

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2015**

TUESDAY, APRIL 8, 2014

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

The subcommittee met at 10:17 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Landrieu, Coons, Graham, Coats, Johanns, and Boozman.

**UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT**

STATEMENT OF DR. RAJIV SHAH, ADMINISTRATOR

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Good morning.

We are meeting today to hear testimony from Dr. Rajiv Shah, who is the Administrator of the U.S. Agency for International Development, to discuss USAID's fiscal year 2015 budget request. Dr. Shah, thank you for being here.

USAID, like every Federal agency, needs to adapt to a changing world, and so does Congress. If we want to do that effectively, we need a shared understanding of USAID's core purpose.

I have always assumed it is sustainable development, and I believe, Dr. Shah, you would agree with that. But today, USAID's strength seems to be saving lives, and feeding people, technological innovation, and other such things that are unquestionably important. Many of them I strongly support: efforts to bring down the rate of maternal deaths, ways to help immunize more children; these I strongly support.

I do not want to over generalize, but these activities are often not the same as building institutions and organizations, owned and run by foreign governments and communities which, to me, is what real development, sustainable development, is about.

And while USAID's renewed emphasis on partnership is welcome, it often seems as if USAID still tends to view NGOs, or other organizations, as instruments of what USAID wants to do, not as partners.

I am optimistic about USAID Forward and its focus on country ownership, and eventually working yourselves, USAID, out of a job.

Outsiders can help. And local entities—whether governments, civil society, or private companies—need to be in charge and take responsibility for the results.

There is a lot of talk about capacity, either the lack of it or the need to build it. Of course, it is necessary to be able to set realistic goals, and do the work, and keep track of money spent. But I also know that a lot of capacity already exists, especially if we do not try to do too much, too fast.

Many local organizations may not have the clout, or the connections, or the lobbyists that big U.S. contractors or grantees have. All they have going for them is they are often better at getting results than we are. What they lack is the capacity to navigate the reams of pages of extremely technical, incomprehensibly bureaucratic USAID applications for funding. I am a lawyer. I did well in college. I did well in law school and I am benumbed by some of these applications; a lot of this is government-wide and not just of USAID's making. I worry about creating a whole new industry of high priced, capacity-building consultants. They would love the idea. We have a lot of lobbyists in this town who rely on it.

But even though there has been progress, I think after 4 years you would agree, USAID Forward has a long way to go. Local organizations may increasingly look for other models than USAID, if USAID does not make further changes in how staff is recruited, trained, and deployed to work with local organizations and institutions.

Other than responding to humanitarian crises, it makes no sense to spend money without a coherent strategy focused on sustainability. Afghanistan is probably the most egregious example of what not to do, but there are others.

Now, I say this as I also recognize that USAID has a lot to be proud of. I have seen some of those successes. I have seen your people in the field, sometimes in dangerous conditions, and I applaud you for that. But I am worried about our foreign aid programs. I am worried that they are not as relevant or effective as we may think and say they are. And we have to pay attention in this committee because it has been 25 or 30 years since we have had an authorization bill, so we have to do it here.

You inherited an Agency that had lost its bearings. I told you 4 years ago, I think I said that I did not know whether to offer you congratulations or condolences when you became the head of it. There has been progress, but we have to focus on producing sustainable outcomes.

Now, I want to mention the recent press reports on USAID's Twitter program in Cuba. I will have a number of questions about it. We should remember that while we debate what USAID is doing in Cuba, U.S. citizen Alan Gross remains in solitary confinement in his fifth year of captivity, solely because he was carrying out a USAID program which was poorly conceived and poorly implemented.

Alan Gross is confined to his cell 23 hours of every day. I have visited Mr. Gross twice. On April 3rd, he began a hunger strike to protest his detention by the Cuban Government, and the failure—the failure—of the United States Government, and this Administration, to take effective steps to obtain his release.

It is long past time for the Administration and the Cuban Government to negotiate a resolution of this ordeal so Mr. Gross can return home. Now, I am told by the Administration, “Well, if you only knew all the things we are doing.” All I know is whatever they are doing has not accomplished anything.

PREPARED STATEMENT

There is a way to resolve it, there is ample precedent for doing so, it is in our national interest, and it could be done immediately if the Administration really wants to. That is my own personal view.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

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USAID, like every Federal agency, needs to adapt to a fast changing world. So does the Congress. In order to do that effectively, we need a shared understanding of USAID’s core purpose.

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But today, USAID’s strength seems to be saving lives, feeding people, technological innovation, and other such things that are unquestionably important. Many of them I strongly support.

I don’t want to overgeneralize, but these activities are often not the same as building institutions and organizations, owned and run by foreign governments and communities, which to me is what real development—sustainable development—is about.

And while USAID’s renewed emphasis on partnership is welcome, it often seems as if USAID still tends to view non-governmental organizations (NGOs) or other organizations as instruments of what USAID wants to do, rather than as partners in their own right.

I was optimistic about USAID Forward, and its focus on country ownership and eventually working yourselves out of a job. Outsiders can help, but local entities, whether government or civil society or private companies, need to be in charge and take responsibility for the results.

There is a lot of talk about capacity—either the lack of it or the need to build it. Of course it is necessary to be able to set realistic goals, do the work, and keep track of money spent.

But I also know that a lot of capacity already exists—especially if we do not try to do too much, too fast. Many local organizations may not have the clout or connections that big U.S. contractors or grantees have, but they are often better at what they do.

What they lack is the capacity to navigate the reams of pages of extremely technical, incomprehensibly bureaucratic USAID applications for funding. A lot of this is governmentwide and not of USAID’s making, but I worry about creating a whole new industry of high-priced capacity-building consultants.

There has been progress, but after 4 years I suspect you would agree that USAID Forward has a long way to go. Local organizations may increasingly look for other models than USAID, if USAID doesn’t make further changes—from how staff are recruited, oriented, and deployed to how USAID missions get to know and work with local organizations and institutions.

Other than responding to humanitarian crises, it makes no sense to spend money without a coherent strategy focused on sustainability. Afghanistan is probably the most egregious example of what not to do, but there are many others.

USAID has a lot to be proud of. I have seen some of those successes, and I applaud you for them. But I am worried about our foreign aid programs. I am worried that they are not as relevant or effective as we may think and say they are.

You inherited an agency that had lost its bearings. I told you 4 years ago that I did not know whether to offer my congratulations or condolences. There has been progress, but we need to focus on producing sustainable outcomes.

I also want to mention the recent press reports on USAID's twitter program in Cuba, and I will have a number of questions about it. But we should remember that while we debate what USAID is doing in Cuba, U.S. citizen Alan Gross remains in solitary confinement in Havana in his 5th year of captivity, solely because he was carrying out a USAID program.

Alan Gross is confined to his cell 23 hours of every day. On April 3, Mr. Gross, who I have visited twice, began a hunger strike to protest his detention by the Cuban Government and the failure—the failure—of his own Government to take meaningful steps to obtain his release. As far as I can tell, USAID has all but forgotten about him.

It is long past time for the administration and the Cuban Government to negotiate a resolution of this ordeal so Mr. Gross can return home. Whatever past attempts have been made on his behalf have achieved nothing, and I believe in some respects they have made his situation worse. There is a way to resolve it, there is ample precedent for doing so, and it is in our national interest.

Senator Graham.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman.

This is what oversight is all about, is it not? Asking hard questions and making people justify their action, or lack of action.

From the committee's point of view, \$20.1 billion is what the USAID budget is, of about \$48 billion of foreign assistance. So it is a big part of what we do.

From an Afghanistan point of view, I think the elections have seemed to have gone very well. I know that you have people all over Afghanistan trying to build capacity that is sustainable. And I hope the American people appreciate that these elections came off because of a lot of sacrifice by Afghans, coalition forces, and people on the ground. So that is something to appreciate and, quite frankly, celebrate. We have some articles about USAID aid in Afghanistan that we would like you to comment on, Dr. Shah.

But bottom line, 4 years ago, you did inherit, for lack of a better word, a mess and I think you have done, overall, a very good job of trying to bring the private sector to partner with the Government. As Senator Leahy said, there is more to do, particularly in the faith-based area.

But the collaboration between our Government, NGOs, and the private sector, particularly in Africa, has unlimited ability. And I appreciate your willingness to reach out and form these partnerships because that makes sure that we have the highest and best use of the money that the taxpayer puts forward.

Finally, from a taxpayer's point of view, there is a strain in my party, I am sure all over America, quite frankly, that wants to disengage. And I just want to reinforce that the entire foreign operations budget is about 1 percent of Federal spending, and the world is rapidly changing. Some areas for the better; in many places, it is deteriorating. USAID is a way for the Government of the United States to have a presence without military force that, I think, can be a positive presence.

So I want to continue to support Senator Leahy's view of oversight, but also continue to support Budget Requests that make us stronger as a Nation.

So on behalf of the committee, and I think the senate as a whole, we appreciate the dangers that your people face every day, and your willingness to represent our Government and the American

values we all share in some of the most dangerous, contentious places in the world. And I look forward to hearing your testimony.

SUMMARY STATEMENT OF DR. RAJIV SHAH

Dr. SHAH. Thank you, Senator Leahy, Senator Graham, members of the committee.

I would like to start just by saying thank you to you, Senator Leahy. Your leadership on behalf of America's engagement around the world on human rights, on civil society, on supporting local institutions, and on all of the things we do in health, food, agriculture, water, sanitation, have literally helped tens of millions, hundreds of millions of people improve their lot in life all around world, and to help make our country safer and more secure.

Senator Graham, thank you for your specific leadership, especially on difficult, but important issues like Afghanistan where, I believe, we first had the chance, one of the chances, to meet out there together. And I look to you for guidance and counsel in carrying out my duties.

I also want to thank all the members of the committee. I have appreciated, and continue to appreciate, your engagement, advice, and support as we have been trying to carry out our mission.

Over the course of the last year, one of the things we did was ask 2,700 of our staff to work with us to more clearly define and articulate our mission. And today, we know that our core mission is to partner to end extreme poverty and promote resilient, democratic societies while advancing American security and prosperity.

For the first time in decades, it is now possible to envision a world without the kind of dollar-a-day poverty that robs people of their human dignity. You have supported, over the last 4 years, a significant investment in rebuilding USAID as the world's premiere development institution, and I want to say thank you for that.

Under your leadership, and with your support, we have rebuilt our staff; hired dozens of experts across a range of different areas; rebuilt our budgets in areas like food, and agriculture, and child survival; engaged and built a policy team that allows USAID to articulate America's vision for partnership to address the needs of the world's most vulnerable; and worked to expand our partner base to work with hundreds of new institutions, many local organizations, and most through direct new partnerships that enable them to drive forward success.

You have helped us ensure that we monitor and evaluate all of our major programs, going from publishing a few dozen monitoring and evaluation reports a year, to now publishing nearly 300 a year, all of which are available on an iPhone app, if you have the interest, and a long plane ride. These efforts collectively have helped us deliver comprehensive results across our major areas of investment.

And the President's fiscal year 2015 budget request for USAID focuses on, and invests, in what works in global development. The Budget includes \$1 billion for the President's Feed the Future program that now works in 19 countries, reaches 7 million farm households, gets them access to new agricultural technologies, helps to move 12½ million children who otherwise would be malnourished out of a condition of under-nourishment and towards nu-

tritional sufficiency. And has already leveraged nearly \$400 million of private investment out of the nearly \$4 billion of commitments we have secured from more than 140 companies to co-invest with us.

These efforts, together and with your support, will allow us to reduce extreme poverty in the countries where we work by more than 20 percent, and reduce the number of children who are stunted from malnutrition by an equivalent amount.

The budget asks for nearly \$2.7 billion for child survival, and over the last decade, there has been no other area of work where the United States gets a better return on investment. Having gone from having more than 11 million children die every year to 6.6 million this year, and well on our way to having that number be near 1 million in the next 15 to 20 years going forward.

In other areas—like education, water, and energy—with your support, we have crafted new partnerships, new goals, created and put forth transparent metrics, and reported on progress in a quantitative, specific, businesslike way.

Our efforts to promote disaster assistance have been taxed significantly over the past year, given the fact that we now have three Level 3 disasters around the world: In and around Syria, in the Central African Republic, and in South Sudan. I appreciate the extra efforts the committee has made to ensure that humanitarian funding exists for these efforts. And our work has been carried out to a level of excellence that we just saw in the Typhoon Haiyan response in the Philippines that was just the subject of a roundtable discussion with ASEAN Defense Ministers that Secretary Hagel and I co-chaired in Honolulu early last week.

Our work in democracy and governance helps to improve our national security, and we are actively working to support the free and fair conduct of elections in Ukraine. And I am extraordinarily proud of our Embassy and USAID mission teams that have spent 18 months working to ensure that the Afghan election was accessible, particularly to women, safe, carried out by institutions led by Afghans themselves, and had a complaints process and fraud mitigation strategy that was effectively deployed just last week as nearly 58 percent of eligible voters went to the polls.

I look forward to our discussion on Cuba because I want to talk about some of our work that is more difficult to execute, and learn from members of the committee.

And I want to conclude just by noting that I often worry about what is difficult for us. Can our country maintain a high level of political commitment so that we can lead the world in humanitarian development and global health efforts over the next two decades?

In my more than 4 years in this role, I have seen hundreds of new partnerships with private businesses, with scientists and universities, with faith communities, with leaders from congress in both the House and the Senate on both sides of the aisle. And I am convinced, especially after having the opportunity to deliver this year's Prayer Breakfast Address that, in fact, America can, should, and if we do our jobs well, will lead the world to end extreme poverty in the next two decades.

Thank you, and I look forward to your questions.
[The statement follows:]

PREPARED STATEMENT OF DR. RAJIV SHAH

Thank you Chairman Leahy, Ranking Member Graham, and members of the subcommittee. I am pleased to join you to discuss the President's fiscal year 2015 budget request for the U.S. Agency for International Development.

Four years ago, President Obama set forth a new vision of a results-driven USAID that would lead the world in development. We have since risen to this challenge, pioneering a new model of development that brings a greater emphasis on partnerships, innovation, and results. We are guided in these efforts by a new mission statement: we partner to end extreme poverty and promote resilient democratic societies while advancing our security and prosperity.

Although these goals are not new, they reflect a unique moment in development today when exciting opportunities are emerging to change what is possible. In a time of fiscal restraint, we are applying the new model to seize this moment and reach more people, save more lives, and leverage more private investment than ever before—delivering results for the American people and those in greatest need around the world.

The President's fiscal year 2015 budget responds to unprecedented development challenges, including some of the most significant events unfolding on the world stage today.

When Typhoon Haiyan swept across the Philippines, we swung into action, leading and coordinating the U.S. Government civilian and military humanitarian response and distributing life-saving aid, including highly-nutritious food products to feed hungry children and adults. In Ukraine, we remain committed to helping citizens realize the democratic aspirations that many spent months on the Maidan demanding. For nearly 20 years, we have stood shoulder-to-shoulder with the people of Ukraine, putting 1.8 million land titles into the hands of farmers and helping civil society leaders develop recommendations, including on anti-corruption, in an comprehensive reform package for the government. Many of the recommendations are being implemented through new and revised legislation.

In South Sudan, as citizens face a looming humanitarian catastrophe that will leave half the country on the brink of famine, we are racing against the clock to save lives. And as we saw just a few days ago, citizens in Afghanistan voted for a new president to lead them towards a brighter, more stable future. In support of the Afghan-owned election process, USAID provided extensive guidance on how to prevent electoral fraud, as well as capacity building support for independent domestic observers, civil society, media, and political parties to help ensure a transparent electoral process.

The budget enables us to respond effectively to these events and address the underlying causes of extreme poverty through President Obama's Feed the Future, Global Health, Global Climate Change, and Power Africa initiatives. It advances our national security by building linkages to emerging markets, strengthening democracy and human rights, and promoting broad-based economic growth. It helps vulnerable communities strengthen their resilience to crises and natural disasters. It facilitates strategic engagement in the Middle East and North Africa, as well as across the Asia-Pacific and Latin America. It also focuses our activities in Afghanistan, Pakistan, and Iraq, ensuring that we sustain the gains we have made.

Even though we work far from home, our work continues to realize benefits for our home: for opportunities we open for American businesses, the skills of our young people we help build, and the threats to our security that we help prevent. For less than 1 percent of the Federal budget, we are delivering results that shape a more secure and prosperous future for the American people and the world.

A NEW MODEL FOR DEVELOPMENT

The fiscal year 2015 budget request for USAID managed or partially managed accounts is \$20.1 billion, 1 percent below the total enacted fiscal year 2014 funding for these accounts. In this constrained budget environment, USAID is focused on maximizing the value of every dollar. Over the past 5 years, we have made difficult choices about where our work will have the greatest impact, shifting resources and personnel to better advance our mission of ending extreme poverty around the world.

Since 2010, regional bureaus have reduced program areas by 34 percent; USAID global health program areas have been phased out of 23 countries; and Feed the Future agriculture programs have been phased out of 26 countries. We are reducing

programs in countries that have turned a corner, like Mongolia, and transitioning Missions to Offices. We are shifting resources to countries in critical need and where our work has the widest impact.

Over the past 3 years, the USAID Forward reform agenda has touched upon every part of our Agency. We've revamped our budget to include more rigorous performance monitoring and impact evaluation, expanded the use of science, technology, and public-private partnerships, and improved talent management. In each area of reform, we set aspirational targets that have established a common language for success, challenged our partners, and encouraged us to step out of our comfort zone.

Taken together, these reforms have formed the foundation of a new model of development that defines the way we work around the world. With this new model, we are backing cutting-edge innovation, taking advantage of fast-moving technology, and harnessing the vast potential of the development community to achieve unprecedented results.

Today, all our major programs are independently evaluated, and those evaluations are available right now on an iPhone app—an unprecedented level of transparency. The quality of our evaluations has improved significantly, which is an important sign that we are increasingly grounding our work in evidence and data. Missions are reporting dozens of different ways that these evaluations are strengthening our programs in the field. Through an evaluation in Benin, we learned that community health programs naturally favored men in their hiring, which limited our ability to provide care to women. So we're redesigning our recruitment to help more women become community health workers.

Working closely with local leaders, governments, and organizations, we are strengthening the capacity of our partner countries to create stronger communities and brighter futures without our assistance. In 2013 alone, our emphasis on local solutions enabled us to support 1,150 local organizations in 74 countries. In the Democratic Republic of the Congo, for instance, we have worked with 12 local governments to improve their tax collection, so they can afford to pay the salaries of teachers and health workers. As a result, they have increased revenues by 95 percent since 2009.

We are also mobilizing a new generation of innovators and scientists to advance our mission. Launched last week, the U.S. Global Development Lab represents an historic investment in the power of science and technology to bend the curve of development. With \$151 million in funding, it will generate and scale breakthrough solutions to complex development challenges, while attracting private sector investment to improve the sustainability of our solutions. Already, it has generated cutting-edge inventions—including the bubble continuous positive airway pressure (CPAP), a device from Texas that can resuscitate newborns at a fraction of the price of existing machines.

To maximize the impact of the Lab, we seek new authorities from Congress. These include the ability to hire a diverse range of staff; to use development assistance funding programmed for science, technology, and innovation for all development purposes, including health; and to use a “pay-for-success” model to incentivize the best solutions from innovators around the world—all of which will help us catalyze a wave of innovation that solves the toughest development challenges on the planet.

We are increasingly focused on engaging a wide array of partners, from our longstanding partners in the development community, to faith organizations, to multinational corporations. Through our Development Credit Authority (DCA), we unlocked a record \$1.02 billion over the last 2 years alone in commercial capital to empower entrepreneurs around the world. Earlier this year, we partnered with GE and Kenya Commercial Bank to help healthcare providers buy life-saving healthcare equipment, including portable ultrasound devices and magnetic resonance imaging (MRI) machines. For the first time ever, our private sector partner is covering the cost of the loan guarantee—making this program virtually costless for the American taxpayer. To build on this success, the request seeks to increase the annual cap on loans under DCA guarantees from \$1.5 billion to \$2 billion, a measure that will enable us to ramp up high-impact projects, particularly through Power Africa.

CORE PRIORITIES

Under the leadership of President Obama, we are applying the new model to deliver unprecedented results across our work, from expanding access to mobile money to empowering women and girls to strengthening land tenure rights to safeguarding the world's biodiversity.

Feed the Future

In this request, \$1 billion is devoted to Feed the Future, President Obama's global food security initiative. After several years, Feed the Future has hit its stride—de-

livering results that are changing the face of poverty and hunger for some of the world's poorest families.

In 2012, we reached 12 million children with programs to strengthen their nutrition and helped more than 7 million farmers increase their yields through new technologies and management practices. Reported incremental sales of farmers working with Feed the Future programs worldwide increased their sales from \$100 million in 2012 to over \$130 million in 2013. These results are grounded in a robust management system for gathering timely, accurate data that measures everything from household income to the participation of women to the prevalence of stunting. Just as the Demographic and Health Surveys helped dramatically expand monitoring capabilities in global health, Feed the Future's new open data platform is transforming our knowledge and informing cutting-edge approaches.

This year's budget request builds on these results with an integrated nutrition approach to reduce stunting by 20 percent—a target that will prevent 2 million children from suffering from this devastating condition over the next 5 years.

