STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS FOR 2017

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTEENTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS

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STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS APPROPRIATIONS FOR 2017

WEDNESDAY, FEBRUARY 3, 2016.

OVERSIGHT HEARING—ASSISTANCE TO COMBAT WILDLIFE TRAFFICKING

WITNESSES

HON. WILLIAM R. BROWNFIELD, ASSISTANT SECRETARY, BUREAU OF INTERNATIONAL NARCOTICS CONTROL AND LAW ENFORCEMENT AFFAIRS, DEPARTMENT OF STATE

HON. ERIC G. POSTEL, ASSOCIATE ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

OPENING STATEMENT OF CHAIRWOMAN GRANGER

Ms. GRANGER. The Subcommittee on State, Foreign Operations, and Related Programs will come to order.

Today's hearing is on oversight of assistance to combat wildlife trafficking. I would like to welcome our two witnesses, Ambassador William Brownfield, Assistant Secretary of the Bureau of Narcotics Control and Law Enforcement Affairs, Department of State; and Mr. Eric Postel, Associate Administrator, U.S. Agency for International Development.

This hearing will address an issue we have followed closely for several years—international wildlife trafficking. This is a crisis and we must address it in an urgent manner. We can't afford to do business as usual.

Not only are unique species at risk, but the continued surge in wildlife trafficking threatens international security and stability.

The numbers are staggering: Over 120,000 African elephants were killed between 2010 and 2013. The current population is estimated at 400,000 to 600,000, down from 1.2 million in 1980.

In South Africa, a record 1,214 rhinos were poached in 2014. Just 7 years earlier, that number was 13. Again, 7 years ago it was 13. Then, in 2014, 2015. Last week, South Africa released numbers for 2015 that showed a small decrease for the first time since 2007, but we know that rhino poaching has increased substantially in neighboring countries. These are just a few examples, but there are many other species that are suffering the same fate.

There is also a human toll. We know that hundreds of park rangers have been killed by poachers, and just earlier this week there were news reports of a conservationist being shot while working to protect wildlife in Tanzania.

Extremely sophisticated criminal networks, some with links to terrorists, are profiting from poaching. The illegal trade in wildlife

is estimated at $8 billion to $10 billion annually. We can't afford to sit and think about what to do. We have to act.

From fiscal year 2014 through fiscal year 2016, the subcommittee appropriated $180 million for wildlife trafficking. We want to hear about how this funding is being used to combat poaching and trafficking of wildlife, as well as to reduce demand for illegal wildlife products.

There is a greater awareness of the problem today, but there is still so much work that must be done. The President issued an executive order in 2013 that we have a national strategy in place. There is a lot of talk about plans, but the subcommittee needs to hear about actions.

A common complaint is that there is very little information publicly available on what the U.S. Government is doing to address the crisis. The subcommittee needs an update on how much of the funding has been spent, what has been achieved so far, how you evaluate programs, and what you plan to focus on going forward that will turn this tide and help bring an end to the illegal killing of these animals.

Corruption is one of the main challenges we face in countries where wildlife trafficking is most prevalent. The funding we provide around the world must address this issue also.

It is going to take a serious and sustained effort across the U.S. Government to make a real difference, and I hope you will be able to share with the subcommittee how the Department of State and USAID are doing just that.

I will now turn to my ranking member, Mrs. Lowey, for her opening remarks.

[The information follows:]

FOR IMMEDIATE RELEASE
January 3, 2016
Contact: Jim Specht (202) 225-5071

CONGRESSWOMAN KAY GRANGER OPENING STATEMENT: STATE AND FOREIGN OPERATIONS APPROPRIATIONS SUBCOMMITTEE HEARING ON ASSISTANCE TO COMBAT WILDLIFE TRAFFICKING

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The numbers are staggering. Over 120,000 African elephants were killed between 2010 and 2013. The current population is estimated at 400,000 to 600,000, down from 1.2 million in 1980.

In South Africa, a record 1,215 rhinoceros were poached in 2014. Just seven years earlier, that number was 13. Last week, South Africa released numbers for 2015 that showed a small decrease for the first time since 2007, but we know that rhino poaching has increased substantially in neighboring countries.

These are just two examples, but there are many other species that are suffering the same fate.

There is also a human toll. We know that hundreds of park rangers have been killed by poachers and just earlier this week there were news reports of a conservationist being shot while working to protect wildlife in Tanzania.

Extremely sophisticated criminal networks, some with links to terrorists, are profiting from poaching. The illegal trade in wildlife is estimated at $8 to $10 billion annually.

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- over -

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It is going to take a serious and sustained effort across the U.S. Government to make a real difference, and I hope you will be able to share with the Subcommittee how the department of state and U.S.A.I.D. are doing just that.

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OPENING STATEMENT OF MRS. LOWEY

Mrs. LOWEY. Thank you very much, Madam Chairwoman, for calling this hearing.

And welcome, Assistant Secretary Brownfield and Associate Administrator Postel. I join Chairwoman Granger in welcoming you and thanking you for your service.

I also want to thank the chairwoman for convening this hearing on a topic of critical national security importance. Not only does illegal wildlife trafficking destroy some of the world's most treasured wildlife species for future generations, this criminal enterprise finances terrorist groups and militias, especially in Sub-Saharan Africa.

Groups like Al Shabaab, Joseph Kony's Lord's Resistance Army, and the Sudanese Janjaweed have turned poaching and the illicit trade in endangered and threatened wildlife into one of the most lucrative criminal activities worldwide, estimated by the U.N. Environmental Programme between $50 billion and $150 billion annually.

With the prospect of such large financial gain, poachers and traffickers have taken advantage of weak governments, law enforcement, porous borders, corrupt officials, and decimated elephant and rhinoceros populations. It is staggering that the elephant population in Africa has been reduced by one-half to two-thirds since 1980 and that rhino poaching increased by 7,000 percent between 2007 and 2014.

In order to stop fueling the ruthless destruction of African wildlife and thwart a major financing source for terrorists, it is clear that our efforts must be better coordinated across a wide spectrum of actors: Law enforcement, port and border security, environment experts, NGOs, the private sector, multilateral institutions, and the leaders of countries where the demand for elephant tusk and rhino horn is most insatiable.

In short, we need to focus on turning wildlife crime from a low-risk, high-reward enterprise to one of high risk and low reward.

The administration's 2014 National Strategy to Combat Wildlife Trafficking was an important step in helping to prioritize and coordinate our considerable domestic and international response. I am interested to hear from you about its implementation and whether we are making progress. Specifically, are there gaps in our response that need to be addressed?

I hope you will also update the subcommittee on China's level of cooperation as well as the other East Asian countries fueling this crisis. What progress has China made on its commitment to ban ivory imports and exports? How much pressure is the administration placing on other countries to do the same?

Wildlife trafficking undermines much of the development progress we have made in Africa. It destroys livelihoods for impoverished communities, decimates landscapes, undermines security in the rule of law. That is why this subcommittee allocated $80 million in last year's omnibus for your agencies' efforts to combat poaching, a significant increase over fiscal year 2015.

While there is broad bipartisan support for this funding, I hope you will assure members of this subcommittee that these funds are

being put to good use and we are making appreciable gains. I look forward to your testimony.

Thank you, Madam Chair.

Ms. GRANGER. I now call the witnesses to give their opening statements. I would encourage each of you to summarize your remarks so we can leave enough time for questions and answers. The entire committee, all the members, are very interested in this issue. Your full written statements will be placed in the record.

We will begin with Assistant Secretary Brownfield.

