abroad, respectively.⁹⁶ All DS Agents are members of the Foreign Service, regardless of duty station, all have domestic arrest authority, and all benefit from Law Enforcement Availability Pay (LEAP).

The following chart illustrates DS funding and staffing trends over the last two decades. The indicated funding levels are separate and distinct from amounts provided for capital costs related to construction of new secure embassies and consulates. They are also separate from State Department Core Diplomacy funding and staffing figures elsewhere in this paper:



In addition to the above, 401 foreign national direct-hire positions were attributed by State to appropriated-fund Diplomatic Security work in FY 2007. An additional 148 USDH Diplomatic Security positions were funded by means of \$38.3 million in Border Security fees collected by the Department in 2007, using authorities effectively unavailable to the Department prior to the mid-1990s. For 2009, State has proposed increasing this to 370 positions, at a cost of \$79.8 million.

⁹⁶ U.S. Department of State, *Congressional Budget Justification, 2009*, and www.diplomaticsecurity.gov (Bureau of Diplomatic Security home page).

For budget purposes, State's Diplomatic Security activities can be grouped into three subsets, as follows:⁹⁷

- **Protection of U.S. Government personnel and facilities**
 - Development and implementation of programs that shield U.S. missions and residencies overseas and more than 100 domestic State Department facilities, from physical and technical attack.
 - Formulation and execution of plans to deal with emergency contingencies, ranging from hostage situations to evacuations.
 - Monitoring and analysis of intelligence on terrorist activities and threats directed against the Secretary of State, senior U.S. officials, visiting foreign dignitaries, resident foreign diplomats, and foreign missions in the United States.
- **Counter-terrorism and law enforcement**
 - Liaison with foreign police and security services overseas in support of U.S. law enforcement initiatives and investigations, significantly on behalf of other U.S. federal, state, and local agencies, aimed at locating and apprehending fugitives who have fled the United States.
 - Real-time assessment and longer term evaluation of threats to U.S. interests from terrorism, political violence, and crime.
 - Domestic investigation of passport and visa fraud violations.
- **Information Security**
 - Monitoring, prevention and negation of electronic threats directed toward embassies, information systems security, education of employees on counterintelligence and possible vulnerabilities that might be exploited by foreign intelligence agencies, and investigation of alleged espionage incidents and damage assessments of confirmed acts of espionage.
 - Secure movement of classified U.S. government material, equipment and construction materials bound for sensitive posts.
 - Background investigations on job applications, employees and contractors, in support of determination of suitability for employment, as well as levels of access to classified information.

The Department's most recent internal analysis of domestic staffing requirements projects Diplomatic Security workload growth ranging from 18 to 27% during the triennium through 2009, absent any workload restructuring resulting in efficiency or productivity gains.⁹⁸

⁹⁷ Extracted from: *Diplomatic Security: 2007 Year in Review*, Department of State, Bureau of Diplomatic Security, April 2008, and www.diplomaticsecurity.state.gov.

⁹⁸ Department of State, Bureau of Human Resources, *Domestic Staffing Model, Phase 3 Report*, March 2007, Table 6-2.

C. PUBLIC DIPLOMACY AT DOD

Following the recommendation of the 2005 Quadrennial Defense Review, a Strategic Communication Integration Group (SCIG) was formed within the Department of Defense and a strategic communications road map was produced. In April, 2007 Dr. Michael Doran was named as Deputy Assistant Secretary of Defense-Support for Public Diplomacy in the Office of the Undersecretary of Defense (Policy).

In a speech early in 2008 Dr. Doran said:

The office that I head was established over a year ago. ... It represents a growing awareness in the Department of Defense that we have a public diplomacy role to play; it represents an awareness that you can't conceive of military operations in isolation from other forms of national power...that you have to take into consideration the public diplomacy of any operation at the takeoff, from the beginning.