In Kenya, the reported gross margin of livestock farmers receiving training on improved management practices and support to partner with cooperatives increased over 45 percent from 2012 to 2013, from \$371 to \$541 per cow. Feed the Future activities in Kenya support rural smallholders who account for over 80 percent of the country's raw milk production. Farmers in Bangladesh using new fertilizer technologies more than doubled the production of rice from 2011 to 2013. New technologies and management practices such as this also contributed to increases in the rice farmers' gross margin per hectare from \$431 in 2012 to \$587 in 2013. Across Central America, Feed the Future is helping trading unions to meet international standards and maintain access to agricultural markets in the United States.

Two years ago, President Obama led global food security efforts to the next stage, introducing the New Alliance for Food Security and Nutrition. Today, it is a \$3.75 billion public-private partnership that is enabling reforms from 10 African governments and commitments from more than 140 global and local companies. For instance, Ghana Nuts—an agricultural business that was once an aid recipient—is now a multi-million dollar company employing 500 people. Under the New Alliance, it has committed to strengthening local supply chains, reaching 27,000 smallholder farmers with more than \$4 million in investments.

At the same time, the governments we work with through the New Alliance have committed to significant market-oriented policy reforms. Recently, Burkina Faso launched an electronic platform that increases the transparency and speed of their customs processes. Last summer, Mozambique, Cote d'Ivoire, and other New Alliance nations committed to policy reforms that will foster private sector investment in smallholder farmers, particularly women.

Global Health

With strong bipartisan support, we are providing critical health assistance more efficiently than ever before. We have narrowed our focus on maternal and child health to the 24 countries that represent more than 70 percent of maternal and child deaths in the developing world. Through the \$2.7 billion request for USAID Global Health Programs—along with State Department Global Health Programs for \$5.4 billion—we will work towards ending the tragedy of preventable child and maternal death, creating an AIDS-free generation, and protecting communities from infectious diseases.

Around the world, we are seeing real results of global partnerships to accelerate progress towards these goals. Since 2010, 15 of our 24 priority countries have rolled out the pneumonia vaccine with Global Alliance for Vaccines and Immunization (GAVI) support; and since 2011, 8 have introduced rotavirus vaccines against diarrheal diseases. In 2013, the President's Malaria Initiative (PMI) protected over 45 million people with a prevention measure. Since 2006, all the original 15 PMI focus countries have had reductions in childhood mortality rates, ranging from 16 to 50 percent.

In 2013, Saving Mothers Giving Life, a USAID-led public-private partnership, contributed to a 30 percent decline in the maternal mortality ratio in target districts of Uganda and a 35 percent reduction of maternal deaths in target facilities in Zambia.

Since 2006, our support for neglected tropical diseases has expanded to reach 25 countries. In the countries where we work, nearly 35.8 million people no longer require treatment for blinding trachoma, and 52.4 million people no longer require treatment for lymphatic filariasis.

Since USAID's 2012 Child Survival Call to Action, nearly a dozen countries, representing those with the highest global rates of child death, have launched their

own local calls to action, set national targets, and are creating evidence-based business plans to focus resources in acutely vulnerable regions.

We will continue to make cost-effective interventions that save lives—from preventing the spread of disease, to providing nutrition to millions of hungry children around the world.

Climate Change

Of the President's \$506.3 million request for the Global Climate Change Initiative implemented in partnership with the Department of State, USAID implements approximately \$348.5 million and invests in developing countries best suited to accelerate transitions to climate-resilient, low-emission economic growth. In fiscal year 2013, USAID helped over 600,000 stakeholders implement risk-reducing practices or use climate information in decisionmaking. These stakeholders are impact multipliers, including meteorologists, agricultural extension workers, and disaster planners who use this information to improve the climate resilience of millions of people in their countries and regions.

Across the world, we are harnessing innovation, evidence, and technology to help vulnerable communities anticipate and take action to reduce the impacts of climate change. Today, a joint venture between USAID and NASA—called SERVIR—provides communities in 29 countries with global satellite-based climate information, including sending frost alerts to tea growers in Kenya and fire alerts to forest officials in Nepal.

USAID is pioneering a new approach that puts people on a path from dependency to resilience, while expanding broad-based economic growth. From small farming collectives to multi-national corporations, our partners are pursuing climate-resilient, low-emission development. In support of the Tropical Forest Alliance 2020, we recently helped launch the Global Forest Watch, a forest alert system that utilizes real-time satellite data to help countries reduce tropical deforestation and enable companies to monitor their supply chains.

The Global Climate Change Initiative advances practical, on-the-ground solutions to help developing countries contribute to the global effort to reduce greenhouse gas emissions while achieving development goals. Since 2010, USAID and the State Department have established 25 bilateral agreements with partner countries to develop and implement for low emissions development strategies. This support is helping advance the transition to lower carbon energy systems by creating enabling environments for public and private investments in efficient, clean energy sources, and sustainably reduce emissions from land use such as deforestation and agriculture.

Power Africa

The fiscal year 2015 request advances our Nation's commitments to Africa with initiatives like Trade Africa and Power Africa. With \$77 million requested in this budget, Power Africa represents a bipartisan approach to use public-private partnerships to double access to power on the continent and connect American investors and entrepreneurs to business opportunities abroad. Less than a year since launching, more than 5,500 mega-watts of power projects have been planned—putting us more than halfway towards our goal of expanding electricity to 20 million people and businesses. For every dollar that the U.S. Government has committed, the private sector has committed two—over \$14 billion so far.

With an initial set of six partner countries, Power Africa focuses on completing projects quickly and efficiently, while encouraging countries to make energy sector reforms critical to their success. In Ethiopia, for example, Power Africa is supporting the first independent power producer geothermal plant in the country, a project that will pave the way for future private sector investment and provide enough power to reach tens of thousands of people. In Kenya, Power Africa is enabling the construction of the largest privately-owned wind farm in Sub-Saharan Africa—helping millions leapfrog dirtier, unhealthier phases of development and join a global low-carbon economy.

Education

Education remains a critical focus for the Agency. Our request for Basic Education is \$534.3 million, an increase of 6.6 percent over our fiscal year 2014 request.

Through the "Room to Learn" program, we are intensifying our efforts in six countries—including Nigeria and Afghanistan—where endemic poverty and conflict conspire to rob children of their futures. In the Katanga Province in Democratic Republic of the Congo, in the schools we support, we have seen a 40 percent decrease in students repeating a grade from 2010 to 2013. The drop-out rate was also 65 percent lower than in 2010.

From Kenya to Afghanistan, we're seeing reading skills develop and enrollment—especially for girls—jump. Our strategic shift to improving primary grade reading

for tens of millions of kids brings with it a commitment to measuring results through student learning achievements. In Malawi, we used early grade reading assessments to evaluate students' foundation skills—giving their parents and teachers a way to measure their progress. Today, second graders who receive interventions like these have comprehension levels four times those in control groups.

By maintaining our focus on global education as a core development objective, we can brighten the future for millions of vulnerable children, including children in crisis environments. With widespread illiteracy estimated to cost the global economy more than 1 trillion dollars this year alone, these programs are not only advancing America's standing as the world's development leader in education, but are also energizing the global economy.

Water

While the world has seen tremendous progress on expanding access to safe drinking water—halving the proportion of people without sustainable access since 1990—a lot of work remains. This budget request continues the implementation of our first-ever Water and Development Strategy, which outlines a goal to save lives and advance development through improvements in water for health and water for food. The Strategy sets explicit targets of sustainably providing 10 million people with access to improved water supply and 6 million people with access to improved sanitation over the next 5 years.

Through our Development Innovation Ventures fund, we're partnering with the Gates Foundation to help bring safe drinking water to at least 4 million of the world's poor. Called WASH for Life, this initiative will source and rigorously test great ideas to improve access to water and sanitation service. Last year, in Kenya, we leveraged a Development Credit Authority guarantee to extend piped water supply in Kisumu for over 1,500 piped water connections to benefit over 8,500 individuals.

The request for WASH funding is \$231 million in this budget. Budget requests for WASH programs have typically been about \$230 million, and because of the number of program areas we engage in with water investments—from OFDA's emergency response work, to resilience programs in regions of chronic crisis like the Horn of Africa and the Sahel, to Feed the Future agricultural infrastructure support—our actual programming for all water activities has grown to over \$500 million, and we expect similar levels in the year ahead.

SUPPORTING REGIONAL PRIORITIES AND STRENGTHENING NATIONAL SECURITY

This budget also maintains our Nation's tremendous leadership in humanitarian response with \$4.8 billion requested in State and USAID funding. In the last year, we have responded to unprecedented need around the world—saving lives from the Philippines to South Sudan.

In Syria, we currently provide life-saving aid for 4.2 million people in all 14 governorates across the country, as well as more than 2 million people who have fled the violence into neighboring countries. At the same time, we are supporting neighboring Jordan and Lebanon to manage the overwhelming influx of refugees from Syria. We have worked with local school systems to accommodate Syrian children, and in some areas, helped them adjust their schedules so that local children can learn in the morning and Syrian kids in the afternoon.

Thanks to strong bipartisan support, we have begun reforms that mainly address our development food aid programs, allowing us to reach an additional 800,000 hungry people every year with the same resources. The need for this flexibility grows more urgent every day, as crises deepen from Syria to the Central African Republic to South Sudan. That is why this budget calls for reforms to be extended to emergency food assistance. We are seeking the flexibility to use up to 25 percent of title II resources for life-saving tools, like vouchers and local procurement—allowing us to reach 2 million more people in crises with our existing resources.

While we remain the world's leader in humanitarian response, we are increasingly focused on ensuring communities can better withstand and bounce back from shocks—like droughts, floods, and conflict—that push the most vulnerable people into crisis again and again. In the Horn of Africa, which suffered a devastating drought 2 years ago, we're deploying mapping technology to help farming communities find new sources of water. In the Sahel, we're partnering with U.S. Special Operations Command to conduct detailed analysis and geo-spatial mapping of the region. These efforts have given U.S. development and military professionals a deeper understanding of both the drivers of conflict and ways to build resilience.

We are working effectively to both protect and manage the environment that supports us. In addition, we are harnessing innovation, evidence, and technology to reduce consumer demand for endangered species and stop wildlife trafficking. For in-

stance, no tigers or rhinos were poached in Nepal in 2013 due to our sustained investments in community-based conservation. This past January, USAID partners convened 28 African and Asian countries to participate in an enforcement operation that resulted in more than 400 arrests and the seizure of three metric tons of ivory, 10,000 turtles, and 1,000 skins of protected species.

We're pioneering a new approach that puts people on a path from dependency to resilience, while expanding broad-based economic growth.

USAID and State Department are requesting \$2 billion globally in the Development Assistance and Economic Support Fund accounts to strengthen democracy, human rights, and governance. Thanks to USAID's rapid-response capability on civil society laws, we were able to take advantage of political openings in Libya, Tunisia and Burma to encourage early reformers to adopt consultative government-civil society processes that have led to much-improved civil society legislation, which in turn will pave the way for further political opening.

In fiscal year 2015, the State Department and USAID have requested nearly \$1.5 billion to support democratic transitions and respond to emerging crises in the Middle East and North Africa. For example, in Tunisia, we worked with civil society and the government to implement some of the most progressive non-governmental organization (NGO) laws in the region. The new law passed as a result of a consultative government-civil society process and is now considered a model for the region; the new Libyan draft civil society organization law is based on peer consultations with Tunisians on their law.

Of the President's \$2.8 billion assistance request for the Frontline States, USAID implements \$1.8 billion for long-term development assistance, continuing to work closely with interagency partners—including the State and Defense departments—to move toward long-term stability, promote economic growth, and support governance reforms, including the rights of women.

This request is tailored to support our three-fold transition strategy in Afghanistan, including maintaining gains in health, education, and the empowerment of women; promoting economic growth; and improving stability by supporting more accountable and effective Afghan governance, which is especially critical in the first year after the 2014 presidential election.

Our assistance in Afghanistan has helped deliver incredible gains. Today, 77,000 university students—a nine-fold increase from 2001—will form a new generation of leaders. The wait time for goods crossing the border with Pakistan has fallen from 8 days to 3.5 hours—saving \$38 million every year and opening access to new markets for farmers and entrepreneurs. The rapid expansion of mobile technology across the country is empowering Afghan women to demand an equal stake in their nation's future.

Building on our strong legacy of progress in Latin America and the Caribbean, we're focusing on spurring economic growth and strengthening democracy by tackling the biggest drivers of instability, from drug trafficking to climate change. Today, for example, we work with a range of partners, including Nike Foundation and PepsiCo, to train thousands of at-risk youth in 18 countries of the region. The program has had an extremely high success rate, with 65 percent of graduates getting jobs, returning to school, or starting their own business within 1 year of graduation.

In Colombia, we've partnered with Starbucks to improve yields for 25,000 coffee-farmers, giving them a shot at the global market and a reason to invest in their land after decades of conflict. In Peru, our partnership with the Government of San Martin has helped reduced poverty by more than 67 percent and cut coca production from 22,000 hectares to around 1,200.

We're also investing in the future innovators, doctors, and entrepreneurs throughout Latin America. For instance, in Honduras, we partnered with a telecom company to connect our network of 40 youth outreach centers—providing Internet access, online education and virtual job training to more than 17,000 people. On the whole, these investments produce immense gains in literacy, stability, and long-term economic growth.

From empowering small businesses in Burma to helping eradicate extreme poverty in Nepal, we are supporting the administration's Asia-Pacific Rebalance, renewing U.S. leadership, deepening economic ties, and promoting democratic and universal values. Today, we are bolstering regional cooperation around shared solutions to complex challenges through deepened engagement in ASEAN and the Lower Mekong Initiative. In March, we signed an agreement with the U.S.-ASEAN Business Council to help link small- and medium-sized enterprises across Asia to regional and global value chains.

USAID OPERATING EXPENSES

In recognition of development's centrality to U.S. national security, the President's National Security Strategy calls for investing in development capabilities and institutions. The fiscal year 2015 USAID Operating Expenses account request for \$1.4 billion will provide that investment—advancing U.S. interests, enhancing national security, and reaffirming our global development leadership. The request will enable USAID to maintain core operations, and to continue USAID Forward reforms—as well as better collaborate with partner countries and local institutions—to maximize the value of each dollar.

Although an increase from fiscal year 2014, the request represents the minimum level of resources necessary to preserve our agency's current services and operations and support the existing workforce to meet U.S. foreign policy objectives and global development needs. The requested funding will allow our agency to offset the projected decrease in other funding sources, such as recoveries, reimbursements, and trust funds that support operations. At the same time, it will restore the new obligation authority needed to maintain its current level of operations into fiscal year 2015.

The request reflects our agency's focus on working through a more efficient, high-impact approach. We are continuing to reform operations to improve management processes and generate significant cost savings for fiscal year 2015, like real property disposals and space optimization. In addition, our agency restructured its overseas presence to strengthen its ability to meet its foreign policy and national security mission.

CONCLUSION

Today, for the first time in history, we have new tools and approaches that enable us to envision a world without extreme poverty.

This is an unprecedented moment for our Nation—one where we can again lead the world in achieving goals once deemed too ambitious, too dangerous, or too complex. In doing so, we can protect our national security and spur economic growth. But above all, we can express the generosity and goodwill that unite us as a people.

As President Obama said in the 2013 State of the Union address, "We also know that progress in the most impoverished parts of our world enriches us all—not only because it creates new markets, more stable order in certain regions of the world, but also because it's the right thing to do."

As we step forward to answer the President's call with renewed energy and focus, we remain committed to engaging the American people and serving their interests by leading the world to end extreme poverty.

Thank you.

CUBA

Senator LEAHY. Thank you.

The U.S. provides \$15 million to \$20 million for so-called democracy programs in Cuba. They traditionally have been administrated by USAID. It is the same program that got Alan Gross arrested. He is in his fifth year of a 15 year sentence, which at his age is basically a death sentence. Last week, he began a hunger strike because he has given up waiting for any kind of a sign by this Administration they are doing anything meaningful to get him out.

According to a recent Associated Press report, between 2009 and 2012, USAID funded a program named ZunZuneo. They used personal data obtained overseas, secret bank accounts, a shell company to support cell phone access for Cubans who had no idea it was funded by the U.S. Government. The irony being if we did not have the embargo we have, we probably would have had ten legitimate American companies down there vying for the ability to sell cell phones and Internet access.

Whose idea was it to undertake this program in this manner?

Dr. SHAH. Senator Leahy, first let me—thank you for your question.

Let me address Alan Gross first, we believe——

Senator LEAHY. No, how you—first answer the question. Whose idea was this?

Dr. SHAH. The program was designed in 2007 and 2008, at that timeframe. That said, the legislation that crafts the purpose of the program——

Senator LEAHY. No. Whose idea was it for this specific program? I have read the legislation. The legislation does not say anything about setting up a cockamamie idea in Cuba with Twitter accounts and all, on something that the Cubans would be so easy to discover.

Whose idea was this specific program in Cuba? Who? It is a simple question.

Dr. SHAH. Sir, the program was in place before I arrived.

Senator LEAHY. Sir, do you know whose idea it was? I know it was in place before you arrived. But do you know whose idea it was?

Dr. SHAH. I—well, first let me say, and I think this is important, sir, and I greatly respect your point of view. But that AP story had a number of critical inaccuracies——

Senator LEAHY. I have read—I have read——

Dr. SHAH. And I am, I am——

Senator LEAHY. I will put that in the record. I will put it in the record, both the AP story and USAID's response to the AP story.

[CLERK'S NOTE: The information below is the Associated Press story.]

[From the Miami Herald, Apr. 3, 2014]

U.S. SECRETLY CREATED "CUBAN TWITTER" TO STIR UNREST

(By Desmond Butler, Jack Gillum and Alberto Arce, *Associated Press*)

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WASHINGTON.—In July 2010, Joe McSpedon, a U.S. Government official, flew to Barcelona to put the final touches on a secret plan to build a social media project aimed at undermining Cuba's Communist Government.

McSpedon and his team of high-tech contractors had come in from Costa Rica and Nicaragua, Washington and Denver. Their mission: to launch a messaging network that could reach hundreds of thousands of Cubans. To hide the network from the Cuban Government, they would set up a byzantine system of front companies using a Cayman Islands bank account, and recruit unsuspecting executives who would not be told of the company's ties to the U.S. Government.

McSpedon didn't work for the CIA. This was a program paid for and run by the U.S. Agency for International Development, best known for overseeing billions of dollars in U.S. humanitarian aid.

According to documents obtained by the Associated Press (AP) and multiple interviews with people involved in the project, the plan was to develop a bare-bones "Cuban Twitter," using cellphone text messaging to evade Cuba's strict control of information and its stranglehold restrictions over the Internet. In a play on Twitter, it was called ZunZuneo—slang for a Cuban hummingbird's tweet.

Documents show the U.S. Government planned to build a subscriber base through "non-controversial content": news messages on soccer, music, and hurricane updates. Later when the network reached a critical mass of subscribers, perhaps hundreds of thousands, operators would introduce political content aimed at inspiring Cubans to organize "smart mobs"—mass gatherings called at a moment's notice that might trigger a Cuban Spring, or, as one USAID document put it, "renegotiate the balance of power between the state and society."

At its peak, the project drew in more than 40,000 Cubans to share news and exchange opinions. But its subscribers were never aware it was created by the U.S.

Government, or that American contractors were gathering their private data in the hope that it might be used for political purposes.

“There will be absolutely no mention of United States Government involvement,” according to a 2010 memo from Mobile Accord, one of the project’s contractors. “This is absolutely crucial for the long-term success of the service and to ensure the success of the Mission.”

The program’s legality is unclear: U.S. law requires that any covert action by a Federal agency must have a presidential authorization. Officials at USAID would not say who had approved the program or whether the White House was aware of it. McSpedon, the most senior official named in the documents obtained by the AP, is a mid-level manager who declined to comment.

USAID spokesman Matt Herrick said the agency is proud of its Cuba programs and noted that congressional investigators reviewed them last year and found them to be consistent with U.S. law.

“USAID is a development agency, not an intelligence agency, and we work all over the world to help people exercise their fundamental rights and freedoms, and give them access to tools to improve their lives and connect with the outside world,” he said.

“In the implementation,” he added, “has the government taken steps to be discreet in non-permissive environments? Of course. That’s how you protect the practitioners and the public. In hostile environments, we often take steps to protect the partners we’re working with on the ground. This is not unique to Cuba.”

But the ZunZuneo program muddies those claims, a sensitive issue for its mission to promote democracy and deliver aid to the world’s poor and vulnerable—which requires the trust of foreign governments.

“On the face of it there are several aspects about this that are troubling,” said Sen. Patrick Leahy, D-VT and chairman of the Appropriations Committee’s State Department and Foreign Operations Subcommittee.

“There is the risk to young, unsuspecting Cuban cellphone users who had no idea this was a U.S. Government-funded activity. There is the clandestine nature of the program that was not disclosed to the appropriations subcommittee with oversight responsibility. And there is the disturbing fact that it apparently activated shortly after Alan Gross, a USAID subcontractor who was sent to Cuba to help provide citizens access to the Internet, was arrested.”

The Associated Press obtained more than 1,000 pages of documents about the project’s development. The AP independently verified the project’s scope and details in the documents—such as Federal contract numbers and names of job candidates—through publicly available databases, government sources and interviews with those directly involved in ZunZuneo.

Taken together, they tell the story of how agents of the U.S. Government, working in deep secrecy, became tech entrepreneurs—in Cuba. And it all began with a half a million cellphone numbers obtained from a Communist Government.

ZunZuneo would seem to be a throwback from the Cold War, and the decades-long struggle between the United States and Cuba. It came at a time when the historically sour relationship between the countries had improved, at least marginally, and Cuba had made tentative steps toward a more market-based economy.