OPENING STATEMENT OF AMBASSADOR BROWNFIELD

Mr. BROWNFIELD. Thank you, Madam Chairwoman, Ranking Member Lowey, members of the subcommittee. Thank you for the opportunity to appear before you today.

My thanks as well to the gentleman seated two rows behind me, to my right, for the loan of these reading glasses, permitting me to sound stupid on the basis of what I actually say and not due to blindness.

I am here, members of the subcommittee, to discuss INL's efforts against wildlife trafficking. Had I appeared 4 years ago, I would have described a program budget of less than $100,000. I would have lauded the noble work of USAID, the U.S. Fish and Wildlife Service, and the conservation community in protecting endangered species.

I would have spoken little of law enforcement. And I would have been wrong, because wildlife trafficking is organized criminal trafficking. And whether drugs, people, firearms, contraband, or slaughtered wildlife, countertrafficking strategies are similar.

We attack traffickers at the source, where the product is created or the animals butchered. We attack traffickers in transit at chokepoints along border crossings, airports, and seaports. We attack traffickers' distribution systems at market destination, and we attack their financial systems at every stop along the way.

In 2012, following a robust kick in the pants by this subcommittee, Federal law enforcement joined U.S. Fish and Wildlife colleagues in combatting wildlife trafficking. The President issued an executive order in 2013, followed by a government-wide national strategy in 2014, and the interagency community promulgated an implementation roadmap last year.

INL pursues an international strategy built around four pillars. First, we develop legislative frameworks against wildlife trafficking. Law enforcement cannot combat trafficking if it is not a crime. Second, we build capacity to investigate and capture traffickers. This is normally a combination of equipment and training. Third, we strengthen capability to prosecute and convict traffickers. Law enforcement accomplishes little if traffickers are not tried and punished. And finally, we facilitate regional and global cooperation in both international organizations and cross-border cooperation.

Congress, and this subcommittee in particular, have been generous in supporting this effort, appropriating nearly $100 million for these international efforts since 2013. You have every right to ask what this investment has produced.

Today, INL manages more than $50 million in wildlife trafficking programs in 30 countries. Last year, we trained more than 1,000

law enforcement and justice officials in 50 sessions around the world. This year, we will train at all of our ILEAs and not just those in Africa and Southeast Asia.

Last year, the Kenya, Uganda, Tanzania Operation Worthy II led to the arrest of 376 criminals, seizure of 4.4 tons of ivory and rhino horn, and dismantling of several trafficking networks. We developed a pilot K–9 detection program in key ports in Uganda, Tanzania, and Kenya. The dogs deployed to Kenyatta International Airport, and four seizures were made during the very first week.

There are operational Wildlife Enforcement Networks in Southeast Asia, South Asia, North America, and Central America providing coordination, cooperation, and intelligence exchange. New WENs are getting underway elsewhere in Africa and Asia.

We placed wildlife trafficking on the agenda of U.N. organizations. In 2015, the U.N. General Assembly passed a resolution calling on all member states to make wildlife trafficking involving organized criminal groups a serious crime.

You will tell me, Madam Chairwoman, correctly, that much more needs to be done, and I will agree. We are still behind in this race to prevent extermination of some of the noblest species on the planet. But I would like to think that the traffickers can hear our footsteps approaching from behind.

I thank the committee, and I look forward to your questions and comments.

[The information follows:]

Prepared Statement of:

Ambassador William R. Brownfield
Assistant Secretary of State for
International Narcotics and Law Enforcement Affairs

Hearing Before the:

House Appropriations Subcommittee on State, Foreign Operations, and Related Programs

"Oversight Hearing – Assistance to Combat Wildlife Trafficking"

February 3, 2016

Chairwoman Granger, Ranking Member Lowey, and distinguished Members of the Subcommittee: thank you for the opportunity to appear before you today to discuss the progress that the U.S. government and our partners are making to combat wildlife trafficking.

The alarming levels of poaching and trafficking of endangered wildlife, such as elephants, rhinos, pangolins, and other iconic species close to extinction is a man-made calamity that is within our power to stop. In South Africa last year, poachers slaughtered 878 rhinos within the South African National Parks area alone. That means just one park system, in one country, in one year, lost rhinos at a rate of more than two per day. As global population of rhinos is only 30,000, such levels of poaching puts rhinos on a path towards extinction within our own lifetimes. Similarly, elephants continue to be poached at unsustainable levels – more than 30,000 per year by some estimates. Make no mistake: we are not talking about local profiteers making small change by killing a rhino. Individual hunters do not transport tons—literally, tons—of ivory across continents, spanning oceans, by themselves. It takes well-armed, well-equipped, and well-organized criminal networks to traffic illegal wildlife parts across the global supply chain – from the killing fields to demand markets, with the help of a web of corrupt and criminal facilitators.

These same networks, or similar ones, use many of the techniques and routes also used to traffic drugs, weapons, and people, which are the only items that are more frequently trafficked than wildlife. These are organized, efficient, often violent and well-funded networks. They are responsible for fueling not only the depletion of natural resources, but also undermining the rule of law, causing permanent harm to communities, local economies, and to the environment, fomenting instability, and providing a significant source of funds used by violent cartels, gangs, and even terrorists.

While these are not new challenges, we must have a shared sense of urgency on the part of governments, both those responsible for the preservation of endangered species where they live, as well as among consumer countries. As the global, commercial, and technological infrastructure that allows transnational criminal organizations to earn record profits from trafficking ivory and other illegal wildlife products has grown, so too have our tools to combat these organizations including our ability to detect, and the willingness to prosecute the perpetrators of wildlife crimes.

The Department of State is proud to be one of the co-chairs of the Task Force on Wildlife Trafficking which reinforces our whole-of-government response. As outlined in the National Strategy for Combating Wildlife Trafficking, which the President released in February 2014, along with the Implementation Plan, which the Task Force released in February 2015, we are strengthening enforcement, here and abroad, reducing demand for illegally traded wildlife, and building international cooperation.

Year 2015 may well be seen as a watershed year in the fight against wildlife trafficking, though our results are just first steps on the way towards solving this challenge. On July 25, President Obama announced proposed wide-ranging restrictions on the domestic trade in African elephant ivory. Building on that momentum, President Obama and Chinese President Xi Jinping agreed on September 25 to enact nearly complete bans on ivory import and export, and to take significant and timely steps to halt the domestic commercial trade in ivory.

Reflecting international concern regarding the scourge of wildlife trafficking, the United Nations General Assembly passed its first resolution on wildlife trafficking in 2015. It also adopted new global Sustainable Development Goals (SDGs), which call on members to take urgent action to end poaching and trafficking of protected species, to address both the demand and supply of illegal wildlife products, and to enhance global support for efforts to combat poaching and trafficking of protected species, including by increasing the capacity of local communities to pursue sustainable livelihood opportunities.

The Bureau of International Narcotics and Law Enforcement Affairs (INL), which I have the honor to lead, has extensive experience combating all forms of transnational crime. Decades spent combating drug trafficking in our hemisphere and beyond has taught us invaluable lessons that we have adapted to address new and emerging forms of crime like wildlife trafficking. This includes helping our partners stop crime at the source, whether this means a poppy field or a wildlife reserve. We work with law enforcement partners worldwide to interdict the transit of shipments on roads, at borders, and at ports of entry. We strive to "follow the money" and target illicit finance and other facilitators that traffic in illicit products and activities. We and our colleagues in the Bureau of Oceans and International Environmental and Scientific Affairs engage with our international partners and through multilateral institutions to reduce demand and deprive criminal networks of the economic incentive to traffic illicit goods in the first place. INL is also focused on reforms to justice systems so that traffickers of illicit goods, such as wildlife, are deterred or prosecuted and punished. This experience, and our

success in these areas, makes INL a natural home for an expanded role in fighting the scourge of wildlife trafficking. INL has benefitted from the generously heightened support this Subcommittee has championed, including the more than $50 million appropriated for INL wildlife programming over the last four years.