DOD bases its authorities for conducting public information on Title 10 of the U.S. Code. These authorities cover the following information operations: Public Affairs; Visual Information; Defense Support to Public Diplomacy, and Information Operations, including Psychological Operations. In terms of determining how far down the chain of command a particular congressional authority is delegated, in practice it has been the commander has the final say.

DOD's decision to develop its own public diplomacy effort may originate, at least in part, from disappointment with the State Department's perceived inability to obtain foreign public opinion approval for U.S. responses to terrorist actions and threats and the wars in Iraq and Afghanistan. DOD has long been concerned with the number of State Department clearances required before a proposed action is approved or disapproved. For instance when a combatant commander proposes an initiative in his region, he may have to seek concurrence from several U.S. ambassadors in the region rather than being able to speak to one regionally based authority or a single Washington official. From the DOD perspective this arrangement inhibits timely decisions and stymies implementation.

What has DOD actually accomplished in its PD efforts? It's hard to tell. Interviews with active duty and retired military personnel and State officials and additional research failed to reveal facts on how much funding and personnel DOD devotes to Public Diplomacy. The interviewees made clear that throughout DOD there remains uncertainty concerning a clear definition of "public diplomacy". This suggests that at this point there may have been more discussion on the terminology rather than action.

For instance DOD officials' congressional testimony has focused on what PD practitioners might call public affairs activities on humanitarian operations, e.g. Pakistan earthquake relief and aiding the departure of American citizens from Lebanon during 2006 hostilities.

DOD has not fully explained publicly its early 2008 dissolution of the Strategic Communications Integration Group (SCIG). This decision reportedly has upset members of the House Armed Services committee who are strong supporters of DOD strategic communications. The dissolution was viewed as a major setback to coordination of "Strategic Communication/PD" efforts.

In May, 2008 the House of Representatives passed their version of the FY-2009 National Defense Authorization Act (HR 5658). The bill would establish a Strategic Management

Communications Board--an advisory board appointed by the Secretary of Defense. The Board would consist of representatives from throughout the government including State, USAID and the Broadcasting Board of Governors (BBG). The companion Senate bill does not have similar language. If the Senate Armed Services Committee adopts similar language and the measure passes both chambers this could further complicate the DOD-State relationship as to leadership in international PD efforts.

Conclusion

The lack of precise public information about DOD's PD activities, budget and personnel levels makes it virtually impossible to determine whether DOD PD programming is encroaching on State's authority.

Recommendation

When new State and DOD leadership are in place after the next Administration takes office in January, 2009, an inter-agency meeting should be convened by State at the Deputy Secretary level to prepare an inventory of USG international public diplomacy assets and activities. If DOD is conducting PD activities outside of combat zones, the authority to conduct these activities should be returned to the State Department.

At the same time, there should be State/DOD discussions on tangible ways of increasing mutual effectiveness through closer coordination, increased cross training and assignment opportunities and cost-sharing arrangements.

D. BROADCASTING (BBG)

Under the supervision of the Broadcasting Board of Governors (BBG), the International Broadcasting Bureau (IBB) provides administrative and engineering support for U.S. government-funded non-military international broadcasting services. IBB and BBG were established as independent federal government entities in 1999. The Secretary of State is an ex-officio BBG member but has no direct authority over BBG's budget or operations.

The BBG and IBB oversee: Voice of America; Radio Free Europe/Radio Liberty; the Office of Cuba Broadcasting; Radio Free Asia and the Middle East Broadcasting Networks (*Alhurra*, *Radio Sawa* and *Radio Farda*). The Administration's FY-2009 request for the BBG is \$ 699.5 million, a 2.6% increase above the FY-2008 budget.

The IBB uses radio, television and Internet programming, essential USG public diplomacy tools, to inform global audiences of the day's regional and international news; U.S. government policies and developments in American society. During the Cold War, broadcasting services, especially VOA and Radio Free Europe/Radio Liberty, played a prominent role in keeping the peoples of the Soviet Union and Eastern Europe fully informed about developments in their own countries and the world and communism's failures. Today's critical stories, be they repression in Darfur, Zimbabwe, Tibet or Georgia, terrorist acts or natural disasters with political overtones such as occurred in Burma and China, need to be reported accurately, in depth and in timely fashion to the citizens of those countries and the world.