It is unclear whether the plan got its start with USAID or Creative Associates International, a Washington, DC, for-profit company that has earned hundreds of millions of dollars in U.S. contracts. But a “key contact” at Cubacel, the state-owned cellphone provider, slipped the phone numbers to a Cuban engineer living in Spain. The engineer provided the numbers to USAID and Creative Associates “free of charge,” documents show.

In mid-2009, Noy Villalobos, a manager with Creative Associates who had worked with USAID in the 1990s on a program to eradicate drug crops, started an instant messaging (IM) chat with her little brother in Nicaragua, according to a Creative Associates email that captured the conversation. Mario Bernheim, in his mid-20s, was an up-and-coming techie who had made a name for himself as a computer whiz.

“This is very confidential of course,” Villalobos cautioned her brother. But what could you do if you had all the cellphone numbers of a particular country? Could you send bulk text messages without the government knowing?

“Can you encrypt it or something?” she texted.

She was looking for a direct line to regular Cubans through text messaging. Most had precious little access to news from the outside world. The government viewed the Internet as an Achilles’ heel and controlled it accordingly. A communications minister had even referred to it as a “wild colt” that “should be tamed.”

Yet in the years since Fidel Castro handed over power to his brother Raul, Cuba had sought to jumpstart the long stagnant economy. Raul Castro began encouraging cellphone use, and hundreds of thousands of people were suddenly using mobile

phones for the first time, though smartphones with access to the Internet remained restricted.

Cubans could text message, though at a high cost in a country where the average wage was a mere \$20 a month.

Bernheim told his sister that he could figure out a way to send instant texts to hundreds of thousands of Cubans— for cheap. It could not be encrypted though, because that would be too complicated. They wouldn't be able to hide the messages from the Cuban Government, which owned Cubacel. But they could disguise who was sending the texts by constantly switching the countries the messages came from.

"We could rotate it from different countries?" Villalobos asked. "Say one message from Nica, another from Spain, another from Mexico?"

Bernheim could do that. "But I would need mirrors set up around the world, mirrors, meaning the same computer, running with the same platform, with the same phone."

"No hay problema," he signed off. No problem.

After the chat, Creative hired Bernheim as a subcontractor, reporting to his sister. (Villalobos and Bernheim would later confirm their involvement with the ZunZuneo project to AP, but decline further comment.) Bernheim, in turn, signed up the Cuban engineer who had gotten the phone list. The team figured out how to message the masses without detection, but their ambitions were bigger.

Creative Associates envisioned using the list to create a social networking system that would be called "Proyecto ZZ," or "Project ZZ." The service would start cautiously and be marketed chiefly to young Cubans, who USAID saw as the most open to political change.

"We should gradually increase the risk," USAID proposed in a document. It advocated using "smart mobs" only in "critical/opportunistic situations and not at the detriment of our core platform-based network."

USAID's team of contractors and subcontractors built a companion website to its text service so Cubans could subscribe, give feedback and send their own text messages for free. They talked about how to make the Web site look like a real business. "Mock ad banners will give it the appearance of a commercial enterprise," a proposal suggested.

In multiple documents, USAID staff pointed out that text messaging had mobilized smart mobs and political uprisings in Moldova and the Philippines, among others. In Iran, the USAID noted social media's role following the disputed election of then President Mahmoud Ahmadinejad in June 2009—and saw it as an important foreign policy tool.

USAID documents say their strategic objective in Cuba was to "push it out of a stalemate through tactical and temporary initiatives, and get the transition process going again towards democratic change." Democratic change in authoritarian Cuba meant breaking the Castros' grip on power.

USAID divided Cuban society into five segments depending on loyalty to the government. On one side sat the "democratic movement," called "still (largely) irrelevant," and at the other end were the "hard-core system supporters," dubbed "Talibanes" in a derogatory comparison to Afghan and Pakistani extremists.

A key question was how to move more people toward the democratic activist camp without detection. Bernheim assured the team that wouldn't be a problem.

"The Cuban Government, like other regimes committed to information control, currently lacks the capacity to effectively monitor and control such a service," Bernheim wrote in a proposal for USAID marked "Sensitive Information."

ZunZuneo would use the list of phone numbers to break Cuba's Internet embargo and not only deliver information to Cubans but also let them interact with each other in a way the government could not control. Eventually it would build a system that would let Cubans send messages anonymously among themselves.

At a strategy meeting, the company discussed building "user volume as a cover . . . for organization," according to meeting notes. It also suggested that the "Landscape needs to be large enough to hide full opposition members who may sign up for service."

In a play on the telecommunication minister's quote, the team dubbed their network the "untamed colt."

At first, the ZunZuneo team operated out of Central America. Bernheim, the techie brother, worked from Nicaragua's capital, Managua, while McSpedon supervised Creative's work on ZunZuneo from an office in San Jose, Costa Rica, though separate from the U.S. Embassy. It was an unusual arrangement that raised eyebrows in Washington, according to U.S. officials.

McSpedon worked for USAID's Office of Transition Initiatives (OTI), a division that was created after the fall of the Soviet Union to promote U.S. interests in quickly changing political environments—without the usual red tape.

In 2009, a report by congressional researchers warned that OTI's work "often lends itself to political entanglements that may have diplomatic implications." Staffers on oversight committees complained that USAID was running secret programs and would not provide details.

"We were told we couldn't even be told in broad terms what was happening because 'people will die,'" said Fulton Armstrong, who worked for the Senate Foreign Relations Committee. Before that, he was the U.S. intelligence community's most senior analyst on Latin America, advising the Clinton White House.

The money that Creative Associates spent on ZunZuneo was publicly earmarked for an unspecified project in Pakistan, Government data show. But there is no indication of where the funds were actually spent.

Tensions with Congress spiked just as the ZunZuneo project was gearing up in December 2009, when another USAID program ended in the arrest of the U.S. contractor, Alan Gross. Gross had traveled repeatedly to Cuba on a secret mission to expand Internet access using sensitive technology typically available only to governments, a mission first revealed in February 2012 by AP.

At some point, Armstrong says, the Foreign Relations Committee became aware of OTI's secret operations in Costa Rica. U.S. Government officials acknowledged them privately to Armstrong, but USAID refused to provide operational details.

At an event in Washington, Armstrong says he confronted McSpedon, asking him if he was aware that by operating secret programs from a third country, it might appear like he worked for an intelligence agency.

McSpedon, through USAID, said the story is not true. He declined to comment otherwise.

On September 20, 2009, thousands of Cubans gathered at Revolution Plaza in Havana for Colombian rocker Juanes' "Peace without Borders" concert. It was the largest public gathering in Cuba since the visit of Pope John Paul II in 1998. Under the watchful gaze of a giant sculpture of revolutionary icon Ernesto "Che" Guevara, the Miami-based Juanes promised music aimed at "turning hate into love."

But for the ZunZuneo team, the concert was a perfect opportunity to test the political power of their budding social network. In the weeks before, Bernheim's firm, using the phone list, sent out a half a million text messages in what it called "blasts," to test what the Cuban Government would do.

The team hired Alen Lauzan Falcon, a Havana-born satirical artist based in Chile, to write Cuban-style messages. Some were mildly political and comical, others more pointed. One asked respondents whether they thought two popular local music acts out of favor with the government should join the stage with Juanes. Some 100,000 people responded—not realizing the poll was used to gather critical intelligence.

Paula Cambronero, a researcher for Mobile Accord, began building a vast database about the Cuban subscribers, including gender, age, "receptiveness" and "political tendencies." USAID believed the demographics on dissent could help it target its other Cuba programs and "maximize our possibilities to extend our reach."

Cambronero concluded that the team had to be careful. "Messages with a humorous connotation should not contain a strong political tendency, so as not to create animosity in the recipients," she wrote in a report.

Falcon, in an interview, said he was never told that he was composing messages for a U.S. Government program, but he had no regrets about his involvement.

"They didn't tell me anything, and if they had, I would have done it anyway," he said. "In Cuba they don't have freedom. While a government forces me to pay in order to visit my country, makes me ask permission, and limits my communications, I will be against it, whether it's Fidel Castro, (Cuban exile leader) Jorge Mas Canosa or Gloria Estefan," the Cuban American singer.

Carlos Sanchez Almeida, a lawyer specializing in European data protection law, said it appeared that the U.S. program violated Spanish privacy laws because the ZunZuneo team had illegally gathered personal data from the phone list and sent unsolicited emails using a Spanish platform. "The illegal release of information is a crime, and using information to create a list of people by political affiliation is totally prohibited by Spanish law," Almeida said. It would violate a U.S.-European data protection agreement, he said.

USAID saw evidence from server records that Havana had tried to trace the texts, to break into ZunZuneo's servers, and had occasionally blocked messages. But USAID called the response "timid" and concluded that ZunZuneo would be viable—if its origins stayed secret.

Even though Cuba has one of the most sophisticated counter-intelligence operations in the world, the ZunZuneo team thought that as long as the message service looked benign, Cubacel would leave it alone.

Once the network had critical mass, Creative and USAID documents argued, it would be harder for the Cuban Government to shut it down, both because of popular demand and because Cubacel would be addicted to the revenues from the text messages.

In February 2010, the company introduced Cubans to ZunZuneo and began marketing. Within 6 months, it had almost 25,000 subscribers, growing faster and drawing more attention than the USAID team could control.

Saimi Reyes Carmona was a journalism student at the University of Havana when she stumbled onto ZunZuneo. She was intrigued by the service's novelty, and the price. The advertisement said "free messages" so she signed up using her nickname, Saimita.

At first, ZunZuneo was a very tiny platform, Reyes said during a recent interview in Havana, but one day she went to its Web site and saw its services had expanded. "I began sending one message every day," she said, the maximum allowed at the start. "I didn't have practically any followers." She was thrilled every time she got a new one.

And then ZunZuneo exploded in popularity.

"The whole world wanted in, and in a question of months I had 2,000 followers who I have no idea who they are, nor where they came from."

She let her followers know the day of her birthday, and was surprised when she got some 15 personal messages. "This is the coolest thing I've ever seen!" she told her boyfriend, Ernesto Guerra Valdes, also a journalism student.

Before long, Reyes learned she had the second highest number of followers on the island, after a user called UCI, which the students figured was Havana's University of Computer Sciences. Her boyfriend had 1,000. The two were amazed at the reach it gave them.

"It was such a marvelous thing," Guerra said. "So noble." He and Reyes tried to figure out who was behind ZunZuneo, since the technology to run it had to be expensive, but they found nothing. They were grateful though.

"We always found it strange, that generosity and kindness," he said. ZunZuneo was "the fairy godmother of cellphones."

By early 2010, Creative decided that ZunZuneo was so popular Bernheim's company wasn't sophisticated enough to build, in effect, "a scaled down version of Twitter."

It turned to another young techie, James Eberhard, CEO of Denver-based Mobile Accord Inc. Eberhard had pioneered the use of text messaging for donations during disasters and had raised tens of millions of dollars after the January 2010 earthquake in Haiti.

Eberhard earned millions in his mid-20s when he sold a company that developed cellphone ring tones and games. His company's Web site describes him as "a visionary within the global mobile community."

In July, he flew to Barcelona to join McSpedon, Bernheim, and others to work out what they called a "below the radar strategy."

"If it is discovered that the platform is, or ever was, backed by the United States Government, not only do we risk the channel being shut down by Cubacel, but we risk the credibility of the platform as a source of reliable information, education, and empowerment in the eyes of the Cuban people," Mobile Accord noted in a memo.

To cover their tracks, they decided to have a company based in the United Kingdom set up a corporation in Spain to run ZunZuneo. A separate company called MovilChat was created in the Cayman Islands, a well-known offshore tax haven, with an account at the island's Bank of N.T. Butterfield & Son Ltd. to pay the bills.

A memo of the meeting in Barcelona says that the front companies would distance ZunZuneo from any U.S. ownership so that the "money trail will not trace back to America."

But it wasn't just the money they were worried about. They had to hide the origins of the texts, according to documents and interviews with team members.

Brad Blanken, the former chief operating officer of Mobile Accord, left the project early on, but noted that there were two main criteria for success.

"The biggest challenge with creating something like this is getting the phone numbers," Blanken said. "And then the ability to spoof the network."

The team of contractors set up servers in Spain and Ireland to process texts, contracting an independent Spanish company called Lleida.net to send the text messages back to Cuba, while stripping off identifying data.

Mobile Accord also sought intelligence from engineers at the Spanish telecommunications company Telefonica, which organizers said would “have knowledge of Cubacel’s network.”

“Understanding the security and monitoring protocols of Cubacel will be an invaluable asset to avoid unnecessary detection by the carrier,” one Mobile Accord memo read.

Officials at USAID realized however, that they could not conceal their involvement forever—unless they left the stage. The predicament was summarized bluntly when Eberhard was in Washington for a strategy session in early February 2011, where his company noted the “inherent contradiction” of giving Cubans a platform for communications uninfluenced by their government that was in fact financed by the U.S. Government and influenced by its agenda.

They turned to Jack Dorsey, a co-founder of Twitter, to seek funding for the project. Documents show Dorsey met with Suzanne Hall, a State Department officer who worked on social media projects, and others. Dorsey declined to comment.

The State Department under then-Secretary Hillary Rodham Clinton thought social media was an important tool in diplomacy. At a 2011 speech at George Washington University, Clinton said the U.S. helped people in “oppressive Internet environments get around filters.” In Tunisia, she said people used technology to “organize and share grievances, which, as we know, helped fuel a movement that led to revolutionary change.”

Ultimately, the solution was new management that could separate ZunZuneo from its U.S. origins and raise enough revenue for it to go “independent,” even as it kept its long-term strategy to bring about “democratic change.”

Eberhard led the recruitment efforts, a sensitive operation because he intended to keep the management of the Spanish company in the dark.

“The ZZ management team will have no knowledge of the true origin of the operation; as far as they know, the platform was established by Mobile Accord,” the memo said. “There should be zero doubt in management’s mind and no insecurities or concerns about United States Government involvement.”

The memo went on to say that the CEO’s clean conscience would be “particularly critical when dealing with Cubacel.” Sensitive to the high cost of text messages for average Cubans, ZunZuneo negotiated a bulk rate for texts at 4 cents a pop through a Spanish intermediary. Documents show there was hope that an earnest, clueless CEO might be able to persuade Cubacel to back the project.

Mobile Accord considered a dozen candidates from five countries to head the Spanish front company. One of them was Francoise de Valera, a CEO who was vacationing in Dubai when she was approached for an interview. She flew to Barcelona. At the luxury Mandarin Oriental Hotel, she met with Nim Patel, who at the time was Mobile Accord’s president. Eberhard had also flown in for the interviews. But she said she couldn’t get a straight answer about what they were looking for.

“They talked to me about instant messaging but nothing about Cuba, or the United States,” she told the AP in an interview from London.

“If I had been offered and accepted the role, I believe that sooner or later it would have become apparent to me that something wasn’t right,” she said.

By early 2011, Creative Associates grew exasperated with Mobile Accord’s failure to make ZunZuneo self-sustaining and independent of the U.S. Government. The operation had run into an unsolvable problem. USAID was paying tens of thousands of dollars in text messaging fees to Cuba’s communist telecommunications monopoly routed through a secret bank account and front companies. It was not a situation that it could either afford or justify—and if exposed it would be embarrassing, or worse.

In a searing evaluation, Creative Associates said Mobile Accord had ignored sustainability because “it has felt comfortable receiving United States Government (USG) financing to move the venture forward.”

Out of 60 points awarded for performance, Mobile Accord scored 34 points. Creative Associates complained that Mobile Accord’s understanding of the social mission of the project was weak, and gave it 3 out of 10 points for “commitment to our Program goals.”

Mobile Accord declined to comment on the program.

In increasingly impatient tones, Creative Associates pressed Mobile Accord to find new revenue that would pay the bills. Mobile Accord suggested selling targeted advertisements in Cuba, but even with projections of up to a million ZunZuneo subscribers, advertising in a state-run economy would amount to a pittance.

By March 2011, ZunZuneo had about 40,000 subscribers. To keep a lower profile, it abandoned previous hopes of reaching 200,000 and instead capped the number of subscribers at a lower number. It limited ZunZuneo’s text messages to less than 1 percent of the total in Cuba, so as to avoid the notice of Cuban authorities. Though

one former ZunZuneo worker—who spoke on condition of anonymity because he was not authorized to speak publicly about his work—said the Cubans were catching on and had tried to block the site.

Toward the middle of 2012, Cuban users began to complain that the service worked only sporadically. Then not at all.

ZunZuneo vanished as mysteriously as it appeared.

By June 2012, users who had access to Facebook and Twitter were wondering what had happened.

“Where can you pick up messages from ZunZuneo?” one woman asked on Facebook in November 2012. “Why aren’t I receiving them anymore?”

Users who went to ZunZuneo’s Web site were sent to a children’s Web site with a similar name.

Reyner Agüero, a 25-year-old blogger, said he and fellow students at Havana’s University of Computer Sciences tried to track it down. Someone had rerouted the Web site through DNS blocking, a censorship technique initially developed back in the 1990s. Intelligence officers later told the students that ZunZuneo was blacklisted, he said.

“ZunZuneo, like everything else they did not control, was a threat,” Agüero said. “Period.”

In incorrect Spanish, ZunZuneo posted a note on its Facebook page saying it was aware of problems accessing the Web site and that it was trying to resolve them.

“¡Que viva el ZunZuneo!” the message said. Long live ZunZuneo!

In February, when Saimi Reyes, and her boyfriend, Ernesto Guerra, learned the origins of ZunZuneo, they were stunned.

“How was I supposed to realize that?” Guerra asked. “It’s not like there was a sign saying ‘Welcome to ZunZuneo, brought to you by USAID.’”

“Besides, there was nothing wrong. If I had started getting subversive messages or death threats or ‘Everyone into the streets,’” he laughed, “I would have said, ‘OK,’ there’s something fishy about this. But nothing like that happened.”

USAID says the program ended when the money ran out. The Cuban Government declined to comment.

The former Web domain is now a placeholder, for sale for \$299. The registration for MovilChat, the Cayman Islands front company, was set to expire on March 31.

In Cuba, nothing has come close to replacing it. Internet service still is restricted.

“The moment when ZunZuneo disappeared was like a vacuum,” Guerra said. “People texted my phone, ‘What is happening with ZunZuneo?’”

“In the end, we never learned what happened,” he said. “We never learned where it came from.”

[CLERK’S NOTE: The information below is USAID’s response to the Associated Press story.]

[A Blog From the United States Agency for International Development,
Apr. 7, 2014]

EIGHT FACTS ABOUT ZUNZUNEO

(Posted by Matt Herrick, *Spokesperson*)

On Thursday, April 3, the Associated Press published an article on a social media program in Cuba funded by the U.S. Agency for International Development. The article contained significant inaccuracies and false conclusions about ZunZuneo, which was part of a broader effort that began in 2009 to facilitate “twitter like” communication among Cubans so they could connect with each other on topics of their choice. Many of the inaccuracies have been re-reported by other news outlets, perpetuating the original narrative, or worse.

The article suggested that USAID spent years on a “covert” program to gather personal information to be used for political purposes to “foment” “smart mobs” and start a “Cuban Spring” to overthrow the Cuban Government. It makes for an interesting read, but it’s not true.

USAID’s work in Cuba is not unlike what we and other donors do around the world to connect people who have been cut off from the outside world by repressive or authoritarian governments. *USAID’s democracy and governance work* focuses on strengthening civil society, governance, and promoting human rights.

Here are eight claims made by article, followed by the facts:

(1) The story says the “program’s legality is unclear” and implies the program was “covert.”

FACT: USAID works in places where we are not always welcome. To minimize the risk to our staff and partners and ensure our work can proceed safely, we must take certain precautions and maintain a discreet profile. But discreet does not equal covert.

The programs have long been the subject of congressional notifications, unclassified briefings, public budget requests, and public hearings. All of the Congressional Budget Justifications published from 2008 through 2013, which are public and online, explicitly state that a key goal of USAID's Cuba program is to break the "information blockade" or promote "information sharing" amongst Cubans and that assistance will include the use or promotion of new "technologies" and/or "new media" to achieve its goals.

In 2012, the Government Accountability Office—the U.S. Government's investigative arm—spent months looking at every aspect of USAID's Cuba programs. GAO's team of analysts had unrestricted access to project documents, extended telephone conversations with Mobile Accord (ZunZuneo) and even traveled to Cuba. The GAO identified no concerns in the report about the legality of USAID's programs, including ZunZuneo, and offered USAID zero recommendations for improvements.

(2) The article implies that the purpose of the program was to foment "Smart Mobs," funnel political content and thereby trigger unrest in Cuba.

FACT: The "USAID documents" cited in the article appear to be case study research and brainstorming notes between the grantee and the contractor. The specific reference to "Smart Mobs" had nothing to do with Cuba nor ZunZuneo. The documents do not represent the U.S. Government's position or reflect the spirit or actions taken as part of the program in Cuba. The project initially sent news, sports scores, weather, and trivia. After which, the grantee did not direct content because users were generating it on their own.

(3) The story states there was a "shell company" in Spain formed to run the program.

FACT: No one affiliated with the ZunZuneo program established a private company in Spain as part of this program. The project sought to do so if it was able to attract private investors to support the effort after USAID funding ended. Private investment was never identified and thus no company was ever formed.

(4) The story implies that the United States Government (USG) tried to recruit executives to run ZunZuneo without telling them about USG involvement.