This support is extraordinarily important. In many ways, trafficking is trafficking no matter what, or whom, is being trafficked. INL, along with our partners from the U.S. Agency for International Development, U.S. Fish and Wildlife Service, U.S. Department of Homeland Security, and other government interlocutors, are applying effective strategies to disrupt the poaching and trafficking of wildlife at this critical time and to combat the corruption that facilitates them. Guided by the National Strategy for Combating Wildlife Trafficking and its Implementation Plan, INL has developed programs under four key pillars:

First, we work with our partners to strengthen their legislative frameworks. It may be hard to believe, but in some countries, trafficking in wildlife has never been a crime. Starting at the most basic level, we help countries develop laws consistent with international standards that are in the best interest of wildlife, local communities, and both global and American priorities. We can't move forward with catching or prosecuting these criminal networks if there isn't even a crime on the books.

Second, we work with our partners to build capacity to investigate and to enforce both their laws and the relevant international agreements. This follow through is critical. For example, in Kenya, INL worked with NGOs to orient 112 investigators, prosecutors, and judges with Kenya's newly revised wildlife legislation. Last year, INL funded over 50 wildlife enforcement training sessions for more than 1,000 officials benefitting nearly 30 countries. Several trainings were conducted by the best wildlife law enforcement agency in the world: the U.S. Fish and Wildlife Service, which, in addition to crushing the U.S. ivory stockpile in 2013 and 2015, has also trained more than 500 law enforcement officers from across Africa and Asia at our International Law Enforcement Academies (ILEAs) in Thailand and Botswana. We are excited to expand this partnership by offering wildlife investigative training at all of our ILEAs this year.

The third pillar of INL's engagement is enhancing prosecutorial and judicial capacity of prosecutors and judicial systems to convict and punish those guilty of wildlife trafficking. Investigations and law enforcement actions by themselves are not enough to stop traffickers: they must also be effectively prosecuted and

punished to reinforce the rule of law and help to deter others. INL works holistically, with partners in countries that are home to endangered species, those through which they are transported or processed, and in consumer countries, to ensure that justice is done. INL has partnered with expert wildlife prosecutors at the Department of Justice for some of this training in Africa and last year, INL funded the United Nations Office of Drugs and Crime (UNODC) to train the 90 prosecutors in Laos whose jurisdiction includes this crime on wildlife trafficking and anti-money laundering.

Finally, the fourth pillar of our strategy aims to facilitate cross-border regional cooperation. Wildlife roam across national borders. So do wildlife traffickers. INL is working with non-governmental organizations as well as international organizations such as INTERPOL, UNODC, and the World Customs Organization to implement our programs and to set regional and global standards of conduct. For example, in 2015, with INL support, INTERPOL provided analytical investigative support and intelligence exchange assistance to law enforcement officials and prosecutors from Kenya, Uganda, and Tanzania, who then carried out *Operation Worthy II*. This coordinated law enforcement operation led to the arrest of 376 criminals, the seizure of 4.4 tons of ivory and rhino horn, and the disbanding of major wildlife trafficking networks.

Since I last testified before you two years ago, we have finally seen widespread recognition across the global community that wildlife trafficking is a problem that must be addressed head on and with urgency. This was not always the case: many countries, particularly those who either had responsibility for the endangered species themselves, or who were the consumers of products such as ivory and horn, were reluctant to take action and expend resources. We have also seen some successes to date: an uptick in arrests, an increase in major ivory seizures, and a decline in the price of elephant ivory.

In the past year, the Department of State has worked with great resolve with our partners in the Association of South East Asian Nations to adopt wildlife trafficking as a preeminent transnational crime focus area. As a result of the State Department's efforts, the ministers at the Association of Southeast Asian Nations (ASEAN) Ministerial Meeting on Transnational Crime in September agreed to include trafficking in wildlife and timber within their purview. This is a significant and positive step, which places trafficking in wildlife and timber alongside other crimes and security-related issues.

At the 2015 Asia Pacific Economic Cooperation (APEC) forum, the Department of State worked with our Asian and Latin American partners to secure wildlife trafficking commitments from the member states. Consequently, APEC members undertook to combat wildlife trafficking by further reducing illegal supply, transit, and demand, and enhancing legal frameworks and law enforcement. We are partnering with China and other economies across Asia to combat corruption and illicit trade, including as related to environmental crimes. We also engage China bilaterally through the Strategic and Economic Dialogue and the Joint Liaison Group on Law Enforcement Cooperation.

Our voice is being heard in these fora that bring key countries together for action. The G-7 approved a roadmap last year aimed at combating wildlife trafficking on the internet, recognizing that transnational crime and cybercrime are increasingly linked. The G7 Leaders Declaration committed our countries to combating wildlife trafficking, noting that in some instances it is being used to finance organized crime, insurgencies, and terrorism. In September 2015, the United Nations General Assembly adopted, with U.S. support, a resolution treat wildlife trafficking as a serious crime, which unlocks tools for law enforcement cooperation across borders.

Yet this is not enough. Endangered species, from the great mammals – tigers, whales, and rhinos – to the smallest creatures and the rarest flora and fauna are still being destroyed at alarming rates. We will – we must – do more. Wildlife trafficking is not limited to a few countries. Our models of engagement and assistance can be applied and replicated broadly. We must do so quickly if we hope to put an end to this damaging global trade.

In 2016, we will increase our attention to the corruption that underlies, fuels, and enables wildlife trafficking. We will continue to build capacity and increasingly help countries apply the latest and most effective tools and techniques to ensure the effective disruption of this crime, the dismantlement of these networks, and the conviction and punishment of those responsible.

While much progress has been made, there is no shortage of challenges and much work remains. I am hopeful and, dare I say, confident that we can make further progress to reverse such trends in wildlife trafficking. Madam Chairwoman, Ranking Member Lowey, thank you for your strong leadership and partnership to combat wildlife trafficking. I welcome your questions.

OPENING STATEMENT OF MR. POSTEL

Ms. GRANGER. Thank you.

Mr. Postel, you are now recognized.

Mr. POSTEL. Good morning, Chairwoman Granger, Ranking Member Lowey, and distinguished members of the subcommittee. I would like to thank you for holding this hearing and giving me the opportunity to testify.

The United States Agency for International Development continues to be deeply concerned by the current poaching and illegal fishing crisis. Like my State Department colleagues here today, we strongly believe that the slaughter of thousands of animals and the murder of park rangers trying to protect these species must be stopped.

Protecting wildlife is also critically important to USAID's mission to end extreme poverty. The rural poor often disproportionately depend on natural resources for their survival. The illegal wildlife trade threatens tourism that sustains developing economies. It fosters corruption, as you mentioned, undermines the rule of law, and discourages foreign investment.

USAID is dedicated to building on our longstanding commitment to protect wildlife by both continuing to invest in strategies that work and testing new, innovative approaches. In accordance with the President's National Strategy for Combatting Wildlife Trafficking, our approach is focused on the entire chain involved in this, deploying a combination of tactics to address the complex problem.