The combination of inadequate funding over several years to cover rising operational expenses (especially in television); the dollar's weakness, and the Congressionally-mandated establishment of new broadcast services in recent years have compelled the BBG to eliminate or scale back several language services. The BBG through annual reviews has identified those areas where it urgently needs funding and staffing increases if it is to maintain its place among the top rank of international government-sponsored broadcasters.

Recommendation

Given the valuable role USG broadcasting plays in many public diplomacy efforts, it seems likely that on certain occasions the BBG might request active State Department support for a funding request or programming initiative. If the Department determines that the specific request will help further U.S. foreign policy objectives, it may wish to weigh in with public support to the OMB and/or Congress.

At the same time the Department should be pro-active in seeking opportunities to do interviews on the stations operated by the BBG and should consider regularly briefing reporters from VOA, RFE/RL and the other USG-funded stations on U.S. policies as they relate to current international developments.

E. USAID STAFFING METHODOLOGY**1. Overseas Staffing is Based on:**

- Three sizes of mission, based on program size:
 - Large, where program exceeds \$30m per year;
 - Medium, where program is between \$10m and \$30m per year;
 - Small, where program is between \$3m and \$10m per year; and,
 - Posts with programs below \$3m per year are non-presence.
- There are also provisions for regional hubs and regional satellites:
 - Hubs are centers that provide program and administrative support to country missions and may also manage regional programs. USAID currently has hubs in each region where it operates; and,
 - Satellites are mini-missions for small programs, usually consisting of only one U.S. Direct-Hire.
- Staff increases are provided for special case countries:
 - Countries in crisis (humanitarian or other); and,
 - Regional linchpins (countries of strategic importance).
- Operations requirements (senior management, program direction, legal, finance, contracts, administration) are standardized according to program size (see mission sizes above) and adjusted for special case situations, such as countries in crisis or strategic importance of country. U.S. operations staff ranges from 2-3 in small missions to 16-20 in the largest missions.
- Requirements for technical officers (managers and technical experts) are based on program size by type of program, and are again adjusted for special case countries. The program rations are the same for similar technical programs regardless of whether financed from development accounts, ESF or other program accounts. If programs become extremely large (as in the case of some PEPFAR activities), the proportions are changed to assume staff will oversee larger amounts of money per capita. Relation of staff to program size assumes that some technical personnel will not manage programs, but will facilitate development activities funded in whole or in part with non-USAID resources.
 - For health programs, one "employee" would be provided for each \$1.5 million in program size. The "employee" consists of 25% FSO, 66% FSN and 9% short-term non-DH, such as a PSC. Thus, a \$15 million health program would require a total of 10 employees, approximately 3 FSOs, 6 FSNs and 1 PSC.
 - For economic growth programs, one "employee", defined the same way, would be provided for each \$1.3 million in program size. Thus, a \$13 million economic growth program would require a total of 10 employees, divided as in the previous case; and
 - USAID's third major program area incorporates democracy and humanitarian assistance. The same ratios are used in this category as for economic growth.
- Adding together the operations and technical management staffs, large missions would have between 20 and 30 USDH, medium missions 10 to 20 USDH, and smaller posts only 5 to 10 USDH. A few larger missions would be staffed at higher levels because of extraordinary requirements (e.g., Iraq, Sudan) and regional support centers (providing technical, administrative and legal services to smaller

posts) would also be staffed at levels of 25-30 FSOs. Large missions would contain some junior posts in both operations and technical areas to serve as training positions.

- Foreign Service National (FSN) employees, almost all of whom are PSCs, are not factored into the staffing levels for the purpose of this exercise but their costs are included. USAID expects that, given a doubling of FSOs at field posts, the number of FSNs would increase by about 30%.