FACT: A USAID staff member was present during several of the interviews for candidates to lead ZunZuneo. The staff member's affiliation with USAID was disclosed and it was conveyed that the funding for the program was from the U.S. Government.

(5) The article states that private data was collected with the hope it would be used for political purposes.

FACT: The ZunZuneo project included a Web site, as is typical for a social network. Users could voluntarily submit personal information. Few did, and the program did not use this information for anything.

(6) The article says that the funding was "publicly earmarked for an unspecified project in Pakistan," implying that funds were misappropriated.

FACT: All funds for this project were congressionally appropriated for democracy programs in Cuba, and that information is publicly available.

(7) The story stated, "At its peak, the project drew in more than 40,000 Cubans to share news and exchange opinions."

FACT: At its peak, the platform had around 68,000 users.

(8) The article suggests there was an inappropriate base of operations established in Costa Rica outside of normal U.S. Government procedures.

FACT: The Government of Costa Rica was informed of the program on more than one occasion. The USAID employee overseeing the program served under Chief of Mission Authority with the U.S. Embassy, as is standard practice.

Dr. SHAH. Okay.

Senator LEAHY. Having said that, do you know whose idea it was?

Dr. SHAH. I do not specifically, but I will say this, that working on creating platforms to improve communication in Cuba, and in many other parts of the world, is a core part of what USAID has done for some time and continues to do.

Senator LEAHY. Did—

Dr. SHAH. Part of the Administration's policy is to continue to support efforts to allow for open communications. To the extent

that the AP story, or any other comment, creates the impression that this effort, or any other, goes beyond that for other ulterior purposes, that is simply inaccurate.

Senator LEAHY. Was it a covert program?

Dr. SHAH. Absolutely not. It was conducted——

Senator LEAHY. Was anyone at the U.S. Interests Section, at either the Department of State or the White House, aware of the facts of this program?

Dr. SHAH. This program has been notified publicly in congressional budget justifications dating back to 2008——

Senator LEAHY. I have read those and you are talking about bureaucratise. If you could figure out that it meant this, you are a lot better than most of us.

Now, Alan Gross——

Dr. SHAH. Well, sir, may I speak to that?

The notifications point out that we are working to increase the free flow of information and support civil society and engagement using new technology. They specifically highlight work to reduce Internet restrictions to information. They highlight using new digital methods to increase information flow in and out of the island, and they talk about work on Internet freedom. More detailed conversations took place in staff briefings.

Senator LEAHY. And we have spent millions of dollars, for example, on the Martí program even though we just made a lot of people wealthy, but it has not done much of any good whatsoever, but it makes people feel good to spend the money.

Alan Gross was arrested in December of 2009. Did USAID consider what the possible discovery of this program by the Cuban Government, did anybody consider what that might have meant for Alan Gross?

Dr. SHAH. Look, Alan's detention is wrong. The responsibility for his detention rests with Cuban authorities. And our administration has worked, and since you mentioned it, I should highlight that the State Department has led an aggressive effort to help Alan secure his release. And specifically, Under Secretary Sherman has worked this issue at the highest levels, it has been addressed.

Senator LEAHY. I have seen some nice press releases, but I have not seen any steps that would actually get him out.

Dr. SHAH. We can share that with you in a private setting, I am sure. She would be eager to do that.

Senator LEAHY. Okay.

Dr. SHAH. Because I know that——

Senator LEAHY. Let me ask you this——

Dr. SHAH [continuing]. There is a lot of focused work on behalf of the Gross family, whom we think about and care about deeply.

Senator LEAHY. Is the program that Alan Gross was sent down there to carry out, did USAID consider the fact that if he was discovered in that program that he would be arrested? Was that ever a consideration of USAID?

Dr. SHAH. Yes, these programs are conducted more discreetly precisely because of a recognition that providing Internet access in an authoritarian environment——

Senator LEAHY. Then why has——

Dr. SHAH [continuing]. Exposes partners to certain risks.

Senator LEAHY. There are USAID people who are doing wonderful things that you and I would applaud all over the world, many at great risk to themselves because of the places they are in. And they are constantly faced with the suspicion “You are not here to help us. You are really a spy.” And they have to say, “Well, no. We do not work for the CIA. We work for USAID.”

Did you not worry that having a USAID employee do this, knowing how the Cuban secret police and informants work, that he would be discovered? Does that not taint all USAID employees around the world as spies? I mean, we are already getting emails from USAID employees, current and past, saying, “How could they do this and put us in such danger?”

Dr. SHAH. Sir, we support civil society. We support and implement the fiscal year 2014 appropriations language that directs us to improve access to information and Internet freedom in many parts of the world. We do it transparently and with public notifications. The fact that we are discussing it in this hearing highlights the reality that these are publicly notified programs.

Senator LEAHY. Where are some other countries where you do it openly?

Dr. SHAH. Literally, around the world. And we have had efforts in Kenya to support the Yes Youth Can——

Senator LEAHY. Have they always been done with——

Dr. SHAH [continuing]. Movement student groups.

Senator LEAHY. Has it always been done with full knowledge and support of our U.S. ambassadors in those countries in every instance?

Dr. SHAH. That is the aspiration.

Senator LEAHY. Is that the reality?

Dr. SHAH. I think for the major ones that I am most familiar with, absolutely. There are things we review. There are things that our Embassy teams are more than aware of.

And, in fact, the Yes Youth Can program in Kenya is a great example. They can work. Sometimes they help lean and tip the scales towards protection of communities and rights, allowing people to gain access, promoting democratic transitions from one administration to the next, supporting safe participation in elections, and we have seen it time and time again. They do not always work, and I will be the first to admit that, but often they do.

Senator LEAHY. This one had, this one from the get-go had no possibility of working. That is my problem with it.

Senator Graham.

AFGHANISTAN

Senator GRAHAM. Thank you, Mr. Chairman.

There is an article, I think, in “USA Today,” April the 2nd. The title was, “AID Agency Accused of Cover Up in Afghanistan.” The Special Inspector General for Afghanistan Reconstruction issued a report asserting that USAID kept information from congress and the American people regarding Afghan ministries unable to account for cash and other assistance. And the concern was that some of this money was going to suppliers and beneficiaries of the funds that have links with terrorist organizations.

Could you comment on that article?

Dr. SHAH. Yes, absolutely, and thank you for the opportunity, Senator.

First I will say that we have been fully open with all of these documents. These are assessments that we conduct in order to mitigate the risks of all of our partners, whether they are Government partners or others. We have made those full documents open without any redaction whatsoever to anyone who wants to be a part of an in-camera review, and that has taken place in the past.

We have also made documents that were jointly redacted by the USAID and State available externally, in terms of moving the documents forward to, I think in that case, it was the House Oversight and Government Reform Committee where personally identifiable information and other things that were deemed national security sensitive were redacted.

But the full, open documents are open. And, by the way, I am proud of these documents. These documents show that our teams are doing careful assessments, they assess 13 or 16 ministries. They found some deficiencies in the controls, and procurement, and financial management systems. So instead of moving money directly to those ministries, they used a mechanism called the Afghan Reconstructions Trust Fund run by the World Bank, and a different central bank mechanism that allows us to carefully monitor and measure where our resources are going, and only expend them when we know costs have been incurred.

And the final thing I will say about this, sir, is that, for 2 to 3 percent of the cost of this war, USAID has helped 8 million kids go to school, nearly 3 million girls. We have helped support elections over the past weekend. We have seen the fastest reduction in maternal and child death anywhere in the world in Afghanistan over the last decade, and the 44 year increase in women's longevity in Afghanistan is not something that I made up. It is actually coming from a properly conducted demographic and health survey which is the gold standard for data collection in these types of efforts.

The 2,200 kilometers of road have allowed real economic growth. And to the extent that Afghanistan has a shot at a secure and prosperous future, in large part, I believe, retrospectively people will see this 2 to 3 percent of our total investment as a very important part of giving that country a chance and of supporting American security interests in the long term.

Senator GRAHAM. I would agree with that assessment.

FEED THE FUTURE

Let us now go to Africa. Genetically modified organisms, GMO's: what role do they play in our Feed the Future initiative? How are you integrating them into Africa? And very briefly, could you tell me, are we making progress with our European partners regarding GMO's utilization in Africa?

Dr. SHAH. Well, thank you, sir. And I want to thank the committee for its support for the Feed the Future program.

When we launched Feed the Future, at the President's direction at the beginning of the first term, the goal was to help African institutions develop their own seeds, fertilizers, improved agricultural technologies that could help millions of people move beyond

needing food assistance, and become self-sufficient in their own right and commercially prosperous. Part of that transition is testing the use of all different kinds of technologies.

And so, we have engaged in a series of partnerships to develop improved, drought-resistant or water efficient corn for east Africa; improved, bio-fortified products for west Africa and southern Africa. And these products are being developed, tested and introduced based on the regulations and the science norms in those countries.

I think we are making tremendous progress. The fact that we have gone from virtually nothing to reaching 7 million farm households in a 4-year period, I believe, is an extraordinary effort. And the fact that we have motivated private companies to join us, most are local, African companies to make nearly \$4 billion of commitment—

Senator GRAHAM. And the goal—

Dr. SHAH [continuing]. And \$48 million of investments is a big step forward as well.

Senator GRAHAM. And the goal is to create some disposable income in these farming families so they will have some purchasing power, building roads to get their crops to the market, and having some trade agreements in Africa to further advance farming. Is that correct?

Dr. SHAH. That is exactly true, sir. And the goal is, furthermore, to recognize that when these countries and their economies stand on their own two feet, they become trading partners. That creates jobs and security, trade and prosperity for the United States as well as Ghana, or Tanzania, or Mozambique, or Bangladesh.

Senator GRAHAM. Thank you.

HEPATITIS C

Egypt has, I think, one of the highest levels of Hepatitis C infection in the world; over 12 million people infected. There is—I do not know if it is a new drug—but a drug available that can actually cure the disease.

Would you be willing to talk with this committee about a pilot program where we, the United States, could supplement what the Egyptian Government is doing in terms of treating people who are infected with Hepatitis C and try to leverage some of the Sunni Arab countries who provide aid to Egypt to put some of their money into this program, and see if we can turn this around?

Dr. SHAH. I would be eager to learn more about it, sir, yes.

Senator GRAHAM. I think it is an opportunity for the committee and the congress to really weigh-in and help the Egyptian people with a huge problem, which is Hepatitis C infection that creates a lot of drain on their economy, and health problems that have to be addressed.

UKRAINE

On Ukraine, do you have a presence in Ukraine?

Dr. SHAH. We do. Yes.

Senator GRAHAM. Where is it located?

Dr. SHAH. In Kiev.

Senator GRAHAM. I am very concerned that what you see in the east is a precursor to more Russian advancement that is pretty ob-

vious that Putin is setting up a scenario where he is coming to the aid of ethnic Russians in the east, justifying a further incursion into Ukraine.

Do you share those concerns? What purpose is our money being spent on? And is there any chance that the money that we are investing in Ukraine can yield results? And if we need to invest more, what would you advise the committee to do?

Dr. SHAH. Well, thank you, Senator and we have already significantly increased the investment just over the last few weeks in the Ukraine.

Our investment serves two major purposes. One is to support the elections and civil society and democratic processes, so they are implemented effectively. And the second is economic——

Senator GRAHAM. Do you believe that Putin is trying to undercut this election? That the actions in the east are trying to, basically, dismember the country according to the Prime Minister of Ukraine's statement that that is going on before our eyes?

Dr. SHAH. They appear significant, sir, but our role is to focus on supporting the economic reforms, getting the IMF package, which is tens of billions of dollars to help bolster the Ukrainian economy.

Specifically we will be, and are, providing technical assistance to do everything from providing land titles to 1.8 million Ukrainian farmers, so they can provide commercial activity; to supporting the Government to make transitions in its fuel policies so that it can be more fiscally secure and have an economy that is more resilient to some of the geopolitical realities.

Senator GRAHAM. Thank you for all your good leadership and hard work.

Dr. SHAH. Thank you, sir.

Senator LEAHY. Senator Landrieu.

Senator LANDRIEU. Thank you very much, Administrator. Thank you for the leadership you have provided and the partnerships that you have developed with other Governments, and nonprofit organizations, and businesses to leverage the money that the taxpayers of the United States are putting towards some of your, some of our very worthy goals.

NATIONAL ACTION PLAN FOR CHILDREN

I have three questions today, and one is about the National Action Plan for Children. Secretary Kerry sent me a letter in September of this year and he wrote that the State Department and USAID were moving forward aggressively to implement the first-ever U.S. Action Plan for Children in Adversity, which the White House released in December of 2012. More specifically, he stated, "USAID and State recently formed a senior policy operating group." So I have a few questions about that.

In the 15 months since the National Action Plan on Children was released, what concrete actions has USAID, under the direction of this senior advisory committee, taken to advance the plan's implementation? And specifically, how many people have been assigned and how much money has been spent in standing up this Action Plan for Children in Adversity?

Dr. SHAH. Thank you, Senator Landrieu, and thank you for your strong support for USAID, for our reforms all around the world, and for your tremendous leadership on the issue of Children in Adversity in particular.

As Secretary Kerry noted, we have made great strides moving forward. We have a coherent strategy that prioritizes birth registration efforts to move children to family care and out of orphanages, and to support efforts to help children survive and thrive as they grow into adolescence.

We at USAID, to contribute to that strategy most effectively, have restructured our work, merging a few of our offices and moving them from global health to our humanitarian assistance bureau which, I think, will help take this forward.

We have also increased our budget commitments to this area. The fiscal year 2015 request in addition to the 10 percent of the PEPFAR program that focuses on orphans and vulnerable children, will include additional resources specifically for this Center of Excellence. And we intend to support both new grand challenges in this area that will allow innovators and new partners to work with us in partnerships with companies like IKEA, H&M, and the Lumos Foundation, which was created by J.K. Rowling, to help leverage our resources and drive other people's money into this space as well.

The one other thing I would like to highlight is that because of your leadership, and as a result of our mutual actions, last year, 500 kids were moved from orphanages in Cambodia, Rwanda, and Guatemala to family care in those settings. And our Children in Adversity advisor, our program partners, and certainly your office, have played a critical role. And for that, I want to thank you.

Senator LANDRIEU. Well, thank you, Administrator.

But we have, as you know, a lot more work to be done and there are 5 members of this committee, and over 60 members of congress, that have signed on to a piece of legislation called Children and Families First. And you would not think that a piece of legislation like that would be necessary. Think about it. Children and Families First, where else would children be?

So I tell myself every day, it is interesting that I have to try to pass a bill in congress because when I read your statement today, even though that we have made a lot of progress, and I do believe that you are sincere. I cannot find the word "family" in, on any one of these pages. I see "children." I see "young people." I see "girls." I see "child." I see "childhood," on and on and on.

But as I have tried to explain to the chairman and he is, I think, very sympathetic, one of my big problems in this whole State Department, whole USAID space is I cannot find the word "family." And when you talk to regular Americans, regular Americans, Americans whether they are in Delaware or Louisiana or Vermont, the basis of society is family. Children belong in families. Families belong together.

And I am sure you are aware of the studies that have been done by some of the outstanding doctors in our country. Are you aware of the Bucharest Early Intervention, Harvard Early Childhood Development, the work of Charles Zeanah at Tulane? Would you give

a minute to explain to the committee what the findings of this work have been?

Dr. SHAH. Well, Senator, I do not have the specific findings in front of me, but the studies that I have been briefed on show very clearly that family care is good for kids, and my kids appreciate being in a family, sometimes.

And so the reality is that you are right. We are trying to use the flexibilities and the capabilities we have to help support children to make the transition into families where that is not possible.

I have met with kids in eastern Congo, just recently, who are working with our partners there to help them get placed into families, coming out of the conflict and the war that has been taking place there, and this should be a bigger part of what we do.

Senator LANDRIEU. Okay. Well, let me ask you this question. Do you agree, then, that child welfare, particularly international child welfare, is more than a counselor issue? And needs to be handled in a way that represents or supports its importance in building civil societies?

Dr. SHAH. Yes.

Senator LANDRIEU. Okay. Because this piece of legislation, which will be moving through, that is exactly what it attempts to do, to use the models that are very effective.

And we have, on this committee, helped to create some of these very effective models for combating trafficking, providing humanitarian assistance for resettlement of refugees, AIDS relief, fighting terrorism. I mean, those are four really extraordinary successes that this chairman, and we have, and our authorization committee have led.

That is what we are talking about with CHIFF is focusing the work so that we can put our money and our strategies in line with our views and values for children belong in families. Keeping them to the one they are born into, keeping that family together. If they are separated, reuniting them. And if we cannot keep the family together or reunite, find another family for them, in-country preferably, and if not, inter-country adoption.

The chair is—I am on my last 3 seconds—the chair is aware that our numbers for inter-country adoption have fallen from a high of 20,000 down to 7,000. If we do not change this—20,000 just 8 years ago to 7,000—we will be down to zero.

Now, what that means to me is that we are not doing the very best job we can to help children find families. Most of them will find families in their own country. But inter-country adoption is an important—not the only, not the first, not the central—but an important part of that equation.

So I thank you, Mr. Chairman, for your support and the members of this committee will continue to work on this. My other questions were about the Lord's Resistance Army and about the children in Syria, but I will submit those for the record.

Senator LANDRIEU. Thank you.

Senator LEAHY. Thank you very much. We will continue to work on this issue. Thank you very much for that.

Senator JOHANNIS.

Senator JOHANNIS. Mr. Chairman, thank you.

If I might start out, I do not have any questions to follow up on the chairman's comments relative to Cuba. I think those comments are extremely important, and I would strongly suggest that somebody in the Administration should pay attention to those comments. But here is just a general observation having worked with USAID as the ex-Secretary and now with you.

I really like what you are doing, and I think you have bipartisan support on this committee for what you are doing. I think in many ways, you and your team have revitalized the image of USAID and I just see progress wherever I look.

But when I think about USAID, I think about words like "humanitarian," "caring," "road-builders," people who are really trying to get in the midst of very difficult situations, some of the worst poverty in the world, for example, and change the course of that country.

I cannot imagine why USAID would want to be involved, or even should be involved—maybe that is the more appropriate comment—in something like going into a country and dealing, and trying to get Internet access for people opposing the regime or some other. Not to say that that is not an important mission. But why would we put that mission in USAID? Why would you not look at some other part of the Federal Government to place that mission? And you do not have to comment on this, Dr. Shah, but to me, it seems crazy. It just seems crazy that you would be in the middle of that. That is just my observation.

FOOD AID

Let me, if I might now, turn my focus to something that everybody on this committee cares very deeply about, and that is food aid. Just within the last few days, on April 4th, I wrote a letter to Mark Pryor, Senator Mark Pryor, the chairman of the subcommittee on Agriculture, Rural Development, FDA, and Related Agencies, and to Senator Roy Blunt, who is the ranking member. The letter was my opportunity to urge them to do this and that on their appropriation.

I am going to read something to you that I put in that letter, and I would ask you comments on it. "Over the past decade," I say, "Funding has declined in Public Law 480—Title II as commodity prices have gone up. This has meant fewer commodities have been made available while global hunger has remained at alarming levels. While I know the committee has competing priorities, food aid can literally save the lives of hungry people around the world, generating good will towards the United States."

And then I say, "This request that I am making would simply restore the average of funding levels over the past decade." So it would boost funding to the average. I could make, I think, a very compelling case that it should be higher than that. What is your reaction to that request? And is that a request that you would support, the Administration would support?

Dr. SHAH. Well, thank you, Senator. Thank you for your strong advocacy for food aid reform that is carried out responsibly.

On face value, just hearing that for the first time, I am supportive of the basic idea that you are articulating, which is if we can reform the way we provide our food assistance, we can update

and modernize our programs, save more lives, reach more children and families in critical need, and do that without costing the Federal Government extra resources. And that was the motivation behind President Obama's budget proposal last year. It continues to be his motivation behind this year's request for some additional flexibility in the program.

I will say one additional thing, which is the farm bill combined with some efforts that you, personally, engaged in and that Senator Pryor and others supported, will allow us in fiscal year 2014 to reach 800,000 additional children whom we otherwise would not have because of partially adopting the President's proposal.

That is 800,000 kids at a time when in and around Syria, in and around the Central African Republic, in and around South Sudan, we are going to have needs that far outstrip our capacities in terms of humanitarian response. And that is a real, in my view, step forward we can all jointly take pride in.

Senator JOHANNNS. I will make sure you get a copy of this letter. I am hoping that the chairman and ranking member of this committee will also take a look at it. You are almost never going to see me come down to a subcommittee hearing and say, "We need more funding." It is not in my DNA, typically.

But having said that, again, based on my experience in looking at what you are dealing with Syria, Sudan, etcetera, I do not think there is any other conclusion to that. I think the resources are just disappearing and, of course, we went through a very difficult time where prices were extremely high. That has changed a little bit here, but I just think at the end of the day, we are trying to stretch the rubber band too tight and at some point, it breaks.

Dr. SHAH. Thank you, sir.

Senator JOHANNNS. Let me, if I might, ask about the proposal that the Administration has made on the Food for Peace Title II program. It is scaled back from last year's proposal. You are still supportive of local and regional purchases. And, as you know, I have got some history with that proposal too. In fact, I think you have used the same proposal that I made when I was Secretary.

Talk to us about local and regional purchases, what you are trying to do here, and why you think that could be a difference-maker. And that will wrap up my questions.