With your generous support, we have increased our investment to fight wildlife trafficking from $13 million in fiscal year 2012 to more than $55 million in fiscal year 2014. We have launched 35 new programs in the last 2 years, in addition to 30 that were already underway. The results are modestly encouraging, but much, much remains to be done.

Last year, in addition to the work that INL is doing, we worked with another about 1,000 people across Asia and Africa to train them and help them use the skills they gained to contribute to the arrest of more than 500 poachers and traffickers.

In the Philippines, an anonymous hotline generated more than 3,000 reports of illegal fishing that led to 25 arrests in 6 months. That model is now being deployed in seven more marine areas in the Philippines.

Sustained long-term investment in community conservation in Nepal has resulted in the third consecutive year with no tigers or rhinos being poached in the country. And where this model can and is replicated, such as in northern Kenya, we are seeing some similar results.

To dry up the market for illegal wildlife products, we also have supported demand reduction campaigns that reach more than 740 million people in Asia. We are optimistic that our efforts, in combination with the efforts of others in our government and around the world and many different organizations, are contributing to a downward trend in ivory consumption in the last year or so, as new research seems to be suggesting.

In all cases, partnerships with government, partnerships with the private sector, with NGOs and civil society, are critically important. Our latest one involves working with representatives from key transportation and logistics companies and associations to address the role of transport companies in ending the illegal wildlife trade.

And technology has an important potential to help us scale the reach and the impact of these interventions. Our Wildlife Crime Tech Challenge, which we did in partnership with National Geographic, the Smithsonian, and an NGO named TRAFFIC, recently announced 16 winners from around the world. These extraordinary innovators propose solutions that will help contribute to shutting down transit routes, strengthening evidence on the forensic side, reducing demand, or combating corruption.

But despite these modest successes, the illegal wildlife trade, as you eloquently described, continues at unacceptable levels. Enormous challenges remain. Widespread corruption obstructs progress and many governments lack enough training and resources and, most importantly, the will to respond effectively.

USAID will continue to respond aggressively to the crisis, strengthened by cooperation with new partners and counterparts in Congress and across the United States executive branch. Our response will require we pay attention to the whole problem, supporting law enforcement efforts on the ground, addressing the root cause of demand, supporting effective and accountable institutions, and investing in communities to end extreme poverty and enable them to have alternatives to poaching.

Thank you all for your interest and strong leadership on this topic. I look forward to your questions and to your counsel.

[The information follows:]

Testimony of Eric G. Postel
Assistant Administrator for
Bureau for Economic Growth, Education and Environment
U.S. Agency for International Development
House Appropriations Committee
Subcommittee on State, Foreign Operations, and Related Programs

February 3, 2016
Hearing on Countering Wildlife Trafficking

Introduction

Good morning Chairwoman Granger, Ranking Member Lowey, and distinguished members of the Subcommittee. On behalf of the U.S. Agency for International Development, I would like to thank the Subcommittee for holding today's hearing and for the opportunity to testify.

The U.S. Government employs a whole-of-government approach to address the complex problem of Wildlife Trafficking. We work closely with other government agencies, including the Bureau of International Narcotics and Law Enforcement Affairs, to ensure that programs are coordinated and streamlined. These efforts avoid programmatic overlap and enhance effectiveness by incorporating our respective technical and operational strengths.

USAID, along with our State Department colleagues represented here today, continues to be deeply concerned by the current poaching crisis and the threat it represents to wildlife. The slaughter of thousands of animals and the murder of park rangers trying to protect these species must be stopped. Swift action is also needed to stem the rapid depletion of fish stocks and other marine life in our oceans.

With the generous support and interest of this Committee and with USAID's focus on addressing the most critical threats to biodiversity, USAID has dramatically increased support to combat wildlife trafficking from $13 million in FY 2012 to an estimated $54 million in FY 2015. We launched 35 new programs in the past two years, in addition to 30 programs already underway, and operate in 30 countries. These programs range from large efforts like our program in Central Africa to combat wildlife trafficking on a regional level to smaller, more targeted efforts like our work in Nepal for community anti-poaching patrols that has contributed to a record of nearly zero tiger or rhino poaching in that country in the past five years.

Combating the illegal wildlife trade and promoting conservation are critically important to USAID and our mission to end extreme poverty and promote resilient, democratic societies. The

rural poor disproportionately depend on natural resources for their survival. At least 1.6 billion people worldwide rely on forests for their livelihood and over 2.6 billion people in developing countries depend on fish for protein and income. Wildlife tourism sustains local communities from the Peruvian Amazon to the savannahs of Tanzania.

Wildlife trafficking has far-reaching economic, national security, and ecological consequences that are undermining decades of development gains. Poaching threatens tourism, a major contributor to GDP in several developing countries like Kenya where it is the second largest economic sector. Organized criminal networks and militias are drawn to the low risks and high profits associated with wildlife trafficking, destabilizing countries and fostering corruption that discourages foreign investment. And the poaching of keystone species like tigers and elephants disrupts sensitive food webs, with cascading consequences for entire ecosystems.

USAID's Role in Combating Wildlife Trafficking

USAID has a history of supporting efforts to conserve and protect wildlife. Our work has focused on supporting anti-poaching efforts, often via community conservation, where local people derive benefits from protecting natural resources, such as wildlife.

But when the current poaching crisis escalated in the late 2000s, it became clear that traditional conservation approaches were no longer sufficient. Powerful wildlife trafficking syndicates are organized, armed, and exploit corruption and weak governance to operate with impunity. Many of these syndicates also traffic in guns, drugs, and human beings—and increasingly use sophisticated military hardware. To address this crisis, we needed new strategies and partnerships with experts outside of traditional conservation.

Accordingly, USAID's response has shifted to focus on the entire supply chain, taking a comprehensive approach that deploys a combination of tactics in each of the countries where we have identified wildlife trafficking as a major threat.

Our efforts are focused on sub-Saharan Africa, Asia, and the illegal trade between them. Work in Africa is primarily focused on preventing poaching in the first place, often in partnership with local communities, and strengthening legal and judicial systems essential to holding wildlife criminals accountable and deterring further illegal activity. Work in Asia prioritizes detecting illegal wildlife products in marketplaces and ports of entry, and reducing demand for illegal wildlife and wildlife products such as food, medicine, and status symbols—the root cause of the problem. Globally, we support the analyses, international cooperation, and capacity building

needed by governments to disrupt illicit trade and dismantle organized crime and trafficking networks, and promote technology solutions that can amplify and sustain results.

New partnerships are part of the key to addressing the wildlife trafficking crisis. USAID partners with the International Air Transport Association and others in the transportation and logistics sectors to disrupt trafficking transit routes. In tiger and snow leopard range countries, we partner with INTERPOL to train government officials to use their fugitive notice system. This has resulted in the arrest of 20 fugitives, including Nepal's biggest trader in illegal wildlife. In Mozambique, our partnership with the Carr Foundation is helping protect wildlife in Gorongosa National Park.

USAID's efforts are a critical component of the implementation of the Administration's *National Strategy for Combating Wildlife Trafficking*. The *National Strategy* establishes guiding principles and priorities for U.S. interagency cooperation and coordination to stem the illegal trade in wildlife via effective enforcement, demand reduction, and increased international collaboration. The *National Strategy* also affirms our Government's resolve to work in partnership with other governments, local communities, nongovernmental organizations (NGOs), the private sector, and others to combat wildlife trafficking.

Preventing Poaching

The majority of USAID'S FY 2014 and FY 2015 investments support more effective anti-poaching patrols in national parks, reserves, and community managed areas in more than 15 countries where poaching has hit hardest. We conduct this work in cooperation with our colleagues at the Department of State, Department of Interior, Department of Justice, and other federal agencies. In particular, we rely on the Department of Interior's Fish and Wildlife Service to bring their expertise to the Congo Basin as a key implementing partner of USAID's comprehensive program to combat wildlife crime in the region.