2. Headquarters Staffing

- USAID headquarters consists of the Office of the Administrator, regional bureaus, pillar (or technical) bureaus, a management bureau, a bureau for legislative and public affairs, a legal office and an office of the Inspector General, plus several specialized staffs. The USAID policy bureau was largely moved to the State F area. All other existing bureaus remain.
- Headquarters staffing is a combination of FSOs, civil service and non-direct hire (PSCs and other). Proportion varies by type of bureau.
- **Regional bureaus** consist largely of geographic offices with desks for each recipient country or group of countries. They also include small technical liaison and administrative management staffs. The size of each bureau is based on the number of programs and the type/complexity of country programs (one desk officer per country, more if mission is a regional hub or linchpin). Senior management is 50% FSO, 50% GS; other categories of staff are primarily GS.
- **Pillar bureaus** (one each for Economic Growth, Health and Democracy/Humanitarian Assistance) manage headquarters programs and provide technical support and backstopping to all field missions. The size of each is a function of overall program size. Staff of these bureaus is carried out with the following proportions: FSOs, 11%; civil service, 34% and temporary staff (PSCs and other) 55%.
- **The Management Bureau** and other headquarters bureaus and offices base staffing levels on appropriate metrics (staff served for HR; financial transactions for Finance, contract/grant volume for the Procurement Office), and comparisons are done with other federal agencies to assure that levels are in line. Most of the staffing in these bureaus and offices is civil service, but rotational assignments for FSOs are maintained in each professional area relevant to the Foreign Service.
- **Complements** are maintained for the FSO (15%) and civil service (2%) to cover longer term training, rotations, details to other agencies, health problems and other situations.

F. MILLENNIUM CHALLENGE CORPORATION (MCC)

The Millennium Challenge Corporation (MCC) was established in January, 2004 as a new U.S. government bilateral economic assistance agency. It is a government corporation run by a Board of Directors of which the Secretary of State is the chair.

The Corporation is based on the principle that assistance will be most effective when it reinforces good governance, economic freedom and investments in people. To qualify for funding from the MCC, provided as a result of a bilateral agreement known as a "compact," countries must satisfy a number of criteria based on indicators of progress relating to governance, economic policies and social sector performance. Countries that have made progress but do not yet meet the criteria are eligible for "threshold" programs, funded by the MCC but administered by USAID. These programs are intended to help the countries become eligible for full "compact" status. Once a country reaches that status, the programs are largely run by the country itself with oversight by the MCC.

Currently, the MCC has active compacts with 16 countries and expects to complete two more before the end of FY 2008. Each compact is planned to run for five years. The average size of compacts approved over the past two years is about \$490 million. Programs undertaken under the compacts include economic growth activities, such as agricultural development and road construction, and social sector programs in the fields of education and health. The total budget for the MCC was \$1.8 billion in 2007, is \$1.5 billion in 2008 and \$2.2 billion has been requested for 2009. For the past few years, Congress has reduced the MCC's request because of slower than planned growth in the program.

The MCC staff is headquartered in Washington; domestic staff, which currently totals 276 and is limited to 300 by Executive Branch agreement, is civil service except for senior executives who are non-career. Overseas presence consists of two MCC U.S. direct-hire staff in each compact country, employed under Schedule A of the federal personnel regulations (non-career civil service) for the five-year duration of the compact with the country within which they serve.

G. THE PRESIDENT'S EMERGENCY PROGRAM FOR AIDS RELIEF (PEPFAR)

The PEPFAR program, an initiative of the current administration, was authorized in PL 108-25, signed into law on May 27, 2003. It provided a five year authorization for the new program. Through 2007, a total of \$12.2 billion was obligated and the PEPFAR operational plan for 2008 calls for the commitment of an additional \$6 billion. A similar amount was requested for FY 2009. The program has been reauthorized by a bill signed into law on July 30, 2008 which provides authority for up to an additional \$39 billion for HIV/AIDS programs over the next five years.

The program is overseen by the Office of the Global AIDS Coordinator (S/GAC), located in the Department of State but with reporting responsibilities to both the President and the Secretary. The Office has a staff of 28 and administrative costs for the Office are estimated at \$12.9 million in 2008.