Dr. SHAH. Well, thank you. And I will just say we have been really recognized for the strength, speed, and effectiveness of the response in the Philippines.

Almost all of the food that you saw provided in the first few weeks, and even months, were the result of local and regional purchased and prepositioned food stocks with the American shipped foods then coming in 8 to 12 weeks later. And your leadership as the Secretary of Agriculture helped make that possible, helped feed those kids.

We have a lot of data from that program that shows that we can do this at a lower cost, more effectively buying the types of food products that have more nutrition value, can be delivered quicker, safer, are more preferred for communities. And, frankly, can help communities then get back on their feet because we are buying from those local environments, creating incentives for local farmers.

You pioneered this effort, sir, and I think we are excited to have the opportunity to continue to build bipartisan support to take it forward. And if the Senate and the House were to adopt this year's proposal from the President, we would reach another 2 million additional children at the end of this year when it is absolutely, critically needed in core and emergency environments.

So thank you, very much, for your leadership, and I look forward to continuing to take your guidance.

Senator JOHANNNS. Well, thank you. It is a difference maker.

Thank you, Mr. Chairman.

Senator LEAHY. Thank you, Senator Johannns.

I completely agree with your concept that we have got to make it possible for the people in the area to do things, to be able to help themselves. We can give them the help to help themselves. And Dr. Shah, I appreciate the fact that you have taken that attitude as strongly as you have since you have been here.

Senator Coons, you visited many of the areas, some very unglamorous areas wherever the USAID has been very helpful, and I am glad to have you here.

Senator COONS. Thank you, Mr. Chairman. I am grateful for the opportunity you gave me to travel to Cuba with you, and to be able to meet Alan Gross in person, to be able to see the conditions of his imprisonment, and to get to hear personally how difficult his experience has been. I just want to say that I share and support the chairman's concerns about doing everything we can to secure Alan's release.

I also have enjoyed working with my colleague, Senator Johannns, on food aid reform, and I look forward to continuing to work together on responsible reform that sustains our investment in food aid relief, but that also makes it more efficient and more effective. So if we can strike the midpoint that sustains our relief around the world, but also makes a better use of American taxpayer dollars, well, that would be a great outcome.

POWER AFRICA

I recently chaired a hearing in my senate subcommittee on Africa about Power Africa with Senator Flake of Arizona, and I am optimistic about the potential power of this Administration initiative to tackle energy poverty and to really make a lasting difference as we work together towards your ambitious goal of ending extreme poverty and making other significant advances in development and in security.

What steps are you planning to take to ensure that Power Africa is sustained? Some of the most significant initiatives in development today, such as PEPFAR and the Millennium Challenge Corporation, were started under the Bush Administration, but structured in a way that they have lasted well beyond it, and have a made a real difference.

How can Power Africa be funded, authorized, and sustained? And have you thought of a future expansion that would allow it to function beyond the initial six countries, and that would allow it to have a timeline that is more appropriate for power infrastructure projects?

Dr. SHAH. Thank you, Senator.

Thank you for your extraordinary leadership on development. The depth of your knowledge, experience, and your help in connecting us to great businesses, universities, and others who can be part of this effort to end extreme poverty have been invaluable.

I want to thank you specifically for the efforts you have made on food aid reform. I know that it is a difficult topic on which we need to work together, and I am very hopeful that the President's proposal of this year is perceived as and is, in fact, an effective midpoint that can help us continue to make the kind of progress that people have not previously expected, but we have, with your leadership Senator, have been able to deliver.

With respect to Power Africa, I believe this is the key to unlocking growth and development, particularly in sub-Saharan Africa where around 550 million people still go without real, consistent power access. And we can only imagine how hard it would be to start a business or to create economic opportunity in your community if you were paying exorbitant prices for diesel that is trucked in and put into generators because there is no proper energy access.

Power Africa is structured to bring a lot of different American agencies together. USAID coordinates the effort and the coordinator is based in Nairobi, but we work hand in glove with the Overseas Private Investment Corporation, the Export-Import Bank, State Department and, very importantly, the Treasury Department that brings all the multilateral partners together in support of this effort.

We are supportive of the Electrify Africa legislation in the House and look forward to further authorizing and appropriations language in both the House and the Senate to, in fact, codify this as something America can do in Africa over the long term. And we believe that it will need appropriate funding. We have committed upwards of \$250 million of appropriated resources, which then leverages billions of dollars of private investment commitments. But we should not be too excited about the private investment commitments if the appropriations do not come through.

And so, your advocacy for the Development Assistance Account, specifically, which funds Power Africa, as well as education, water, Feed the Future, and so many of our other high priority development initiatives, and is under a lot of pressure is particularly valued for the Power Africa program.

And finally, I think with respect to partnerships, this has unlocked a new level of public-private partnership that can really dramatically improve energy access. We have seen of the 10,000 megawatts we committed to supporting in six countries, we have already identified more than 5,000 of the megawatts through specific projects and programs. Those are moving forward.

We are actively considering right now how to expand this program and also how to ensure that countries that are not formally Power Africa countries, but where there are businesses, and local leaders, and Governments that want to do the right thing, and allow for public-private partnerships to create low cost energy access, that we are supporting that effort as well.

Senator COONS. Thank you.

I share your concern that the Development Assistance Account is under significant pressure. My concern is that Power Africa and Feed the Future are funded out of it, but there are significant pressures on democracy, governance, and peace building around the world in a variety of countries addressed by other members of this subcommittee.

So I frankly think it could stand to have more robust funding and, frankly, to have a dedicated line that makes it clear that Power Africa is being separately sustained for the long term.

I have a number of other topics and relatively little time. There are, as you mentioned, three Level 3 crises going on in the world at the moment: Central African Republic and South Sudan being two of the three. I am worried about how we address the urgent short-term humanitarian needs in both countries, and the significant requirement for peacekeeping assistance, and then the requirements for USAID to provide support for stabilization and return to normalcy, if that is possible in these two countries. Let me just mention that as a first a question, and then a second and third, and give you a few minutes to answer, if I might.

Second, the Global Development Lab; I think one of the things that has been the hallmark of your leadership of USAID has been a focus on transparency, accountability, and innovation. When we combine science, innovation, and entrepreneurship, we really can solve the grand challenges of development, and the Global Development Lab really shows promise for making this possible.

What sort of additional legal authorities does USAID need from congress to maximize the efforts and the long term impact of the Lab?

Then last, I am concerned about wildlife trafficking. We do not yet have the details of your fiscal year 2015 budget, the detailed congressional budget justifications, and I look forward to reviewing them and seeing what sort of investment there will be in combating wildlife trafficking, particularly in Africa.

Dr. SHAH. Thank you, Senator.

On South Sudan, we agree with you. There, our Famine Early Warning System is noting that there is a very high famine risk for a variety of reasons, mostly due to violence. Last week, we announced \$83 million of food items that will be prepositioned. But it is going to be very, very difficult and we will appreciate your support through what is a difficult period.

With respect to wildlife trafficking, we also recognize that this is an important issue, and I think between fiscal year 2014 and 2015, we are doing some very innovative and important things, and I would look forward to following up with you on it. I am very excited about what the supply side and demand side efforts we are going to be pursuing.

On the Global Development Lab, I want to thank you for raising it. We have worked for years on an effort that both President Obama, and Secretary Clinton, and now Secretary Kerry have been very enthusiastic about. We have identified 32 partners including private companies, research universities, student groups, NGOs. They have all come together to say, "Let us work together to bring science, technology, innovation to global development so we can achieve the end of extreme poverty, better, cheaper, faster."

We are seeking some important, new authorities. There are some hiring authorities under Schedule A that we hope to pursue as part of this discussion. We are requesting the ability to use some amount of development assistance funding for health purposes so that we are not as sectorally focused going forward.

We are looking forward to having some, notwithstanding, authority that might help the Lab do its work. And we are supportive of efforts to, over time, have the ability to own and commercialize intellectual property.

So we look forward to working with you, but if American development institutions over the long term are going to have a DARPA-like institution that can bring high powered, high quality, well meaning American science and innovation to the field of development, we would, in fact, need those types of authorities. And we value the continued support in helping us find the partners to build this Lab.

Senator COONS. Well, thank you, Administrator and I value your tireless leadership, your personal commitment to making sure that USAID is transparent, is responsive to congress, and spends taxpayer money as responsibly as possible. I look forward to continuing to work with you on these very important issues. Thank you.

Dr. SHAH. Thank you.

Senator LEAHY. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman and thank you for being here. We appreciate your leadership, and you and your Agency's hard work.

CHILD SURVIVAL

Can you talk a little bit about, there is concern about decreasing maternal and child health funds, and especially cuts to the bilateral programs. Talk a little bit about how that is going to impact child survival.

Dr. SHAH. Thank you, Senator.

First, let me say, thank you for your partnership and support for child survival, for malaria, for all the issues you have fought and worked hard on over the years. And I know you know, but your efforts have helped generate some real successes that mean that more children survive in many, many parts of the world. So thank you for that.

With respect to this year's commitments in maternal and child health, they do represent a small increase in our commitment relative to the fiscal year 2014 request level. And I, of course, always want more resources in general from the U.S. Government, from private partners, from countries themselves that still pay for the bulk of this, to help accelerate the end of preventable child death.

We have worked aggressively with more than 170 countries now to have everyone commit to an evidence-based, results-oriented approach to end preventable child deaths. In 24 countries specifically, we have restructured our programs to invest in the most cost-effective ways to save children's lives. Those 24 countries account for just over 70 percent of the 6.6 million children that die every year unnecessarily.

I am confident that these resources, especially if we can continue the successful track record we have had of getting companies, faith institutions, NGOs, and just as importantly, the countries themselves to put more in, will allow us to be successful to achieve our goal.

NUTRITION

Senator BOOZMAN. In relation to that, talk a little bit about the U.S. Global Nutrition Strategy, which I know that you are working very, very hard to develop. We appreciate your leadership in that, and talking about that as a roadmap to achieve some of the goals that we want to achieve.

Dr. SHAH. Well, thank you, Senator.

As part of both Feed the Future and our global health efforts, we have seen a lot of new science that shows that children who are malnourished early in their lives are stunted and have less effective and full brain development that then affects their capacity to contribute to society for the rest of their lives.

We also know that there are targeted, specific ways to prevent that kind of disastrous consequence of large scale child malnutrition. So we are leading an interagency process to create a U.S. nutrition strategy.

Last year at the G8 meeting, I committed on behalf of the United States, that we would make significant investments in health and agriculture that focus on child and maternal nutrition in particular. We are the world's largest funder of nutrition efforts with, over a 3 year period, nearly \$1 billion going to specifically child and maternal nutrition efforts according to our analysis.

And our strategy will show a very clear way to set a target, which will be reducing stunting by 2 million kids, to measure outcomes in the countries where we are going to focus, and to bring together public-private partnerships and NGOs to expand the resource commitment in this area.

But this, I think, is the one area where we work in this space, in which the science has evolved tremendously over just the last few years. And so, our ability to produce new and improved food products as part of our food assistance programs; our ability to target women, pregnant women with clean water interventions to ensure that they avoid disease during a period of time when they are at high-risk; and our ability to support child nutrition during pregnancy, but also just after, with specific, low cost, supplemental feeding can really help change the trajectory for some of these countries that have 40–50 percent child stunting rates.

CHILDREN'S VACCINES

Senator BOOZMAN. Very good. Again, along the same vein, the GAVI Alliance, Global Assistance Vaccination, for those that are listening that are not familiar, but do you feel our contribution is being leveraged to the maximum to get the results that we need?

And, the other thing is what more can we do, what more can the United States do—and it does a tremendous amount—to ensure that our work with GAVI countries has the high rate of success that it has enjoyed?

Dr. SHAH. Well, thank you.

The fiscal year 2015 budget includes a \$200 million commitment for the Global Alliance on Vaccines and Immunization. We, like Bill Gates and so many others, who have invested in this effort, believe this is one of the most cost effective ways to save children's lives and that is why we are proposing a unique increase in our commitment.

We also recognize that GAVI helps low income countries reach children with new vaccines that they simply would not get otherwise. By doing deals with pharmaceuticals and vaccine manufacturers, they secure the vaccines at lower prices for those countries than they would otherwise gain access to.

USAID then works to supplement GAVI's work in countries to help train health workers, to help provide some infrastructure, whether it is motorbikes or bicycles or refrigerators to make sure that those vaccines can get to where they are most needed.

One of the most hopeful moments I have had in this role was walking through a refugee camp in Dadaab during the Somali famine and seeing that these emaciated Somali children were actually getting a world-class pneumococcus vaccine because of the efforts of GAVI and the United States together.

Senator BOOZMAN. That is great.

Finally, and I think this is really important, but last year, you announced USAID would be scaling back and winding down missions in certain countries in order to focus its resources on areas with the most potential impact, and USAID has recently closed some countries. You also noted that USAID could graduate at least seven countries from assistance by 2015.

What progress have you made in moving more countries beyond aid and, as you like to say, putting yourself out of business? Which, again, is really what this is all about, and you have done a great job, I think, in moving the Agency in that philosophy.

Dr. SHAH. Well, thank you, Senator. We absolutely believe our mission should be to work to end extreme poverty, but do it in a way that builds local capacity, so we do not have to be there over the long, long term. And in that context, I am proud to have supported this effort to close out of certain programs and missions.

Over my tenure, we have taken down 34 percent of our total programs around the world in order to be able to focus resources in food, Feed the Future, in child survival, in the kinds of programs that we think deliver the best return on investment for the American taxpayer in terms of supporting the world's most vulnerable people. And we are on track to fulfill our commitments that we made to change our mission structures and downscale in some of the places we highlighted by the end of fiscal year 2015.

Sometimes those mission close outs cost us a little money in terms of staff transitions and programmatic transitions. We are cognizant of trying to find local partners to pick up the costs of some of the programs that are ongoing because they are effective programs the countries value. So we are trying to do this in a very responsible and sensitive way.

But over my tenure, I have felt that this approach was the only way to, in a largely budget-neutral environment, have the flexibility to invest in the things that we think will make the biggest

difference in terms of serving the world's most vulnerable people. Thank you.

Senator BOOZMAN. Thank you. Thank you, Mr. Chair.

Senator LEAHY. Thank you very much.

CUBA

Let me ask about a couple of these other things. You said the Cuban Twitter program was not a covert program, it was just a discrete program. Is that correct?

Dr. SHAH. Yes.

Senator LEAHY. It was U.S. Government activity, correct?

Dr. SHAH. We supported the program, but it is no longer active.

Senator LEAHY. And its purpose was to influence political conditions abroad by gathering information about Cuban cell phone users to encourage opposition to the Cuban Government. Is that correct?

Dr. SHAH. No, that is not correct. The purpose of the program was to support access to information and to allow people to communicate with each other as we do in many other parts of the world. The program was not—

Senator LEAHY. And were the people—

Dr. SHAH [continuing]. For the purpose that you just articulated, sir.

Senator LEAHY. Were those people told that this was a U.S. Government program?

Dr. SHAH. Well, the platform was built and then people were able to communicate on the platform, and some 48,000-plus people did.

Senator LEAHY. Did they know that it was a U.S. Government—

Dr. SHAH. I do not believe so, no.

Senator LEAHY. Thank you.

Dr. SHAH. That was part of discretion.

Senator LEAHY. And, in fact, there were quite a few efforts made to conceal the fact that it was a Government program. Is that correct?

Dr. SHAH. Well—

Senator LEAHY. Using shell companies and others?

Dr. SHAH. Well, the program was conducted discreetly. Some of the details to which you are referring, sir, in the AP story were inaccurate. There was no shell company, or Spanish company—

Senator LEAHY. So, there was no—

Dr. SHAH [continuing]. And there was no Pakistan money involved. We put out a point by point rebuttal, but—

Senator LEAHY. Did we tell them it was U.S. Government money and a U.S. Government program?

Dr. SHAH. I am sorry. Could you repeat that?

Senator LEAHY. Did we tell the people in Cuba that this was a U.S. Government program?

Dr. SHAH. No.

Senator LEAHY. Well, who did we tell them this was coming from?

Dr. SHAH. Well, we conduct programs in lots of different places without branding—

Senator LEAHY. On this particular one—

Dr. SHAH [continuing]. Or advertising USAID.

Senator LEAHY. You know, on this particular one, where were they told the program was coming from?

Dr. SHAH. I do not know. We did not advertise that this was a U.S. program just as we, as you know, sir, provide—We have provided 250,000 surgeries inside of Syria, and we do not disclose or highlight that those are American programs providing them medical support because—

Senator LEAHY. Did we tell them it was a Spanish company that was doing it?

Dr. SHAH. To be honest, we can go back and get you the details, sir, but I know that there was no Spanish company created, and that was one of the inaccuracies in the AP story.

Senator LEAHY. But there had to be somebody who was doing it.

Dr. SHAH. Well, I will—

Senator LEAHY. And they had to be told it was from somebody. Is that correct?

Dr. SHAH. Well, when you create a platform and then people would use the platform, we did not advertise that that platform was supported by the U.S. Government. So that is an inaccurate representation.

Senator LEAHY. If we did not have our embargo, you would have so many American companies down there, fighting for the chance to do this and very openly doing it, it would have accomplished a lot more than this program did.

Dr. SHAH. Sir, that—

Senator LEAHY. And probably put a lot fewer people at risk.

Dr. SHAH. Sir, let me speak to that because it highlights a reality that we struggle with. This is a program that we are specified to do and the restrictions on it are quite clearly specified as well. And, of course, as you are aware, sir, USAID does not define the full extent of that policy.

My goal is to make sure that we are implementing the program consistent with the law and managing it well. And if you look at the GAO report that came out in 2013, I believe the title of the report was “USAID Significantly Improves Management Over This Program.” And you compare that to the 2008 or 2006 GAO reports that, I think, the title of those reports were, “USAID Needs to Improve Management Over This Program.”

Senator LEAHY. I think everybody on this panel, both democrats and republicans, have praised you for improving—

Dr. SHAH. Thank you, sir.

Senator LEAHY [continuing]. As have I, but on this particular one, we are talking about Alan Gross. He was in Cuba. He was carrying out a USAID-funded program. He was given very little training about the enormous personal risk. He was arrested. He is now facing, in effect, a life sentence. I am told by everybody in the Administration, “Oh, we are working so hard on this,” but I do not see where they have achieved anything. He does not either. That is why he started a hunger strike.

Have you done anything specifically, personally, to get him home?

Dr. SHAH. I have, sir, but the responsibility and the leadership for this rests with the State Department, and the Secretary, the

prior Secretary, Under Secretary Sherman, and President Obama have all been involved in efforts to secure Alan's release.

And again, that is not something I can speak about publicly, but I am certain that Wendy Sherman or others that are responsible for that body of work would be, would appreciate the opportunity to disclose what they have done to you in the right setting.

Senator LEAHY. Well, I have asked——

Dr. SHAH. And I would also say——

Senator LEAHY. Let me read you what another USAID contractor wrote to me this morning about Alan Gross. He said, "I always held out the hope that maybe the silence by the USAID was an effort to find a quiet, diplomatic solution to secure Alan's release. Now, with the revelation of the Cuban Twitter program, it seems that the Agency was never very concerned with Alan's fate and their silence was really a reflection of callousness. I think the Agency and Congress need to think through the U.S. Government's moral responsibilities to any American, even a lowly contractor, that it puts into harms way by ordering them to engage in programs that are illegal under the host country's law. Either USAID needs to refrain from these programs entirely," he says that is preferable to him. "Or if it is going to run these types of programs, it needs to take steps to ensure in the event something goes wrong that it is ready to take a level of responsibility for the people hurt."

What about that?

Dr. SHAH. Well, sir, three things.

The first is we do care about work on behalf of and support Alan, and his family, and Judy and, we think about them all the time. But more importantly than thinking about him, we have a very, very sophisticated leadership team led out of the State Department that has been, has tried a number of things to secure his release.

Second, his incarceration is offensive and completely inappropriate, and entirely the responsibility of the Cuban authorities that are holding him for simply carrying out an effort to help people gain access to the Internet.

And third, I would like to just point out, because this was reflected in the letter you just read. There are environments like Uganda right now, where it would be inconsistent with their new law to try to find and provide antiretroviral drugs to people who are homosexual. We do that anyway and we do that because it is a reflection of our values and it is a part of our programmatic responsibilities.

So, these are difficult issues. I have struggled with the challenges of managing these efforts, but we are doing them better than they have been done in the past. We have external validation that has been pretty comprehensively assessed. Not just some desk review of what USAID is doing, but the GAO went, interviewed the partner, interviewed the sub-grantee, had access to all the documents, and highlighted and complimented our improved management performance in the title of their report.

And I think about Alan every day, but I also know that I am buffeted by a State Department that takes the lead in these types of issues, and they are highly sensitive and I would defer to them to be able to explain to you in the appropriate, private setting or classified setting what——

Senator LEAHY. I have had private——

Dr. SHAH [continuing]. Has taken place.

Senator LEAHY. I have had private settings with them; I have yet to hear any explanation whatsoever.

Thank you for mentioning Uganda. I struggle with that because of the absolutely irresponsible position taken by their government; unfortunately promoted by an American missionary and those associated with him. I struggle with whether we should cut off aid to Uganda or not. You do not want to hurt the people, but I question sending money to a country that would do something like that.

Senator Graham, thank you for coming back.

Senator GRAHAM. Thank you, Mr. Chairman. You bring up a good point, and you are in countries where women, young girls, are basically denied opportunity for an education. Afghanistan, obviously, is trying to move forward.