In Central Africa, where poaching has decimated elephant populations by 62 percent since 2002, USAID programs, through partners including the U.S. Fish and Wildlife Service, have provided gear, GPS units, and hand-held computers to more than 400 eco-guards with to improve law enforcement and monitoring. These patrols are now providing credible, actionable data on wildlife presence and poaching. Such data enable park authorities to improve patrol effectiveness by concentrating on high-intensity poaching areas, apprehending poachers at entry and exit points, and arresting and turning them over for prosecution. USAID also supported guard post construction in parks and reserves in the Republic of Congo and the Democratic Republic of

Congo (DRC), and the creation of more mobile patrol units allowing for greater, more strategic monitoring of critical areas.

In FY 2015, combined efforts across Central Africa resulted in the destruction of nearly 1,800 snares and traps, the seizure of 2,800 firearms, and the apprehension of over 400 poachers. In two protected areas in DRC, 22 ivory tusks and 249 live parrots were seized, and two poachers were tried and sentenced to 15-20 years in prison. The outcomes of these court trials serve as a strong signal to both the local communities and the criminal networks in Kinshasa that there are severe consequences for poaching in protected areas.

Supporting Community-based Wildlife Conservation

In FY 2015, USAID continued to empower local people to manage their natural resources and strengthen anti-poaching systems. Local communities play a critical role in combating wildlife trafficking, from their deep knowledge of local areas, to their members serving on patrols protecting wildlife, to supporting information-sharing networks about criminal activity. Sustained, long-term support for community conservation has resulted in some of the most successful conservation efforts to date, and poaching tends to be lower in areas where communities benefit from healthy wildlife populations.

In Kenya, where up to 60 percent of wildlife spend part of their year outside of parks and reserves, USAID-supported community conservancies cover nearly eight million acres of Kenya's arid northern rangelands. Conservancies, formed by some of the most historically disadvantaged rural poor, manage their wildlife, water, and pasture to the benefit of their members and in doing so foster greater security and peace, create jobs, and conserve wildlife. To secure these gains in the face of increasing elephant poaching, USAID supported a tripling of community ranger enrollment at the Kenya Wildlife Service Field Training School, and graduates carry out regular patrols and work closely with government forces. Healthy wildlife populations provide economic opportunities through ecotourism and patrols provide safety from poaching and banditry, all leading to secure and safe communities. Likely as a result of these efforts, Kenyan conservancies have had a 46 percent reduction in elephant poaching in FY2015 compared to FY2012-2013.

Local people are the eyes and ears of law enforcement, and information gathering systems within local communities are critical to combat wildlife trafficking. In the Democratic Republic of Congo's Salonga landscape, information from communities led to the re-arrest of a notorious poacher after he had escaped from local prison. On the Philippines' Tawi Tawi island, a six-month deployment of an anonymous hotline generated more than 3,000 reports of illegal fishing

violations that led to 25 arrests. This model is being deployed in seven more key marine biodiversity areas in the country.

Strengthening Legal and Judicial Systems

Most countries have laws pertaining to wildlife, but too often they are not known or enforced. In many countries, if offenders are charged and sentenced, fines and jail time are too minimal to deter repeat offenses and other would-be criminals. To address these challenges, USAID is supporting Kenya, Mozambique, Tanzania, and the Philippines to strengthen their respective legislative frameworks for combating wildlife crime, and to improve capacity to apply relevant laws by police, prosecutors, and judges in Kenya, Democratic Republic of Congo, Republic of Congo, Philippines, Indonesia, and several countries in mainland southeast Asia.

For example, USAID helped Mozambique develop a new Conservation Law, passed in 2014, that criminalizes wildlife trafficking and improves community incentives for conservation. We also helped Mozambique's Attorney General's Office bring together elected officials, law enforcement officers, conservation leaders, and reporters to develop a strategy to better prosecute wildlife traffickers and combat organized crime. A new USAID program builds upon these successes by supporting and advising on the regulatory reforms needed to apply the new law, while also securing approval to charge offenders under the new law even in the absence of detailed regulations.

USAID is supporting the International Conservation Caucus Foundation's efforts to build host country parliamentarian constituencies for conservation in places like Kenya and Colombia.

Detecting Illegally Traded Wildlife and Wildlife Products

Building capacity to detect illegal trade in wildlife and wildlife products is part of every USAID-supported program to combat wildlife trafficking. Once an animal is taken from the wild, detection and confiscation provides the evidence needed to apprehend the kingpins and middlemen who profit most from wildlife crime.

Since 2011, through our regional program in Southeast Asia, USAID has supported training through Wildlife Enforcement Networks for more than 8,500 local government officials in wildlife-specific law enforcement skills and techniques, resulting in a tenfold increase in wildlife trafficking confiscations. USAID also supported the development of a new multilingual mobile application that helps frontline law enforcement quickly identify whether an animal or animal product is one of more than 300 endangered species whose trade is regulated or prohibited.

Trafficked wildlife products often move by air or sea through a relative handful of airports and seaports. With effective systems and partnerships, USAID is turning these spigots into chokepoints. In Asia, our partners trained customs agents and baggage handlers at Bangkok Airport and employees of Delta and Kenya Airlines, on how to detect and respond to wildlife trafficking. Similar training is being planned for Vietnam. Through an exciting new partnership, USAID is now working with representatives from a broader range of airlines and industry associations, government and international enforcement officials, NGOs, and other donors to more effectively keep illegal wildlife products off of commercial transportation.

Detecting wildlife products early in the supply chain, before they leave the source country, is essential to hurting traffickers financially and recovering live wildlife where possible. One of the most effective detection tools is man's best friend. In Kazakhstan, for example, USAID helped establish a wildlife-detecting sniffer dog program to detect both drugs *and* the horn of the threatened saiga antelope. Since canine graduation in 2014, at least two separate incidences of saiga horn smuggling have been thwarted using these dogs, and detection dogs are also known to provide a deterrent to trafficking wildlife. USAID support is now facilitating deployment of ivory and rhino horn detection dogs to the Juba airport in South Sudan, the port of Mombasa in Kenya, and transport hubs in Tanzania.

Reducing Consumer Demand

A growing part of USAID's portfolio seeks to reduce consumer demand for wildlife, the root cause of wildlife trafficking. Since 2011, our flagship demand reduction program leveraged $4 million from government and private partnerships to reach more than 740 million people across Asia through the internet, TV spots, and installations in airports, train stations, and border crossings. Our campaigns use print and video public service announcements (PSAs) by celebrities, officials, and other key opinion leaders to encourage personal responsibility in not buying wildlife products and discouraging consumption among peers.

The results are encouraging. In Vietnamese cities with behavior change campaigns, a recent survey reported a 59 percent reduction in wildlife criminal violations from 2014 numbers. In Thailand, 21 more hotels joined the "Blue List" of businesses pledging to stop serving shark fin soup, bringing the total to more than 180 businesses since the campaign began in 2013. In 2014, nearly one thousand PSAs were posted in the subways of 10 Chinese cities, covering nearly half of the cities with subway systems. More than one hundred PSAs were placed at five international airports and another hundred were installed at bus stops in two cities. For several months, video PSAs were running on 90,000 buses in 34 major Chinese cities.