The program includes both bilateral programs and contributions to multilateral funds. Bilateral programs are managed primarily by USAID and by the HHS Centers for Disease Control, though other field programs are overseen by the Departments of State, Defense, Labor and Commerce and by the Peace Corps. The staff who manage the programs are employed by their own agencies and are therefore not "PEPFAR" employees. USAID currently has bilateral AIDS programs in 50 countries, and has established seven regional centers which oversee programs in an additional 50 countries. HHS/CDC maintains presence in 29 countries as part of PEPFAR teams.

The PEPFAR staffing implications for Function 150 agencies (State, USAID) have been built into prior and current year estimates and requests. Significant increases in funding levels for HIV/AIDS activities for which these agencies are responsible could require additional staffing.

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21st Century Workforce Hearing
Questions for the Record
Submitted by Ranking Member Kay Granger for Ambassador Prudence
Bushnell

1. The report of the Embassy of the Future Commission calls for new Resources for personnel, technology, and information sharing, new and expanded facilities world-wide, and additional staff training. As the Congress considers these recommendations, and seeks to strike a responsible balance between new personnel and expanded programs, which of the resource recommendations do you consider the highest priority?

Answer:

Ranking of resource needs:

Increased personnel (enough to staff positions AND permit training and development opportunities) 2. Increased staff training 3. Technology 4. Information sharing 5. Facilities

2. As the Department of State and USAID begin to recruit new Foreign Service Officers as part of their staffing initiatives, what changes might need to be made to recruitment and screening tools, such as the Foreign Service exam, to ensure new employees are ready and willing to face tough diplomatic assignments abroad?

Answer:

The Foreign Service is a dangerous profession. A statistically valid survey conducted in 2004 found that over 60% of employees overseas with five years or less experience had confronted a crisis situation (as defined in the Foreign Affairs Handbook, i.e. natural disaster, chem-bio attack; terrorist attack; political unrest, etc). Among the population of Foreign Service generalists with 15 years, that statistic rose to 87%. Since 2004, the dangers have only increased.

Everyone who joins the Foreign Service needs to understand the realities that await them, including the fact that he/she may be separated from family for up to a year. The State Department, OMB and Congress also need to readjust their perceptions and funding priorities so that employees are given the proper training, force protection and family care to maintain an effective workforce. Looking at the recruitment and screening procedures, benefits and resources of other dangerous professions may provide more specific details.

3. One of the criticisms of civilian agencies is their inability to function effectively in high-risk zones as a result of stringent security standards and requirements. At the first sign of insecurity, civilian responders are forced to depart, in some cases abandoning their vital work. Some reports suggest that U.S. civilian agencies

need a paradigm shift from risk avoidance to risk management. Do you agree and what steps are needed to adopt this new paradigm? In your opinion, what is the right balance between securing personnel and allowing staff greater "in the field" engagements?

Answer:

Civilians without guns deserve the same -- even greater -- consideration to force protection as our military colleagues with guns. There exists today an unacceptable double standard aptly represented by this question. Why should civilians be criticized for leaving high risk zones? Would we keep combat troops in high risk zones without protection? I think not.

The central issue is how to minimize the risk to civilians in dangerous places. Please refer to my oral testimony to the sub-Committee for specific suggestions about how to do that. They include sending only those people whose skills are needed and giving them state-of-the-art technological tools, access to intelligence and support for autonomous decision-making. Too often it is Washington calling the shots. Obviously, civilians also need adequate force protection.

I return to the premise that the work of the Foreign Service continues to be misconstrued. Were we to shift the paradigm to accept that this is and will continue to be dangerous work and that our government has a responsibility to do its part, I am convinced that we can find way to operate effectively in high risk places. I would be happy to work on such a project should the resources be made available to fund the recommendations.

I thank members of the Sub-committee for considering this important issue.

Prudence Bushnell
Ambassador (Ret.)

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