We have to be somewhat practical in our aid, but also not abandon our values, and one of our values is people should be able to freely communicate. You should be able to get drugs when you are in a lethal situation regardless of your sexual orientation and regardless of your gender. You should be able to have access to schools and that is what we believe in as a Nation, so it is a complicated world.

Let us go to the West Bank right quick. President Abbas, of the Palestinian Authority, signed letters of accession for 15 international conventions and treaties. They are threatening to try to seek membership at different levels in the United Nations, going around the peace process. We have legislation cutting off funds if they continue to seek membership in the U.N. and become an independent State without negotiating with their neighbor Israel.

How do you see these actions of President Abbas? Do you believe it violates existing law? And what would the effect be if we had to terminate our aid programs in the West Bank and Gaza?

Dr. SHAH. Well, thank you, Senator, for your comment about women and girls in Afghanistan and Uganda.

With respect to the West Bank, and I appreciate the question. Immediately, the signing of those particular documents did not trigger any of the concerns with respect to specific U.N. organizations and American funding for them.

With respect to our work in the West Bank, and I was just there with Secretary Kerry a few——

Senator GRAHAM. Would you consider these letters provocative?

Dr. SHAH. I will let Secretary Kerry best characterize the reaction to that.

Senator GRAHAM. I do.

Dr. SHAH. I know he is working very, very hard and the whole team is working hard to abide by and try to honor the fact that both parties have said they want to continue to be a part of negotiations.

Now, with respect to what we do in the West Bank, we provide a significant amount of resources to the authority there to help provide basic services and support for its communities. We have public-private partnerships that help create some economic opportunity and micro enterprise.

I had a chance to visit many of the farmer co-ops and things that we have, where we provide support, and I personally think it would be a significant step back for the people of the West Bank if our support were to go away. In addition to all of the direct support we provide, we are their lead partner in trying to mobilize international private investment commitments should the economy open up. And Secretary Kerry and Tony Blair have announced a \$4 billion investment package from a series of companies. This puts all of that, of course, at risk and I think those are important steps.

Senator GRAHAM. Let me just make it clear. This Administration's position is the Palestinians should negotiate with the Israelis and vice versa—

Dr. SHAH. Absolutely.

Senator GRAHAM [continuing]. Before they try to seek independent State status at the U.N.

Dr. SHAH. Yes.

Senator GRAHAM. That is the congress' decision.

Thank you very much.

Senator LEAHY. Well, certainly, I have, you can imagine, other questions, but I also understand the constraints you have in answering some of them.

You have, incidentally, a terrific record on child survival, for which I have applauded you both publicly and privately.

Have you considered working with the Cuban Government on child survival programs, something that could be done openly?

Dr. SHAH. Sir, my understanding of the Helms-Burton legislation is that we would not. We would be precluded from engaging in those kinds of—

Senator LEAHY. So the Helms-Burton Act would make sure that, to show how tough we are, we could not help Cuban children who have health needs.

You know, I kind of, you do not have to answer this, but I look at some of these programs and the money we waste on Radio Martí and other things, and I would like to see free markets in Cuba. I would like to see an openness there. I would like to see an end to the repression of people who speak up for their rights in Cuba. I am not blind to things that every one of us could disagree with in Cuba.

But I have to think that some of these programs, somebody dusts off a memo that says, "If we had just carried this out, we would get rid of those Castro's." And they strike out the fact of who that memo was given to, first, to President Eisenhower, and then to President Kennedy, and then to President Johnson, and then to President Nixon, and then to President Ford; you get the drift of where I am going.

And of course, the Castro's are still there. I often think, "What would have happened if we had tried the kind of direct engagement as we have with other countries that have been historically repressive or communist?" But when we have flooded them with American tourists, and students, and exchange programs, and programs that improve health, and education, and other things, how much they have changed afterward.

I think if we had had that kind of a non-embargo, you would have had, as I mentioned earlier, so many telecommunication com-

panies from the United States to set up the things that you were trying to set up clandestinely. And that Cubans would have no more ability to cut that off than Turkey had to cut it off when they wanted to cut off Twitter accounts.

There will come a time, I suppose, when we will move from the 1950's maybe to the 1970's or even the 1980's, and the United States would be better off for it. We know how it is reflected in the rest of Latin America.

Here we are, the most powerful Nation on earth, and we act as if we are afraid of a tiny island country, a country where, when I visited there, most of the people would love to be able to communicate more with the United States, eager to hear about life here.

I would like to be able to see you doing the things you do so well. I mention child health, and that is something that you can be proud of, and you have done so much personally around the world; just think how great it would be if we were doing that in Cuba. You do not have to answer, but I have no further questions.

ADDITIONAL COMMITTEE QUESTIONS

I will keep the record open for written questions until Friday.

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

QUESTIONS SUBMITTED TO DR. RAJIV SHAH

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Development Experience. I wonder to what extent significant experience in overseas development is a requirement for working at USAID? I am struck by the fact that few if any of USAID's senior officials appear to have that background. They are very experienced in their own specialized fields, but it is not the same as sustainable development—meaning, extensive field work building relationships with local organizations and institutions in a way that helps them achieve their goals. Can you respond?

Follow Up. Since 2008, USAID's Development Leadership Initiative has hired 820 new permanent Foreign Service Officers increasing USAID's permanent Foreign Service corps by 80 percent. How many of these recruits have strong backgrounds in development?

Answer. The Development Leadership Initiative (DLI) hiring from 2008 through 2012 capitalized on the low rate of hiring by USAID during the previous decade, which created an eager and well qualified group of applicants for almost all of the specialty areas (backstops) needed by USAID. The combination of minimum requirements of a master's degree in most backstops and strong competition resulted in a talented and experienced group of new Foreign Service Officers (FSOs) who have already made valuable contributions to the Agency since joining USAID. Additional qualifications are required for specific backstops, such as law degrees and accounting majors.

The average of about 3 years of relevant overseas experience for the entire group does not adequately capture the range of experience and skills that all of the new officers have brought to the Agency. Thirty percent (246) of the new FSOs have Peace Corps experience as volunteers and/or staff. A majority of the new hires also brought relevant foreign language skills to the Agency which helped them meet the mandatory language requirements before deployment.

The smaller group of mid-level DLI hires had considerably more overseas experience as contractors or working in other capacities with USAID, other development agencies, or non-governmental organizations. Our estimate is that the group of mid-career DLIs has an average of over 10 years of development experience, most of which is overseas.

Question. Local Organization Capacity. I recently learned about a \$600 million "Indefinite Delivery—Indefinite Quantity Contract" for capacity development of national and sub-national governments, private sector entities, and non-governmental

organizations (NGOs). The performance period of the contract is 2013 through 2020. The implementers are mostly the usual big U.S. contractors. Is this an example of USAID Forward?

Answer. A key element of USAID Forward is increasing the Agency's work directly with local governments, NGOs and private sector—and building those actors' ability to perform without U.S. assistance. The Agency's Human and Institutional Capacity Development (HICD) initiative is a model of structured and integrated processes designed to identify fundamental causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems.

The ultimate goal of HICD is to help USAID's partners improve performance in critical areas leading to measurable results in achieving the organization's goals and objectives. In undertaking HICD initiatives, USAID missions will strengthen their partner organizations' abilities to more effectively perform for their constituents and stakeholders and will increase the effectiveness of ongoing technical assistance provided by the United States Government and other International Donors.

HICD is implemented through two mechanisms: the Human and Institutional Capacity Development (HICDpro) indefinite delivery/indefinite quantity contract (IDIQ) and HICDpro for Critical Priority Countries (CPCs) IDIQ.

The HICDpro IDIQ is a mechanism under which all awards were reserved for small businesses. This 100 percent small business mechanism has a maximum ordering limitation of \$300 million over a 5-year ordering period for programs worldwide.

The HICDpro for CPCs IDIQ provides an overarching framework for capacity development programs. Under the HICDpro IDIQ for CPCs, there is a maximum ordering limitation of \$500 million over a 5-year ordering period. Two of the five prime awards were reserved for small businesses, increasing competition and further contributing to the diversification of contractors doing business with USAID.

Task orders under HICDpro and HICDpro for CPCs are subject to a comprehensive review involving the Bureau for Economic Growth, Education and Environment's Office of Education (E3/ED) and mission technical staff, technical offices throughout the Agency, and both mission and headquarters senior management who are well versed in best practices of implementing USAID Forward initiatives. These safeguards help ensure that USAID funding directly impacts local organizations and host country governments.

All six awards under the HICDpro IDIQ were made to U.S.-based small businesses, including one minority-owned firm. Under the HICDpro for CPCs IDIQ, two (2) of the five (5) awards were also made to U.S.-based small businesses, one of which is a minority-owned, SBA-certified 8(a) disadvantaged, and woman-owned firm from an Historically Underutilized Business Zone. These eight HICDpro prime contracts ensure maximum practicable small business participation in HICDpro activities and are in full support of the Agency's mission for small and disadvantaged business utilization. This exemplifies another aspect of USAID Forward, which is broadening the Agency's partner base.

Building on already existing capacity of host country governments and local organizations, technical design features and required outcomes of the HICDpro model include:

- Transferring HICD knowledge and expertise to local key performers and other local staff for the organization's own internal use and functionality.
- Sub-contracting or otherwise outsourcing HICDpro technical expertise and services to local organizations.
- Host country governments and local organizations designating engaged and participatory leaders and key staff to coordinate and provide HICDpro activities, expertise, and performance solutions. Most institutional performance solutions are internal business changes and can only be implemented by each organization itself.
- Host country partner organizations institutionalizing an internal performance monitoring system that enables the host country partner to regularly monitor its own organizational performance for its own evidence-based management and reporting.

USAID is confident of the HICDpro model's contribution to USAID Forward objectives and principles. The HICDpro model equips host country governments and local organizations with methodologies and tools designed to strengthen each organization's capability of providing quality services and products to their constituents and stakeholders.

Question. Follow Up. For years, I have been asking why USAID “Requests for Proposals” are so mind-numbingly technical and bureaucratic and impossible for anyone but a USAID procurement officer or U.S. contractor to understand. It makes it very hard for local organizations to compete. What is being done about this?

Answer. USAID appreciates your support for our efforts, under the Local Solutions (LS) initiative, to increase the use and participation of local organizations where prudent and appropriate. We also share your desire to make our Requests for Proposals (RFP) and other solicitations comprehensible to all potential partners, including local ones.

As you know, this is a key goal of the Agency’s LS initiative and we have taken a number of steps to make things easier for local organizations. For example, we have:

- created Webinars, e-learning modules that explain USAID contract and grant making procedures to potential new partners;
- encouraged two-step application processes that start with submission of a concept paper followed by a full proposal that often include how-to information sessions;
- translated procurement documents and standard agreement provisions to the extent the law allows (see below) into local languages;
- conducted in person, pre-award conferences to explain procurement procedures to local organizations, as well as answer questions raised about the RFPs or other Agency solicitations; and
- offered post award, new partner conferences which explain in local working languages USAID’s standard form agreements, including terms and conditions of the award that may be difficult for speakers of English as a second language to understand.

To further facilitate our work with local organizations, USAID conducts outreach to current and potential partners through training, industry days, and other events. As part of the LS initiative, we are also establishing a feedback mechanism to spot and address further instances where red tape or overly technical communications frustrate our attempts to work more with local partners.

More broadly, USAID has developed “Principles of Plain Language” and related training courses to promote clear government communications that the public can understand and use, and requires all Agency guidance to be written in plain language. While we acknowledge that this is a work in progress, we understand that clarity of communications and to the extent possible, in local working languages, is critical to the success of our Agency’s mission.

That said, there are some limitations on what we can do under current law. USAID’s RFPs and other solicitations for contracts must comply with the Federal Government’s laws and regulations applicable to government contracts, including the Federal Acquisition Regulation (FAR) (48 CFR Parts 1–53) for all acquisitions using appropriated funds.

The FAR requires that Contracting Officers use the Uniform Contract Format (UCF) when drafting RFPs. The FAR prescribes forms and approximately 580 possible solicitation provisions and contract clauses. These are used to prepare 8 of the 13 sections required by the UCF. To comply with the FAR, a typical RFP may contain more than 100 prescribed FAR solicitation provisions and contract clauses.

Due primarily to new and amended Federal legislation and Executive orders, the number of FAR provisions and clauses continues to grow each year. For example, FAR Part 52 Solicitation Provisions and Contract Clauses now requires over 600 pages to set out these often complex provisions and clauses.

The FAR also limits the use of languages other than English; FAR 52.214–34 explicitly provides that all offers in response to contract solicitations must be in English and those in other languages must be rejected.

USAID does have more flexibility in designing Requests for Applications (RFA) for assistance awards (cooperative agreements and grants), which is where the bulk of USAID awards to local organizations are occurring, as the FAR does not apply to grants and cooperative agreements.

However, in accordance with the Federal Grant and Cooperative Agreement Act, USAID may only use an RFA when the anticipated purpose of the relationship between USAID and the cooperative agreement or grant recipient is to transfer something of value (such as money, property, or services) to the recipient to carry out a public purpose authorized by U.S. law. An RFP for a contract must be used when USAID seeks to acquire, by purchase, property or services for the direct benefit or use of the Agency in achieving its mission.

Question. Afghanistan. The Special Inspector General for Afghanistan Reconstruction has identified lessons learned from USAID’s programs in Afghanistan based on the numerous audits and inspections that the Inspector General has conducted since 2008.

According to the Inspector General, USAID programs must take into account the recipient country's ability to afford the costs of operating and sustaining completed projects. SIGAR's recommendation comes 2 years after USAID's budget justification for Afghanistan said this: "The United States has structured its partnership with Afghanistan to be sustainable, durable, and realistic in terms of funding levels."

Over the past dozen years, USAID has obligated more than \$18 billion for Afghanistan. Do you think those amounts were realistic and sustainable?

Answer. In 2001, Afghanistan was a country wracked by decades of conflict and a safe haven for terrorists from which emanated the attacks of 9/11 on the United States. The United States' core policy objective in Afghanistan is to ensure that the country is never again a safe haven for terrorists who threaten the United States or our allies. Over the past 13 years, civilian assistance has supported our national security objective by investing in improvements in governance, the provision of basic services, private sector-led economic growth, and the strengthening of civil society, starting from a very low level in 2001. In addition, through multi-sectoral, mutually reinforcing investments, the U.S. has made a concerted effort to prioritize the advancement of the political, social, and economic rights of Afghan women and girls.

Since 2001, Afghanistan has made remarkable development gains across multiple sectors, as a result of the investment and programming provided by the United States and other donors, along with our international partners, the Afghan Government and the Afghan people. In recent years, USAID has made a concerted effort to ensure the sustainability of these investments.

Weaning Afghans from extraordinary levels of assistance is necessary for us, and essential for them. To achieve this goal without triggering a crisis that could ensue should U.S. and related donor investment precipitously decline, the U.S. seeks to continue to provide assistance in areas critical to Afghan development and stability, and to request the resources needed to establish a funding glide path to a more sustainable level of annual funding. Following on the issuance of the June 2011 Administrator's Sustainability Guidance for USAID in Afghanistan, utilized in the Fiscal Year 2012 Appropriations Act, USAID has regularly reviewed and adjusted its programs in an ongoing effort to ensure that they are achievable and sustainable.

The effort to promote sustainability has several facets. USAID performs regular portfolio reviews of USAID programs, both internally and coordinated with the Afghan Government. Through portfolio reviews, USAID has oriented its programming to support the development of Regional Economic Zones that cover major population centers and promoted regional trade and economic opportunities—especially with regional markets in Central and South Asia. In addition, through technical assistance and direct government-to-government assistance that is subject to stringent safeguards, USAID is building the capacity of the Afghan Government to implement programs, provide services, and preserve key development gains, as well as raise the revenue necessary to financially support services.

Throughout our efforts, we are applying important lessons from the past 12 years in Afghanistan, as well as from other high-risk environments in which USAID has worked. As USAID navigates through the 2014 transition period and looks to 2015 and beyond, we are committed to expending every effort to safeguard taxpayer funds and ensure that the remarkable development progress in Afghanistan is maintained and made durable, in order to secure our overall national security objectives.

Question. For fiscal year 2015 you are requesting hundreds of millions of dollars in additional aid for Afghanistan. Since sustaining our investment there seems to depend on continuing to spend large amounts of U.S. funds, how is that sustainable?

Answer. Weaning Afghanistan from unsustainable levels of assistance is necessary for us, and essential for them. To achieve this goal without triggering a crisis, we believe it is essential to continue to provide assistance in areas critical to Afghan development and stability. We are making tough decisions and prioritizing investments that have the greatest potential for long-term sustainability.

USAID has placed an overriding emphasis on promoting sustainability across all of the Agency's programs in Afghanistan, outlined in the Administrator's 2011 Sustainability Guidance which emphasizes the principles of (1) increasing Afghan ownership and capacity; (2) contributing to stability and confidence; and (3) effective and cost-efficient programming.

In Afghanistan over the past 3 years, USAID has shifted the focus of its programs from stabilization and infrastructure to creating the basis for sustainable, long-term development. USAID's strategy in Afghanistan is threefold:

- Maintaining and making durable the gains made in health, education, and for women;
- Supporting continued economic growth and employment through a focus on the agriculture sector and private sector development, operations and maintenance

of infrastructure investments, and responsibly developing the extractives industry, all key to ensuring future fiscal sustainability; and
 —Fostering legitimate and effective Afghan governance, the rule of law, and a robust civil society.

- a. USAID is also promoting sustainability by conditioning a significant percentage of its assistance to the government on progress toward economic and governance reforms. This process was formalized by the international donor community and agreed to by the Afghan Government in the 2012 Tokyo Mutual Accountability Framework, which outlined reform indicators in areas such as elections; governance, rule of law, and human rights; public finance and commercial banking; government revenues, budget execution and sub-national governance; and inclusive and sustained growth and development.
- b. USAID will use fiscal year 2015 funds to continue support for economic growth and employment through the agriculture sector and private sector development; work with the Afghan Government on commercialization and cost recovery so it will be able to fund operations and maintenance of infrastructure investments; and assist them in responsibly developing the extractives industry for the benefit of all Afghan citizens. These efforts will help foster economic growth, connect Afghanistan to its neighbors, improve the functioning of government, and reduce dependence on international assistance, while helping the Afghan Government increase revenue generation to mitigate the impact of the troop drawdown.

Question. SIGAR has brought to my attention a study USAID contracted for in 1988 which reviews 30 years of U.S. assistance programs in Afghanistan from 1950 to 1979. The study makes one wonder how many times we have to repeat the same mistakes. Here are some of the findings:

- USAID's assistance programs in Afghanistan after 1955 were overly ambitious in scale and timing, and were larger than could be effectively administered by the U.S. or Afghan Governments. The U.S. expectations of the time required to achieve effective project results were generally unrealistic;
- The U.S. placed too much confidence in the applicability of technical solutions and U.S. values to complex social and economic development issues in Afghanistan;
- Infrastructure projects were too often done before planning for institutional adaptation in the use of the facilities and the training of personnel;
- U.S. government-to-government assistance programs were at a disadvantage because the Afghan Government was overly centralized, largely ineffective, and out of touch with the local communities; and
- The use of assistance for short-term political objectives tends to distort sound economic rationale for development and weaken the longer-term political interests of the U.S.

Does any of that sound familiar? Were you aware of this 1988 study and did it inform any of the approaches to USAID programs in Afghanistan? How can these and future lessons learned be incorporated into the culture and management of USAID so that they are not forgotten?

Answer. USAID is aware of this study and, along with the project files of the earlier USAID programs in Afghanistan, utilized this information and lessons learned in the development of the USAID reconstruction program in 2001 and continues to incorporate these lessons in the implementation of the Agency's strategy in Afghanistan.

USAID's development assistance, which represents approximately 3 percent of the total military and civilian financial cost of the war, has helped Afghans achieve extraordinary gains for a country that in 2002 had virtually no access to reliable electricity, roads or modern telecommunications, and disadvantaged almost half of its population—women and girls—by prohibiting them from contributing fully to Afghan society and the economy. Specific examples include:

- Health:* Life expectancy has increased from 42 years to over 62 years since 2002; the maternal mortality rate has declined by 80 percent from 1,600 to 327 deaths per 100,000 births; and child mortality decreased by 44 percent from 172 to 97 deaths per 1,000 live births.
- Education:* In 2002, there were approximately 900,000 Afghan children in school, and virtually none were girls. Today, approximately 8 million children are registered to attend school and more than one-third of them are girls.
- Mobile Technology:* In 2002, there were few fixed telephone lines and making calls outside of Afghanistan required a satellite phone. Today, the combined phone network covers 90 percent of the Afghan population. Eighty-five percent of women have access to a mobile phone. The telecommunications sector is Af-

Afghanistan's greatest source of foreign direct investment, largest remitter of taxes to the government, and biggest licit employer, providing jobs for over 100,000 Afghans.

USAID's current program is putting assistance on a more sustainable footing, focusing on operations and maintenance of infrastructure, and increasing Afghan capacity, including through direct government-to-government assistance.

USAID's Development Strategy for Afghanistan

In Afghanistan over the past 3 years, USAID has focused our programs on creating the basis for sustainable, long-term development. We have seen the dire consequences of neglect and disengagement play out in this region before, and the Obama administration is committed to not letting history repeat itself.