Early evidence suggests that these efforts may be contributing to a downward trend in consumer demand for ivory. According to new research, the value of illegal ivory has almost halved in China, leading to indications that the demand driving elephant poaching in Africa might be waning. Growing consumer awareness in China about the impacts of buying ivory is thought to have contributed to the reduced demand for elephant tusks.

Analyses and Technology Development

USAID supports a variety of efforts to better understand wildlife trade dynamics and identify and prioritize intervention points. Detailed analyses of transcontinental ivory, rhino horn, and abalone trafficking have identified law enforcement capacity gaps and generated demand from governments and the private sector for assistance in tackling challenges particular to these wildlife products. These analyses have also inspired workshops bringing together governments, NGOs, and the private sector to discuss solutions to wildlife trafficking on commercial transport and customs weaknesses.

In Senegal, a recent USAID-supported analysis revealed that 60 percent of fish taken from Senegalese waters are taken illegally. And of the legal catch, only about 30 percent are reported to national officials. When this information was released, the public demanded government action. With the help of French and U.S. military surveillance, a Russian trawler fishing illegally was detained and issued a substantial fine. Since then, three other trawlers operating illegally have been fined up to $2 million.

USAID views technology as a "force multiplier" in the war on wildlife crime, with potential to scale the reach, impact, and effectiveness of every intervention. From user-friendly anti-poaching software to mobile apps that identify species in illegal trade, our support for technology is making a difference. Recognizing this, we are currently fostering new innovations and applications of technology. Our Wildlife Crime Tech Challenge--a partnership with National Geographic, the Smithsonian Institution, and the wildlife trade monitoring network, TRAFFIC--recently announced 16 winners from around the world who submitted innovative solutions to detect transit routes, strengthen forensic evidence, reduce consumer demand, and tackle corruption. These extraordinary innovators proposed solutions ranging from camera traps integrated with seismic sensors to portable electronic "sniffers" and online whistleblower platforms. We are currently working with the winners to support the application of their technologies in the field where they are sorely needed.

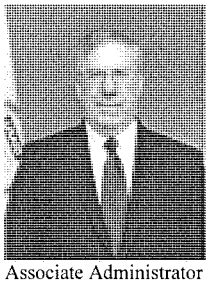
Conclusion

Notwithstanding these recent signs of progress and promising new trends in consumer demand, the illegal wildlife trade continues at unacceptable levels, with devastating consequences for wildlife, local prosperity, and our shared global heritage. Huge challenges remain. Corruption continues to obstruct progress and infiltrates ranger units, customs and border control, and the highest levels of power. Governments still lack sufficient training, resources, and political will to respond effectively. USAID remains committed to responding to this crisis aggressively.

We will keep focusing on the whole supply chain with partners from within and outside traditional conservation. We will continue to invest in strategies that work, like community conservation, which provides the foundation for lasting success. New partnerships and investments in technology will complement our efforts to prevent poaching, strengthen laws, shut down trafficking routes, and reduce consumer demand for wildlife. All of this work is strengthened by close cooperation with our partners in Congress and our inter-agency colleagues, and with support from the international community.

I would like to thank you again for your support on this issue and for the opportunity to speak with you today. I look forward to your questions and counsel.

Eric G. Postel



Associate Administrator

Eric G. Postel serves as Associate Administrator. He began as USAID's Assistant Administrator for the Bureau of Economic Growth, Education and Environment in March 2011. In October 2014, he was asked by the USAID Administrator to serve as the Assistant to the Administrator for Africa. Mr. Postel brings to the position more than 25 years of private sector experience working in emerging markets, especially those in Africa.

Mr. Postel is working with the Africa Bureau to implement President Obama development priorities in Africa. He is also focusing on increasing Agency engagement with the private sector. Mr. Postel also serves as the Agency's coordinator for the government-wide Partnership for Growth program and the "Plus 1" (alternate director) to the Millennium Challenge Corporation.

Mr. Postel is the founder of Pangaea Partners, an investment banking and consulting firm focused on emerging markets. Its accomplishments include helping six African countries create or improve their stock markets, providing credit and treasury courses to more than 30,000 bankers in developing countries, modernizing more than 20 former Soviet banks, and advising on the creation of the Slovak Export-Import Bank.

Throughout 2006-7, Mr. Postel served as a Senate-appointed commissioner of the U.S. Helping to Enhance the Livelihood of People around the Globe (HELP) Commission. His bipartisan work contributed to the development of a wide-ranging set of recommendations to Congress and the president for the reform of U.S. foreign assistance programs.

Previously, Mr. Postel worked as a vice president at Citibank Tokyo, where he arranged financing for borrowers on four continents. This work included arranging the first ever financing for new Boeing aircraft in Zimbabwe, serving as Bangladesh's first-ever financial advisor and arranging India's first-ever Japanese tax-lease financing. In 1988, Mr. Postel devised a $30 million financing for Jamaica International Telecommunications Limited (JAMINTEL) from Japanese investors which was the first international securitization of future receivables without a corporate guaranty – this structure has subsequently served as the basis of more than $80 billion worth of financings.

Mr. Postel has a BA from Wesleyan University and an MBA from Stanford University. Between Wesleyan and Stanford, he served as a United States Naval Officer.

Ms. GRANGER. Thank you very much.

I want to follow up on what you talked about in hearing from people and what they are doing around the world, because we really, as I said earlier, we can't conduct business as usual with this situation.

The subcommittee held a series of roundtable discussions with conservation groups working in the field, and last year we heard from Tsavo Conservation Group that uses unique strategies to address wildlife poaching. Nontraditional partners like Tsavo sometimes have a difficult time being successful in receiving USAID funds. So what can USAID do to ensure funds are available to organizations doing important work, even though they have not had experience working with USAID in the past?

Mr. POSTEL. Thank you for the question.

As somebody who in my own business 20 years ago encountered some of the challenges of learning how to work with the Federal Government, I am very attuned to this, and under two successive administrators we have been working hard to be more open and to help people understand what is involved.

I am very pleased that in Kenya one of the most recent procurements had, out of the six partners that are involved, five are new, one is an existing one. And we are trying, both on the level of the countries as well as in Washington, to have a lot more openness about what is coming, what are the opportunities.

And also we know that some organizations need help with their capacity. So in a recent posting of a new grant opportunity in Kenya, they built into that the ability that some of the funds would be used—of course the bulk of it for working on this issue—but a very modest amount to help the organizations themselves improve their capacity.

And similarly, in Washington, for instance, in the E3 Bureau, semiannually we do what we call an open house, and we publicize it through FedBizOpps and all kinds of other ways. We had 600 people there last week, more than half were new. And literally, every office director and their team is required to be there so that people can have a two-way dialogue, not only about opportunities directly to work with us, but to give us feedback on how to improve.

So we are not in the perfect place, but I think we are making progress. The SBA seems to think so because we went from a C grade a few years ago to an A last year. So we have to keep working this. There are more improvements to be made. But we are definitely trying to be much better on that score.

Ms. GRANGER. Thank you. As a former schoolteacher, I appreciate going to the A's.

Ambassador Brownfield, we have heard from rangers and other law enforcement about the equipment they need to address poaching. In 2014, I asked you about the equipment and you said you wanted to focus on training first. So now that several years have passed, could you give us an update on equipment and how that has been provided and what additional equipment you might need?

Mr. BROWNFIELD. Sure. Madam Chairwoman, our thought process remains the same as when we started, which is to say our first focus is capacity building and training, and then as they develop

the capabilities to make use of the equipment, then we phase the equipment in.