USAID's strategy in Afghanistan is threefold:

- Maintaining and making durable the gains made in health, education, and for women;
- Supporting continued economic growth and employment through a focus on the agriculture sector and private sector development, operations and maintenance of infrastructure investments, and responsibly developing the extractives industry, all key to ensuring future fiscal sustainability; and
- Fostering legitimate and effective Afghan governance, the rule of law, and a robust civil society.

Sustainability

In June 2011 USAID implemented Sustainability Guidance for Afghanistan which includes the principles of increasing Afghan ownership and capacity, contributing to stability and confidence in the Afghan Government, and designing effective and cost-efficient programming. In line with this guidance, USAID also conducts annual portfolio reviews internally within the U.S. Government and then with the Afghan Government, to ensure USAID programming is fully aligned with U.S. Government-wide priorities and with Afghan priorities.

Infrastructure

USAID has made a concerted effort since 2011 to reduce new infrastructure investments, while increasing efforts to build Afghan Government capacity to maintain the recent investments in critical road and energy infrastructure. This effort includes the planned Road Sector Sustainability project, designed to strengthen the capacity of the Afghan Government to perform operations and maintenance (O&M). This support will include short-term O&M emergency operations, medium-term capacity-building activities, and a longer-term effort to establish a road authority and road fund that will equip the Afghan Government with the necessary tools to manage its transportation infrastructure in a sustainable way.

Government-to-Government Assistance

USAID has worked to responsibly increase on-budget assistance through Afghan Government mechanisms as an integral component of the Agency's strategy to build the government's capacity and enhance accountability. For example, in 2003, USAID, in partnership with the Ministry of Public Health (MoPH) and other donors, created an Afghan-led Grants and Contract Management Unit (GCMU) in the MoPH to procure, manage, and oversee donor-funded health contracts. Since 2009, the GCMU has worked to ensure proper procedures are followed for procurement of services, contract and financial management, monitoring and evaluation, and coordination with other donors and ministry stakeholders, including USAID's Partnership Contracts for Health Services Program. This includes issuing solicitations and contracts on behalf of the MoPH.

Utilizing Local Solutions

USAID believes that utilizing local solutions is integral to the sustainability of development efforts in Afghanistan, particularly in our efforts to build the capacity of the Afghan Government to be able to deliver goods and services to the Afghan people. USAID has incorporated local solutions across our portfolio, including through the World Bank-managed Afghanistan Reconstruction Trust Fund, direct assistance mechanisms, and by awarding grants and contracts directly to local organizations. During fiscal year 2014, approximately 45 percent of USAID's obligations were to mechanisms comprising local solutions.

Question. How do we respond to constituents—as well as to Afghans—who complain that we are supporting a government of thieves who have enriched themselves and their relatives and friends thanks to us?

Answer. Although there are inherent risks in conducting development programs in a country like Afghanistan, USAID prioritizes the effective and accountable use

of taxpayer dollars and does not assume any level of acceptable fraud, waste, or abuse. The Agency approaches oversight as a stringent process that involves continual re-examination of ongoing efforts and flexibility to adjust to new oversight needs as they arise. Tolerance of waste, fraud or abuse not only would run counter to our responsibility as stewards of U.S. taxpayer resources, but would undermine our development goals in Afghanistan. Accordingly, USAID views robust oversight as an essential component of our development programming in Afghanistan. In designing oversight measures, USAID has learned important lessons over its 12 year engagement, and has drawn on experiences in other challenging environments, including Iraq, Pakistan, Yemen, Sudan and Colombia, to ensure strong oversight of U.S. assistance funds.

In addition to standard USAID oversight measures implemented worldwide, USAID has implemented the Accountable Assistance for Afghanistan (A3) initiative, designed to prevent funds from being diverted from the development purpose to malign actors. Some of the approaches USAID employs in Afghanistan under A3 include:

1. *Award Mechanisms*.—We rely less on large agreements and have increased the number of smaller and more flexible agreements. We are also utilizing assistance awards that provide the most visibility on project costs, such as cost-reimbursable contracts and limiting layers of subcontracts to two.

2. *Partner Vetting*.—The USAID Mission established a Vetting Support Unit in February 2011. The unit conducts checks on non-U.S. companies and non-U.S. key individuals for prime contractors, sub-contractors, grant recipients and sub-grantees to minimize the risk that the Mission's programs might support, even inadvertently, malign entities or individuals. As of April 2014, we have kept over \$49 million from being awarded to those who did not meet our vetting requirements.

3. *Financial Controls*.—We are enhancing controls on project funds, such as using electronic funds transfers in lieu of cash payments, utilizing independent financial monitors to verify appropriate usage of funds, ensuring close review of recipients' claims prior to payment, and performing audits of locally incurred costs.

4. *Project Oversight*.—USAID uses a multi-tiered monitoring approach that includes, as appropriate, independent monitoring contractors; observation by U.S. Government staff; reporting by implementing partners, local non-governmental organizations and civil society; and use of technological tools, such as time- and date-stamped photos. By using multiple sources of monitoring data, USAID can compare information received from separate sources to ensure the greatest degree of oversight possible.

Approximately \$283 million out of \$14.4 billion dollars (or approximately 2 percent) disbursed by USAID has constituted direct government-to-government assistance to the Afghan Government, and there are stringent safeguards on this funding. USAID implements risk mitigation measures in order to ensure proper oversight of direct assistance funds, which may include:

- Establishing a non-commingled, separate bank account for each project;
- Regular review and reconciliation of the bank accounts;
- Disbursement of funds only after the ministry has achieved a performance milestone or USAID has verified incurred costs;
- Regular audits by a USAID OIG-approved firm;
- Substantial involvement and oversight by USAID staff in procurement processes; and
- Technical assistance to increase the capacity of ministries while addressing priority vulnerabilities or weaknesses identified in the assessments.

USAID requires that all direct assistance with the Afghan Government be in compliance with USAID accountability and oversight procedures, including site visits to ministries by USAID staff or independent contractors, as well as regular reporting. If Afghan ministries fail to adhere to these measures, the agreements are subject to immediate suspension or termination.

For instance in 2012, USAID suspended the \$24.5 million District Delivery Program (DDP), an on-budget program implemented by the Independent Directorate for Local Governance (IDLG) due to non-compliance with requirements for receiving USAID direct assistance. At the time of suspension, USAID had obligated \$4.9 million for the program and disbursed \$2.3 million. Following a USAID-conducted financial audit of the program, USAID submitted a bill to the Government of Afghanistan for \$703,884 to recover funds lacking supporting documentation.

USAID also actively engages in training Afghan entities to ensure they have the capacity to properly manage and account for all funds. Our efforts to strengthen these institutions include capacity building for legal and judicial institutions in order to improve application of rule of law and access to justice; capacity building in other Afghan Government institutions, particularly those involved in revenue col-

lection, financial supervision, and accountability and transparency—thereby reducing the space for corrupt practices; and direct engagement with Afghan civil society organizations in their efforts to address corruption in the provision of public goods and services and hold government accountable to its people.

In addition, audits provide useful oversight and discipline, and complement and reinforce USAID's own efforts to ensure U.S. taxpayer dollars are used effectively and efficiently. There are currently over 100 on-going audits of USAID programs in Afghanistan. In fiscal year 2013, the USAID Office of Inspector General, the Special Inspector General for Afghanistan Reconstruction, and the U.S. Government Accountability Office completed over 65 financial and program audits in Afghanistan.

Question. One thing everyone seems to agree about is the need to do whatever we can to protect the important progress that has been made for Afghan women, however limited it may have been for many who continue to face discrimination and abuse. Do you agree that this should be a top priority, and what are your plans?

Answer. Afghanistan will not be able to achieve sustainable peace, reconciliation, stability, and economic growth if Afghan women are not empowered. Though many challenges remain for Afghan women, Afghan women and girls have achieved dramatic progress over the last 12 years through the engagement and support of the United States, our international partners, and courageous Afghan women and men. With substantial assistance from USAID, more than a third of all school children in Afghanistan are now girls compared to virtually none in 2002. More than 120,000 young women have finished secondary school and 40,000 are working on university degrees. Over the last decade, Afghanistan has seen one of the most rapid declines in maternal mortality anywhere in the world and an increase in overall life expectancy of 15–20 years. Women have entered the business and political arenas with women comprising more than 25 percent of the Afghan Parliament.

Sustaining and maintaining these gains is a key objective of USAID's work in Afghanistan now and in the future. USAID's programming includes two women-specific programs as well as integration of gender into all sectors of programming. USAID's Gender Equality and Women's Empowerment Policy requires consideration of gender equity and female empowerment in all USAID project design and implementation across all sectors. Over 40 gender analyses have been done in Afghanistan, the findings of which help to ensure that opportunities arising from USAID investments are equitable. Our work in each sector supports women's progress.

Similarly important for the preservation of gains for women and girls is the overall level of funding sought in the President's budget request for civilian assistance to Afghanistan. That funding request is intended to provide resources for programs in Afghanistan that support the provision of security, justice, and basic services to women and men.

USAID has two projects that are designed specifically to advance women in Afghanistan. The Promoting Gender Equity in National Priority Programs ("Promote") project that is expected for award later this year will be USAID's largest gender program in the world. The 5-year program is designed to support a cadre of educated women ages 18 to 30 to enter and advance into decisionmaking and leadership positions in Afghanistan's public, private and civil society sectors. The program has four components: (1) Women's Economic Empowerment, (2) Women's Rights Groups and Coalitions, (3) Women in Government, and (4) Women's Leadership Development. The project will increase women's contributions to Afghanistan's development by strengthening women's rights groups, boosting female participation in the economy, increasing the number of women in decisionmaking positions within the Afghan Government, and helping women gain business and management skills. The project will help 75,000 women between 18 and 30 years of age who have at least a secondary education. USAID plans to allocate up to \$216 million with the potential for other donors to contribute \$200 million in additional funding.

In addition, the ongoing Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE) project is designed to strengthen the Afghan Government's capacity to develop and implement its National Action Plan for Afghan Women. This project works directly with the Ministry of Women's Affairs to implement national and provincial level ministerial restructuring and to improve public relations, awareness raising campaigns and women's rights.

In addition, USAID will continue to focus on increasing and improving primary healthcare, safe childbirth, healthier adolescent girls and women, and training and job opportunities in health for women. Strengthening women's economic opportunities is planned to be pursued through reinforcing women's land rights and providing a full range of business development services to existing and women-owned enterprises. In agriculture, USAID will target opportunities from micro/household- to macro/financial institution-strengthening, expanding women's income-generating po-

tential, improving access to markets, and addressing constraints that disproportionately affect women.

USAID is also supporting quality education through teacher training and placing emphasis on access to formal and community-based education for boys and girls. USAID's programs additionally focus on increased literacy and inclusive educational opportunities in basic and higher education, and technical and vocational educational training. Democracy, rights and governance projects will continue to support women's participation in democratic governance and political processes through investment in women's civic leadership; support to women journalists and media professionals; judicial training and outreach programs; access to justice and legal rights awareness; and activities to ensure informed participation of Afghan women as voters, candidates, elections administrators and observers.

Question. Partner Vetting. There is a lot of concern among U.S. non-governmental organizations (NGOs) about USAID's vetting of local partners. While steps need to be taken to prevent U.S. funds from ending up in the hands of a terrorist or terrorist organization, you also need to protect sensitive relationships with the local organizations we depend on to implement programs.

What is the status of this? Are you still in the pilot phase? What happens next?

Answer. The USAID Partner Vetting System (PVS) pilot program is in the implementation phase. USAID has completed PVS public rule making for acquisitions, identified contract actions in the pilot missions, and added notice of potential vetting of awards to pilot mission contract solicitations. USAID is completing public rule making for assistance awards under PVS. PVS pilot award applicants and their organizations will be vetted in accordance with established vetting protocols. USAID plans to analyze data collected from the pilot program, as well as from existing vetting programs, including those for West Bank/Gaza and Afghanistan, and produce a joint report to Congress with the Department of State in accordance with the requirements of Public Law 112-74, Section 7034(i).

USAID makes it a priority to consult with its partners about vetting and recognizes the importance of regular dialogue and feedback from partners about the impact of vetting on partner operations and effectiveness. USAID seeks to make adjustments where possible while maintaining the effectiveness of the vetting programs. For example, in the PVS pilot program, USAID has agreed to test direct vetting in certain pilot missions. Direct vetting is a concept proposed by implementing partners that involves direct communication between USAID and sub-awardees for purposes of vetting, rather than through prime awardees. Likewise, in the Afghanistan vetting program, the Mission Order on vetting has been updated to put in place certain modifications to the vetting process to accommodate requests of implementing partners, including the exemption of certain routine commercial transactions from vetting. We will continue to stay in touch with USAID's implementing partners and seek to accommodate requests, while maintaining the effectiveness of vetting as a means of ensuring U.S. taxpayer funds are used for their intended purpose.

Question. Many people have the same name and there have been many examples of personal information in U.S. databases being stolen or unintentionally released to the public. Do you tell individuals and organizations how information about them will be used and stored by the U.S. Government, including how a "positive match" would be handled and how to appeal such a match?

Answer. USAID has engaged in several public notices and rule makings that have provided the public with notice on the planned use of Personally Identifiable Information (PII) for vetting. These public notices and rule makings include:

Partner Vetting in USAID Assistance

—Proposed Rule—August 8, 2013

—Correction—November 21, 2013

Partner Vetting in USAID Acquisitions

—Final Rule—February 14, 2012

—Proposed Rule—June 6, 2009

Paperwork Reduction Act—Partner Information Form

—June 6, 2011

Privacy Act

—December 12, 2012

—February 2, 2009

Public Briefings

—August 8, 2011

—April 4, 2008

USAID has established procedures for the use of PII for vetting under the PVS pilot program. PII on key individuals of organizations applying for USAID funds, either as a prime awardee or as a sub-awardee, is entered into a secure USAID

database that is housed within USAID servers. Access to this data is strictly controlled and provided only to authorized U.S. Government staff with vetting responsibilities. Authorized U.S. Government personnel who have been assigned roles in the vetting process are provided role-specific training to ensure that they are knowledgeable in how to protect personally identifiable information. Access to this data is further restricted through role-based limitations.

Using the data provided by the applicant, USAID analysts search for any possible matches between the applicant organization or key individuals associated with that organization and one or more names contained in U.S. Government law enforcement and intelligence databases. Where a possible match is found, USAID staff will thoroughly analyze all available and relevant data to determine the likelihood of the match, and make a recommendation regarding the eligibility of the organization to receive USAID funding. In those instances where there is a positive match, USAID will update the existing public or non-public database records for those organizations or individuals with any pertinent data provided by the organization or individual.

The above process is also followed in the Afghanistan vetting program. Additionally, in an effort to improve the consistency of Afghanistan vetting among U.S. agencies, USAID participates in an Interagency Vendor Vetting Working Group facilitated by the U.S. Embassy. At these working group meetings, USAID shares its ineligible determinations and identifies significant assessments. USAID and the Embassy also participate in a weekly Vendor Vetting Advisory Panel convened by the Department of Defense regarding Afghanistan eligibility recommendations.

In the event of an ineligible determination by USAID under the PVS pilot program, the applicant will be notified of the decision and may request reconsideration. Once USAID reviews any additional information provided by the applicant in the PVS pilot program, USAID will make a final determination and communicate such determination to the applicant, as appropriate. In the case of vetting programs, USAID may reconsider ineligible determinations and has done so in particular cases when it had reason to conduct such reconsideration.

Question. Do you have the ability to waive the vetting requirement in order to avoid delays in responding to humanitarian crises?

Answer. USAID may approve awards without pre-award vetting that ordinarily would be required for a program, including the PVS pilot program, if pre-award vetting would impede the delivery of emergency aid to an immediate humanitarian crisis. In such cases, USAID may conduct post-award vetting following the response to the crisis or once emergency aid has moved to the reconstruction phase of the relief effort. USAID's policy of allowing approval of awards without pre-award vetting in order to avoid delays in responding to urgent humanitarian crises is documented in the PVS pilot mission order.

Question. Are USAID's partner vetting procedures the same as those used by the Department of State and other agencies implementing programs with overseas partners? What about the Department of Defense, which has gotten deeply involved in the foreign aid business in recent years?

Answer. Both USAID and the Department of State (State) conduct searches of public and non-public databases for vetting programs. There are some differences in USAID and State vetting procedures and systems, including for reasons related to their differing procurement models. USAID's procurements are often executed at the Agency's overseas missions, while State's procurement function is centralized in Washington, DC. As a result, in the PVS pilot program, USAID has staff at the pilot missions and in the Washington, DC area that work together on the vetting process, whereas State vetting is conducted out of Washington, DC. The same State and USAID approaches to the vetting process are maintained for Afghanistan vetting. Regarding interagency coordination, USAID coordinates the PVS pilot program with State. USAID coordinates its Afghanistan vetting program with State and the Department of Defense (DOD), as noted by the Special Inspector General for Afghanistan Reconstruction (SIGAR) in SIGAR Audit 13-14. We respectfully refer detailed questions regarding vetting procedures at State and DOD to those agencies.

Question. Disaster Relief Budget Request. Your request for International Disaster Assistance is \$1.3 billion, which is \$500 million below the fiscal year 2014 appropriations level of \$1.8 billion. What is that cut based on? Do you have reason to believe that the needs of victims of war and natural disasters will be significantly less in 2015, or was this just an Office of Management and Budget (OMB) decision unrelated to reality?

Follow Up. We cannot assume that there will be less humanitarian need in fiscal year 2015 than in 2014. Syria and the Central African Republic are the best examples of that. It means that Congress will have to make the hard choices. Are

there any programs which you regard as lower priority than disaster assistance that we should shift money from?

Answer. The administration remains dedicated to providing robust support for humanitarian programs worldwide. The President's fiscal year 2015 request includes \$1.3 billion for the International Disaster Assistance (IDA) account. The United States Agency for International Development plans to carry over fiscal year 2014 IDA funding into fiscal year 2015 to support humanitarian assistance needs. The President's request also includes \$1.4 billion in Title II to respond to development and emergency food assistance needs and \$2.097 billion for the Migration Refugee Assistance and the Emergency Refugee and Migration Assistance accounts. The administration has additional authorities, if needed, to draw upon to respond to humanitarian needs. Taken together, we anticipate having the funds needed to support our humanitarian assistance goals in Syria, Africa, and elsewhere. However, this is contingent upon avoiding a further deterioration in any of the current major emergencies, and no new large-scale emergencies before the end of the fiscal year.

The President's fiscal year 2015 request reflects the administration's ongoing commitment to humanitarian programs, while taking into account the current constrained budget environment.

Question. Global Health Budget Request. You propose cuts in several global health programs, from maternal and child health to neglected diseases, tuberculosis, vulnerable children, and nutrition. The overall cut in USAID's health programs below the fiscal year 2014 appropriated level is \$89 million. Was this OMB's decision, or do you think we are spending too much on global health? Should we be spending less, the same as 2014, or more?

Answer. The administration's fiscal year 2015 budget request for USAID's global health programs reflects difficult choices made in a constrained budget environment.

USAID has undertaken an ambitious review of every dollar the Agency spends in order to identify inefficiencies and accelerate reductions in child and maternal mortality in 24 countries, primarily in sub-Saharan Africa and South Asia, which account for 70 percent of child and maternal deaths and half of the unmet need for family planning. Our goal of ending preventable child and maternal deaths will be achieved through increasingly effective efforts to link diverse health programs—in maternal and child health, malaria, family planning's contribution to the healthy timing and spacing of pregnancy, nutrition, HIV/AIDS, and sanitation and hygiene improvement—and through global cooperation.

Our nutrition programs are effectively contributing to both the goals of Feed the Future and of ending preventable child and maternal deaths. On May 22, 2014, USAID released its new Multi-Sectoral Nutrition Strategy which aims to reduce the number of chronically malnourished or stunted children by at least 2 million over the next 5 years and hold global acute malnutrition below the agreed emergency threshold of 15 percent in places with humanitarian crises, like South Sudan and the Central African Republic.

USAID's approach will focus on the 1,000 days from pregnancy to a child's second birthday—the most critical time for a child's cognitive, intellectual, and physical development. Poor nutrition during these first 1,000 days can have negative, life-long impacts on children that prevent them from reaching their full potential. The strategy's new approach will bolster support for ongoing child and maternal health commitments, which aim to reach 500 million pregnant women and children under 2 years of age with improved nutrition, avert 20 million additional cases of stunting, and prevent 1.7 million deaths due to poor nutrition and health—goals laid out in the Global Nutrition for Growth Compact.

Further, USAID is a global leader in large-scale implementation of integrated treatment programs for neglected tropical diseases (NTDs), focusing on the scale-up of mass drug administration to target the control or elimination of lymphatic filariasis, blinding trachoma, onchocerciasis, schistosomiasis, and intestinal worms. The program currently supports 25 countries and regional programs in Africa and the Americas to reach treatment targets and monitor and evaluate the programs to document achievement of control and elimination goals. As a result of the support provided by USAID, 59 million people now live in areas where they are no longer at risk of acquiring lymphatic filariasis and treatment can be stopped, and 35 million people live in areas where active trachoma is no longer a public health problem. Over the past 7 years, the U.S. Government has leveraged \$6.7 billion in donated medicines, resulting in the delivery of more than 1 billion treatments to approximately 467.9 million people.

In part because of the USG's efforts, the rate of new TB cases has been declining for the past decade and the world is on track to meet the Millennium Development Goals of reversing TB incidence, along with a 50 percent reduction in the mortality

rate by 2015, compared to 1990. Since 1990, TB treatment has saved the lives of more than 22 million people.

There are 22 high-burden countries, which account for 80 percent of the world's TB cases. Five of these countries, which account for almost 50 percent of the TB cases—Brazil, Russia, India, China and South Africa—have the ability and capacity to increase domestic funding to address TB. All of these five countries are now providing development assistance to other countries. For example, Russia has increased funding for its National TB Control Program from less than \$500 million annually in 2007 to more than \$1 billion annually beginning in 2010, and Brazil has increased annual funding to its National TB Control Program and will provide an additional \$7.3 million in 2014.

The Global Health Programs-USAID request for TB does not represent the totality of the U.S. Government response to this disease. USAID collaborates with other agencies and the Global Fund to integrate and expand TB health services and strengthen delivery platforms, and with the President's Emergency Plan for AIDS Relief (PEPFAR) on TB/HIV co-infection interventions. It is important to note that three-quarters of annual international donor funding for TB is provided by the Global Fund, and the U.S. Government remains the largest donor to the Fund.

Through the Displaced Children and Orphans Fund, USAID supports programs in 14 countries to prevent family separation, promote family-based alternatives to institutional care for children and strengthen the capacity of families, communities and governments to care for children. As a result of our assistance, more than 14,000 child protective service providers were trained in fiscal year 2013 to provide comprehensive, sensitive care. In turn, these providers have directly reached more than 92,000 children and their family members, improving protection and wellbeing for vulnerable children.

Follow Up. For many years, United States law, known as the Hyde Amendment, has permitted Federal funding of abortions in cases of rape, incest or to protect the health of the mother. That was most recently reaffirmed in the fiscal year 2013 Defense Authorization Act. Does USAID provide funding for this purpose, particularly in places like Eastern Congo where rape is widely used as a weapon of war against women and girls? If not, why not?

Answer. USAID is committed to saving women's lives and advancing their health by investing in voluntary family planning and reproductive health programs, including in conflict settings and humanitarian emergencies. These programs have improved the health of women worldwide by helping to prevent unintended pregnancies, reducing the number of abortions and lowering the number of maternal deaths related to complications of pregnancy and childbirth.

USAID's Gender Equality and Female Empowerment Policy stipulates that USAID will strive to reduce gender-based violence and mitigate its harmful effects on individuals and communities. USAID provides a range of health services for victims of sexual violence, including reproductive healthcare, emergency contraception, psycho-social counseling, family mediation, socio-economic assistance, and referral for legal services. USAID does not provide funding for the performance of abortion.

Question. USAID Operating Costs. The USAID fiscal year 2015 request for operating costs are almost double what they were in fiscal year 2007. This trend is not sustainable. What is USAID doing to reduce its operating costs and bring them into line with the current budget environment? What impact has this increase in operating costs over the past 8 years had on improving the delivery and effectiveness of U.S. foreign aid?

Answer. Our mission to end extreme poverty and promote resilient, democratic societies while advancing the Nation's security and prosperity could not be achieved without the operational resources to support the delivery of our foreign assistance. The increase in operating costs since fiscal year 2007 was necessary for USAID to achieve its mission by rebuilding civilian capacity, improving development results and sustainability, regaining global development leadership, and supporting critical operations in Afghanistan and Pakistan vital to national security interests.

Beginning in fiscal year 2008, recognizing that development is key to national security, Congress appropriated funding to launch the Development Leadership Initiative (DLI) to rebuild the Agency's human capital capacity to meet the stewardship and technical demands of implementing the National Security Strategy. With continued bipartisan support, the Agency received funding for an additional 820 permanent Foreign Service Officers (FSOs) under DLI, allowing USAID to align human capital resources strategically with foreign assistance goals and increased program funding.

The main drivers of increases from fiscal year 2007 to fiscal year 2015 include the following:

- The U.S. Direct Hire (USDH) workforce grew by 81 percent, reflecting the hiring of 820 new FSOs under DLI and Civil Service staff to support USAID Forward reforms, the Presidential Initiatives, and the expanded overseas workforce.
- The cost for Afghanistan and Pakistan operations increased significantly to support a ramp-up in USAID's presence in these Frontline States.
- Mandatory International Cooperative Administrative Support Services (ICASS) costs, excluding Afghanistan and Pakistan, from the Department of State increased by 351 percent due to challenging security environments overseas.

As a careful steward of taxpayer dollars, especially in this fiscally constrained environment, USAID strives to be more efficient and effective in its worldwide operations. The Agency continues to implement ambitious operational reforms to improve management processes and achieve efficiencies through real property disposals, in-sourcing, travel, conferences, information technology, and space optimization that generate cost savings and avoidance. USAID has achieved cost savings and avoidance of \$57.6 million in fiscal year 2011, \$92.6 million in fiscal year 2012, \$17.8 million in fiscal year 2013 and \$12.6 million thus far in fiscal year 2014. Further, USAID has restructured its overseas presence to realign resources with policy priorities, strengthening its ability to meet its foreign policy and national security mission.

Over the past 8 years, the increased budget for operating costs has allowed USAID to improve the delivery and effectiveness of U.S. foreign assistance through its new model of development. With the expanded workforce, USAID has been able to reform policy, harness innovation, and leverage private capital, thus maximizing development impact.

The results the Agency has achieved in recent years to end extreme poverty and promote democratic, resilient societies would not have been possible without the human and financial resources made available to recruit, hire, train, deploy, and equip USAID's talented staff. The chart below illustrates the Agency's recent foreign assistance achievements.

Corporate Priorities	Funding Level 2006–2009 v. 2010–2013	Result	Cost-Effectiveness and Leverage
Feed the Future	+ 206%	Helped 6.7M farmers grow more food and improved nutrition for 12.7M children in 2013.	Cost-benefit analyses show an average rate of return of 32% for Feed the Future investments.
Child Survival	+ 42%	Helped achieve 8% reduction in under-5 mortality in our 24 priority countries in 2 years alone, saving 560,000 lives.	Helping Babies Breathe Alliance leveraged \$3 for every \$1 we invested, raising an additional \$23M for this lifesaving partnership.
AIDS-Free Generation	+ 29%	With PEPFAR, we provided antiretroviral treatment to 6.7M people with HIV/AIDS in 2013—a four-fold increase since 2008.	The Global Fund raised \$2 for every \$1 pledged by the U.S. Government, leveraging billions for HIV/AIDS.
Power Africa	+ 420%	2,500MW of power projects have financially closed; another 5,500MW are in the planning stages—together enough to light over 10M homes.	For every \$1 the U.S. Government has committed, the private sector has committed \$2—over \$14 billion so far.
Resilience	+ \$451M	Reduced disaster risk for 27M people and strengthened resilience for 3.4M in targeted zones in the Horn of Africa in 2013.	Each \$1 of investment in resilience yields \$2.9 in development gains, avoided livestock losses, and unneeded aid.
Education	+ 28%	Expanded education opportunities for 19M students in 2013.	<i>All Children Reading: A Grand Challenge for Development</i> matched \$1 for every \$1 we invested.
Water	+ 38%	Provided 38M people with access to water and 17.7M with access to improved sanitation since 2006.	<i>Securing Water for Food: A Grand Challenge for Development</i> leveraged roughly \$2 for every \$1 we invested.

Question. Development Assistance Budget Request. Your request of \$2.6 billion for Development Assistance is \$113 million above the fiscal year 2014 appropriated level. Where do you plan to use the bulk of these additional funds?

Answer. The fiscal year 2015 DA request of \$2.6 billion is designed to achieve the goals outlined in Presidential Policy Directive–6 (PPD–6) by supporting programs fo-

cused on sustainable development, economic growth, democratic governance, development innovations, sustainable systems for meeting basic human needs, and building resilience.

The bulk of the additional resources of \$113 million will support the Presidential Initiatives for Global Climate Change and Feed the Future and further development goals in the areas of education, water, governing justly and democratically as well as empowering women.

Question. Follow Up. Do you expect higher or lower amounts in the countries of Central America, where poverty and violence are driving people to leave their homes and come to the United States?

Answer. The fiscal year 2015 request prioritizes the countries of Central America with a \$26.0 million increase in funding for the region as compared to the fiscal year 2014 Estimate.

[\$ in thousands for all items]

	Fiscal Year 2014 Estimate	Fiscal Year 2015 Request	Increase/ Decrease
El Salvador	19,281	25,000	5,719
Development Assistance	19,281	25,000	5,719
Guatemala	57,789	70,387	12,598
Development Assistance	42,789	57,387	14,598
Global Health Programs—USAID	15,000	13,000	–2,000
Honduras	36,700	44,326	7,626
Development Assistance	36,700	44,326	7,626
Nicaragua	7,400	8,000	–400
Development Assistance	7,400	8,000	600
USAID Central America Regional	19,891	19,391	–1,500
Development Assistance	11,500	11,000	–1,500
Global Health Programs—USAID	8,391	8,391	—
TOTAL	141,061	167,104	26,043

In addition, through the Central America Regional Security Initiative, the fiscal year 2015 request includes \$60.0 million of ESF for Central America, the majority of which will be managed by USAID.

Question. Indigenous People. As you know, USAID now has an Advisor on Indigenous Peoples Issues, a position I established some years ago. This is important because many of the countries where USAID has programs have indigenous populations whose survival is threatened, particularly from extractive industries and the encroachment of agriculture and unchecked development. What steps is USAID taking to incorporate indigenous people as partners in the sustainable development process, to ensure that their rights and traditions are protected and their needs addressed?

Answer. USAID recognizes the important role that indigenous peoples play in sustainable development, biodiversity conservation, and adapting to—and mitigating the effects of—global climate change. For several years we have worked to incorporate the issues and concerns of indigenous peoples into our work in many countries, including Colombia, Peru, Brazil, Ecuador, Guatemala, and Honduras. Now, with the appointment of our new Advisor on Indigenous Peoples Issues, USAID is taking steps to ensure that all of USAID's projects, programs and policies are designed and implemented to include indigenous peoples as partners in the entire development process, including:

A. Integrating Indigenous Peoples' Issues into USAID Programs, Policies and Projects:

- Evaluating the impact of USAID's projects and programs on indigenous communities
- Developing a USAID policy on Indigenous Peoples
- Integrating Indigenous Peoples' Issues into other USAID Policies (Internally Displaced People Policy, Biodiversity Policy, etc.)
- Integrating Indigenous Peoples' Issues into USAID Country Development Cooperation Strategies

B. Enhancing USAID Staff Capacity to Integrate Indigenous Peoples into Programs and Projects:

- Developing a USAID Training Program on Indigenous Peoples' issues

- Developing a series of issue papers on Indigenous Peoples
- Incorporating Indigenous Peoples into USAID’s Democracy Human Rights and Governance (DRG) Strategic Assessment Framework to ensure that the situation of indigenous peoples is assessed when a country’s primary DRG challenges are identified, to support USAID missions in developing strategies for addressing them, and to guide resources to areas where investments will have the greatest impact.

C. Improving Coordination:

- Strengthening Intra-Agency Coordination
- Enhancing Inter-Agency Coordination (Department of State, Treasury, USUN, Bureau of Indian Affairs, White House)
- Engaging International Financial Institutions on policy and project issues (World Bank, Inter-American Development Bank, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development)

D. Engaging Indigenous Peoples:

- Coordinated consultations with indigenous leaders at the 13th session of the U.N. Permanent Forum on Indigenous Issues in May 2014.
- Planning for the World Conference on Indigenous Peoples, a high-level plenary meeting of the United Nations General Assembly that will take place September 22–23, 2014 at the UN headquarters in New York.
- Providing funding for indigenous peoples’ issues through USAID’s Human Rights Grant Program. In the first round of grants since the Advisor has been at USAID, a grant for \$750,000 was awarded to support the economic inclusion of Guarani farmers in Paraguay. The next call for proposals will go out in the next 2 weeks and, because of outreach undertaken by the Advisor, we expect a minimum of three proposals for indigenous peoples’ projects.
- Organizing meetings between USAID staff and indigenous leaders from Indonesia, Kenya, Bangladesh, Democratic Republic of Congo and Peru
- Serving on the planning committee of the World Summit of Indigenous Funders that will be held in September 2014.

Question. Columbia. The Colombian Government is trying to negotiate a peace agreement with the FARC, which if successful will end decades of civil war. That may be the easy part. If there is an agreement, securing and sustaining the peace will be extremely difficult.

What plans is USAID making, if any, and how is it reflected in your fiscal year 2015 request for Colombia—which is decreasing—to help Colombia? Is this something you are anticipating for fiscal year 2016, rather than this year?

Answer. USAID has been planning for nearly 2 years to ensure that its programs are flexible and relevant to adapt to the needs in Colombia in the coming years. Specifically regarding the peace process, USAID has been in close contact with the government about the status of the negotiations and we have encouraged them to inform us of any areas of anticipated support.

USAID programs in Colombia will continue to work with the government, civil society, and the private sector to support conflict victims, reduce impunity, develop rule of law, bring government services to rural areas previously controlled by the FARC, and improve land tenure and livelihoods in rural areas. By supporting the efforts of the Colombian people to secure justice and good governance, we help lay the ground work for the accountability, stability, and reconciliation necessary for any peace deal to be successful.

Question. USAID Overseas Presence. USAID proposed in the fiscal year 2014 budget request to restructure its overseas presence by closing or downsizing 10 USAID missions and establishing new or upgrading existing USAID offices in 10 countries. The fiscal year 2015 budget doesn’t propose any additional restructuring overseas. Given the dynamic and changing situations in Ukraine, Russia, Africa, and the Middle East, do you continue to think that no additional restructuring is needed? Are you looking at other ways to maintain overseas presence in a more flexible manner?

Answer. USAID monitors closely the political and security situations in the countries where it has programs to determine whether changes in presence are warranted. At the time the Agency prepared the fiscal year 2015 budget, no changes in USAID presence were needed. However, given the recent deteriorating security situations in the Middle East and Africa and the conflict between Ukraine and Russia, the Agency is considering additional restructuring changes that will address security concerns while maintaining overseas presence in a flexible manner. As required, the Agency will notify Congress of any proposed presence changes.

Question. Ethiopia. What steps have been or will be taken by USAID to ensure that no foreign aid is used to support activities that either directly or indirectly result in forced evictions?

Answer. USAID will continue to conduct the appropriate planning, consultation, analysis, due diligence, and monitoring to ensure that foreign assistance does not support forced evictions, while continuing our important partnerships to improve the livelihoods of people in Ethiopia. Through consistent site visits to the areas in question, such as South Omo, implementing partner reports, and data quality analysis, USAID is diligent about ensuring that aid supports the intended project purposes and does no harm. In addition, USAID and other donors continue to insist that the Ethiopian Government conduct meaningful community consultations, offer appropriate grievance procedures, and allow for sufficient planning and the timely provision of services.

Question. In two reports released in 2013, *Development Aid to Ethiopia: Overlooking Violence, Marginalization, and Political Repression and Ignoring Abuse in Ethiopia: DFID USAID in the Lower Omo Valley*, the Oakland Institute documented how officials from USAID heard first-hand accounts of forced resettlements and human rights abuses from villagers in Ethiopia and yet still came to the conclusion that the allegations of forced resettlements were “unsubstantiated.” They went on to say that no evidence exists to make the links between their programs and practices of the Ethiopian Government. What methodology did USAID use to reach this conclusion?

Answer. USAID has conducted over six monitoring visits to the village sites in the lower Omo region since late 2011 with an additional visit ongoing presently. Some of these visits were jointly conducted with other donors. During each visit USAID has conducted numerous discussions with affected groups to assess their experience. Despite these discussions and the significant efforts expended by USAID on each trip to investigate alleged abuses, USAID has never encountered any evidence of the Ethiopian Government using violence to threaten or remove populations during its visits.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

Question. As you know, tuberculosis is the leading curable infectious killer in the world, claiming 1.3 million lives per year. Worldwide, tuberculosis is the third leading cause of death among women of reproductive age. I agree that continued advances in scientific health, specifically with tuberculosis, are imperative. The United States has been a leader on this issue and, as a result, has helped save and improve the lives of millions. I know the Foreign Assistance Act allows USAID to provide assistance to any U.S. or non-U.S. individual or entity. I also know that we must weigh the expertise of entities to ensure that the government is providing resources, especially research and development resources, to those that are most capable of achieving the outcomes. However, given the history of U.S. entities in TB research, I am frustrated by the level of funding going to entities outside the U.S. I am also frustrated that Requests for Applications specifically confirm that non-U.S. based groups are eligible, and to my knowledge, U.S. companies are not given any weighted preference in the selection process.

Please share with me why we have significant USAID funding for TB being awarded to non-U.S. entities when we have plenty of U.S. entities more than capable of meeting the requirements?

Answer. USAID’s top priority in managing its tuberculosis (TB) program is to ensure that program operations achieve the maximum results possible in an effective and efficient manner. The TB program operates through a variety of mechanisms that are awarded based on technical excellence and cost effectiveness through a full and open application process. Our partners are composed of both U.S. and non-U.S. based entities which carry out various elements of the diagnosis, treatment, and prevention of TB. We are proud of the results that have been achieved through USAID-assisted TB programs. Since 1990, deaths from TB have been reduced 41 percent and the overall prevalence of TB has been reduced 40 percent in USAID-supported countries. These countries are on track to meet the Millennium Development Goal target of a 50 percent reduction in mortality by 2015. Further, more than 1.31 million people with TB were successfully treated and more than 45,000 people with multi-drug resistant TB (MDR-TB) initiated treatment in 2012, the most recent year for which data is available. This is a 40 percent increase in 1 year of the number of people initiated on MDR-TB treatment, comparing the same number of countries in 2011.

USAID's record demonstrates a strong commitment to partnering with U.S. companies, with USAID TB mechanisms in both Washington and worldwide awarded to numerous U.S.-based entities—including University Research Co., LLC, PATH, FHI 360, Abt Associates, Chemonics, and MSH. In addition, USAID partners with a number of U.S.-based organizations—such as the TB Drug Alliance, Johnson & Johnson, and Cepheid, Inc.—to strengthen our TB programs. These organizations provide unique expertise that contributes to the Agency's impressive TB results. In certain cases, non-U.S. based entities—including the World Health Organization, the Stop TB Partnership, the International Union Against Tuberculosis and Lung Disease, and KNCV Tuberculosis Foundation—possess a unique expertise and existing logistical access to improve TB care, treatment and prevention in a cost-effective manner. For example, the Stop TB Partnership's Global Drug Facility allows for the pooling of procurements, thereby creating the opportunity for countries to purchase improved quality commodities for lower prices.

Question. What system of priorities does USAID give to U.S. companies for TB funding in order to further build our domestic capabilities?

Answer. USAID's tuberculosis (TB) program follows the policies and procedures in USAID's Automated Directives System (ADS), specifically ADS Chapter 300 which outlines policies for the procurement of goods and services through Agency acquisition and assistance planning. Further, USAID follows the Code of Federal Regulations procurement standards. Through a competitive and transparent process, USAID makes awards to partners with applications that are of the highest technical merit, while providing the best value for money.

USAID partners with a number of U.S. companies to further build TB capabilities in the international sector, including:

- TB Drug Alliance, a non-profit U.S.-based organization dedicated to the discovery and development of new, faster-acting and affordable TB medicines. USAID funding is supporting the TB Alliance to develop new, urgently needed TB treatments for use both in the United States and globally. With USAID support, the TB Alliance currently has multiple new TB drug combinations in clinical development.
- Johnson & Johnson, a U.S.-based company that includes pharmaceutical products. USAID is supporting studies to evaluate the efficacy of bedaquiline—a drug that can be used as part of a combination therapy for pulmonary, multidrug-resistant TB (MDR-TB) in adults. Bedaquiline is the first drug in 40 years with a specific indication for MDR-TB. USAID will be supporting the implementation of a clinical trial that will evaluate efficacy, as well as the safety of bedaquiline. Data from the study will help Johnson & Johnson meet U.S. Food and Drug Administration requirements for full approval of the drug. Further, USAID is supporting countries to introduce bedaquiline as part of TB treatment for MDR-TB and extensively drug-resistant TB (XDR-TB) patients—information that will directly benefit U.S. MDR-TB and XDR-TB patients.
- Cepheid Inc., a California-based molecular diagnostic system manufacturer and supplier responsible for bringing to market an exciting new TB diagnostic, Xpert MTB/RIF—a test capable of accurately diagnosing TB and MDR-TB in 2 hours. USAID—in partnership with PEPFAR, UNITAID and the Bill & Melinda Gates Foundation—entered into a financial agreement with Cepheid to reduce the cost of one Xpert test from \$16.87 to \$9.98—a 40 percent reduction. USAID is also supporting the roll-out and scale-up of Xpert in countries through a comprehensive technical approach, and experience from this roll-out will inform better testing practices in the United States for persons suspected of having TB and MDR-TB.

Partnering with international organizations allows USAID to more efficiently leverage the funds of other donors, including other government donors and the Global Fund to Fight AIDS, Tuberculosis and Malaria, to develop new tools and drugs and reduce the price of commodities while increasing the quality. USAID also supports the Stop TB Global Drug Facility (GDF) to pool TB drug procurements so countries, including the United States, are able to access cheaper, high-quality drugs. USAID, through engagement with the GDF and U.S. Pharmacoepia, has contributed to the dramatic reduction of second-line drug costs for the treatment of MDR-TB.

SUBCOMMITTEE RECESS

Senator LEAHY. Thank you very much, Dr. Shah.

Dr. SHAH. Thank you, Senator.

[Whereupon, at 11:43 a.m., Tuesday, April 8, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]