In the course of the past year we have done some basic equipment provisions to both Tanzania and South African law enforcement, overwhelming rangers or those that are involved in ranger activity. Some of it has been gear that allows them to operate in wilderness-type environments. Some of it has been more specialized.

For example, I believe, last week, if not this week, Secretary Jewell is in South Africa, and she was able to participate in a donation ceremony of night vision goggles for South African park rangers in the expectation that they will be used in their efforts to locate, identify, and take steps against poachers as part of their regular work and their regular activity.

I suppose I would change what I said to you in 2014 when I said we will be overwhelmingly training now, to suggest that 2016 is the point where we should be seeing—and you have every right to expect to see—greater provision of equipment as the thousand or so a year that we train come online and are in a position to use them.

At the same time, I feel it only fair to tell the committee, our approach in INL is to defer substantially to the judgment of our chiefs of mission in those countries and their country teams to tell us when these units, when these policing or law enforcement organizations are capable of making good use of the equipment.

What we don't want to do is come back and report to you that we have provided millions of dollars of equipment and cannot at this time account for it or tell you where it has gone. I predict that by the time you summon me here by the end of this year, I will be in a position to talk much more than just Tanzania and South Africa as recipients of equipment from INL.

Ms. GRANGER. And I hope you will be.

Mrs. Lowey.

Mrs. LOWEY. Thank you, Madam Chair.

There has been a great deal of discussion this morning on the enforcement efforts to combat wildlife crime. And this is a serious part of the problem and one we all take very seriously.

But with a challenge this varied and involving so many players, I hope the approach of the U.S. Government is balanced and broad. For example, we all know that the lack of economic prospects often drives communities to become complicit in poaching or resistant to enforcement of antipoaching laws.

So from encouraging community conservation to reducing demand and the economic benefits of poaching, how does our approach ensure that every angle of this problem is tackled? You can each decide who goes first.

Mr. POSTEL. Thank you for your question.

You are exactly right, there are all of these dimensions to it. And, of course, what happens is some in Washington, some in-country, where under the lead of our chief of mission they work with the government to look at what are the situations. And then also on the Washington side, we are looking and discussing with the whole interagency what are the situations in different countries.

The demand side is especially but not exclusively focused on Asia. We are the second biggest—our own country is the second largest source for illegal products—so obviously Fish and Wildlife, Department of Justice, and others are focusing on that part of the problem. And we are working in Asia on a number of demand reduction projects to help reduce the underlying demand.

And as you said, another big part is the community, so that people have alternative livelihoods. That is one of the areas where there has been a long track record. And in some countries where all the pieces of the puzzle come together there has been strong success; in Nepal and Namibia, in some spots in northern Kenya, and so forth.

One of the things that has changed, as evidenced by the numbers that Representative Granger was mentioning, is that you have new players, and it is tied to very organized or sophisticated folks with heavy-duty weapons that are not local folks and have their own night vision goggles or whatever.

So that is why we have got to work on all three, because sometimes they are overwhelming the community's ability to do this. So we have to work on all three, you are exactly right.

Mr. BROWNFIELD. And, Congresswoman, if I could just add two quick points. Part of the answer to your question as to how do we ensure that there is some degree of balance between what I would call the social and economic development side, which is to say, how to give communities in these vulnerable areas a stake in doing something other than poaching and butchering wildlife, connecting or balancing that with the law enforcement approach.

By the way, a lesson that we have learned over 50 years in the counternarcotics area, and the lesson is there must be some degree of balance between the so-called soft side and the hard side.

First, you are talking to two-thirds of the organizations that are responsible for managing this in our programs overseas: USAID, which obviously has a natural tilt towards the economic and social development side; INL, and the L of INL stands for law enforcement, which speaks for itself; and missing from this group is Fish and Wildlife Service. We are the three who are in a sense trying to coordinate these programs and projects specifically overseas.

Back here in Washington, we do it through the task force that was established as a result of the U.S. National Strategy. And the task force that focuses on this is driven by the State Department, the Department of Justice, and the Department of the Interior, co-chaired by the three of them.

Our objective in each case is to talk these issues through—and we do talk. In fact, even when you will find that, say, USAID and INL are working with the same international partner, we are doing it with a different focus in each case as to what that partner would be responsible for doing.

Because your fundamental assumption is right: If we do nothing but law enforcement, all that we are doing is driving these communities deeper underground to continue to do the same thing. And I would suggest the opposite is true as well. If all we do is community development and alternative development for them with no consequences for wildlife poaching, they will continue to do it on their own time.

Mrs. LOWEY. Thank you very much.

Ms. GRANGER. Thank you.

I want to remind members that you have 5 minutes for your question and the responses from the witnesses also. Pay attention to that one. A yellow light on your timer or this timer right here will appear when you have 2 minutes remaining, and if time permits we will have a second round.

I will call on Mr. Diaz-Balart first.

Mr. DIAZ-BALART. Thank you, Madam Chairwoman.

Administrator Postel, you mentioned the use of technology in fighting illegal trafficking and poaching. Do we have an idea of how successful that has been? And do you have an idea of what is working and what isn't working? So in other words, are there bright spots and not-so-bright spots, and how do you do that?

And if I may, let me just throw out the other question to Secretary Brownfield, which is, what is the connection between the trades of poached animals or animal parts, unfortunately, and, for example the drug trafficking or human trafficking networks? Are they not in many cases some of the same networks? And what is our approach to then go after that in more of a holistic fashion?

So with that, I will yield to both of you.

Mr. POSTEL. Thank you for your question and your support of many of these foreign assistance programs and humanitarian programs.

The technology area is still evolving in a lot of organizations. It is not just Federal agencies, but NGOs and many other people are working and experimenting with different things.

You might have seen Bryan Christy's article, an investigative piece looking at trafficking in East Africa, where they used a lot of technology, a tracking device, satellites, and other things to actually track the path of illegal parts into hands that really shouldn't be involved in this.

So you see things like that. There are innovative data systems in place. We have supported several. There is one you can put right on your cell phone, and if any American or anybody is in Asia and they are in a market, they see something, or a policeman, they answer about six questions, and it will immediately show them pictures of things that it could come from and then guides them, this is illegal and a protected species and this isn't.

So it is an evolutionary process. There are some things that clearly work. Some people have successfully used DNA to try to get a sense of from where the animal parts originated. But I think there is room for a lot more innovation. That is why we do the Tech Challenge and a lot more monitoring evaluation, to really see what is going to scale and what is going to work.

Thank you.

Mr. BROWNFIELD. Congressman, while it is not my question to answer, I would mention one additional technological issue, which is kind of cool and I want to make sure that you all are aware of it.

And that is, beginning about 2 years ago, a professor at the University of Washington in Seattle worked on a project, a program that was designed to determine whether DNA taken from ivory, seized at final market somewhere in the United States, could actu-

ally be backtracked to determine where that elephant or those elephants originally came from.

And then if he had enough of a survey to be able to study, to be able to then identify the hot spots where elephants were, in fact, being poached in large numbers and to be able to vector the law enforcement community into those areas. We are at the 2-year mark. And while it is still too soon to say whether this is, in fact, tactically a useful piece of technology, it is one of the coolest new ideas that have come out in our time.

Drugs and wildlife trafficking. You make an obvious and correct point. Criminal trafficking organizations are criminal trafficking organizations. More often than not they corrupt and penetrate the same government officials, the same organizations. They have to move their product, whether it is firearms, drugs, people, or trafficked wildlife, through the same airports, the same seaports, the same border crossings, and quite often the same organization is involved in doing the same thing.

Are we drawing together the larger Federal law enforcement community to working the issue? Yes, we are. But it is happening more on a country-by-country basis.

Some of them, in fact, are quite advanced. Tanzania right now has a monthly wildlife trafficking meeting of the country team members who are involved in this line of work. And they coordinate, so that, they determine if one particular Federal law enforcement agency and its counterpart through a judicial wire intercept program has developed information that perhaps was designed to collect on drugs, but, in fact, revealed something related to wildlife trafficking, they make that known and made available to the Fish and Wildlife Service representative or whoever may be responsible for wildlife trafficking.

I see more of that today than I would have seen 2 or 3 years ago, and at the end of the day it is becoming increasingly holistic, which is why I concluded my statement saying I actually think we are making progress in winning this race.

Ms. GRANGER. Thank you.

Mr. Ruppersberger.

Mr. RUPPERSBERGER. One of the issues as far as getting on top of the issue is that you need intelligence to find out who the people are, what they are using, what their resources are, and that is extremely important. The first question is, are you working or getting enough intelligence in these areas to deal with that?

But the second thing, and I think this is really important, I think, to be used in the right way, and could be a little bit expensive, but maybe there is a way that costs could be spread out, and that is using drones. Because these individuals don't have geographical boundaries. And I know drones have been mentioned in your field. But I think one of the first issues might be the cost, but there are ways to deal with that cost.

And do you have people on your team, on your staff that are working with the intelligence agencies to try to get as much as you can in that regard?

Mr. BROWNFIELD. Congressman, let me take the two questions in the order that you offered them. Intelligence. Writ large, you are correct. One, intelligence is absolutely essential. Lord knows we

have learned that lesson in the counternarcotics field for the last 50 years.

And second, we still need to make progress. When we got our first global intelligence assessment, a little bit less than 3 years ago, of where kind of the world is on the wildlife trafficking issue, my observation at that time was this is a starting point, but it is a pretty basic starting point. A lot of work still needs to be done there.

Where we have a much better story to tell, I believe, Congressman, is on a country-by-country basis where the U.S. Embassy has determined that this will be a priority. Countries like Kenya, Tanzania, South Africa, countries like Thailand, where the United States Embassy has said, for us this is a priority issue, bringing in then the law enforcement and intelligence community members and actually making them work together on this issue, there I think you do see very good local or countrywide progress.

UAVs. I have been wrestling with UAVs generally on behalf of INL now for about a year and a half. A little over a year ago, we purchased three systems by the INL Air Wing, and we are in the process of testing them. But when I say testing, Congressman, I want you to understand, at this stage it is just figuring out how could we operate them, how many people would we need to deploy if we are going to deploy a UAV system, in what conditions can they fly, can they operate over water, must they be over land.

We are still, in my opinion, which is not that of my Air Wing director, but we still have a few more of those questions to answer. This is, however, exactly the sort of thing where I would like to put UAVs against should we get to the position where we believe these are good, workable systems.

But meanwhile, as you well know, a UAV system as a reconnaissance or intelligence collection system will work only so well as we are able then to get local host country law enforcement to react to the intelligence. It does little good to know that there is a poaching party at this specific location if we then cannot get a reaction to it.

So we have two sets of issues. The first one I am going to solve and I intend to have solved before we have reached springtime in Washington, DC. The second one requires continued working with rangers and host country law enforcement.

Mr. RUPPERSBERGER. Just one suggestion. You don't need to reinvent the wheel. And I would think that we have a lot of successes in the intelligence field that use drones on a regular basis. You might want to reach out to those agencies to help you deal with that.

Mr. BROWNFIELD. Agreed. Agreed.

Ms. GRANGER. Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Madam Chairwoman.

And thank you all.

A couple questions. One is, you mentioned we have 35 new programs on top of 30 programs we already had. Maybe you could give us one or two real world examples of what those new programs are doing. There is a lot of money involved, and this is a serious problem. I want to know about our comprehensive programs. We know there is the demand side, we know there is the very highly profit-

able production side, and we know there are weak local institutions.

So of those 65 programs you have now, how much time and energy do you spend making sure you coordinate those so that they are not each running off on their own little plan? On those three big areas of demand, production, and weak institutions, where do you think the priority of those 65 programs is?

Mr. POSTEL. Thank you for your question, and also thank you for your focus and leadership on making sure that foreign assistance is very effective.

So in terms of the new programs and the distribution and everything, so first of all let me describe from a couple different ways to slice the pie. So basically about two-thirds of them are focused on Africa, about 25 percent on Asia, with the rest Latin America and central programs like that transport partnership that I mentioned.

Looking at it another way, about 65 percent involves enforcement work, 25 to 30 percent on community-based work, and about 7 percent on demand. That is by the dollars, but that can be deceptive, because, for instance, demand is not as financially intensive as some other activities. You are not necessarily buying equipment and things like that. So you can stretch the dollars further for the results. So it can be deceptive strictly by counting the dollars.

Some examples. There is new work going out now in Asia on the demand side. For instance, in Vietnam one of the issues is that someone got the wrong idea that rhino horn would cure cancer. So the work there is focused on trying to correct those misconceptions. And there are other programs like that on the demand side. You heard about the hotline that I mentioned in terms of the fisheries in the Philippines.

In Africa, in some cases it is a shift of geographies. As the chairwoman mentioned, in Tanzania there has been this huge increase in the elephant slaughter. The situation within the country varies. In other words, up north where mainly the iconic parks are and things, that is not the area. That is a big traditional area where the activities were. That is not the big increase for the killing. The killing is down south. So some of the new programs are focused on that in terms of both trying to stop it on the enforcement and the policy side and also some work on trying to increase investment so the tourists not only go up north, but south.

So those are a couple of quick examples. And in all of this, both our ambassadors lead on a country level the coordination across the agencies to make sure there is not duplication, as well as with the other people. The British are active in a number of countries, other donors. So we have to make sure that and the NGOs, it is all well coordinated, we don't duplicate.

And then of course, as the Ambassador and I both described, there are a lot of things done under the task force to make sure that there is no duplication or anything like that. I hope that gives a flavor of it.

Mr. CRENSHAW. Thank you.

Ms. GRANGER. Mr. Serrano.

Mr. SERRANO. Thank you, Madam Chair.

And thank you to our guests.

It is interesting how things change and for the better. Fifteen years ago this kind of a hearing there would have been the conservationists and the environmentalists against or aside from the group that feels the development gets too involved in everything, and yet we now realize that this is a bigger issue than we thought. This is not just about preserving wildlife; it is about keeping money out of terrorists' hands. And so terrorists, being who they are, find any possible way to look for money.

I just did a Google search, and all I did was "wildlife trafficking images." And no matter how many times you see this, you can't get used to it, the hundreds and hundreds and hundreds of photographs of just lions' heads and elephants torn to pieces and just for the sake of making money, you know, as if they were not part of our Earth and our land. And it is a scary thought, but it is just something that we deal with.

Let me deviate from my original questions here to ask you a question that someone might have asked but I missed. We always think of Africa, we think of Asia, but this also happens in Latin America, doesn't it? Can you comment on that, please?

Mr. POSTEL. Thank you for your question and your longstanding interest in Africa and other areas.

So it is absolutely also a problem in Latin America in a number of areas. Obviously, there is the whole illegal logging that goes on throughout the Amazon, and there are many species all through the Amazon Basin. So there is a lot of work to be done there as well.

Mr. SERRANO. And the logging then affects the species also, is that what you are saying?

Mr. POSTEL. Yes. I mean, if people are wholesale cutting down the forest and destroying the entire ecosystem, all the different species have nowhere to go, nowhere to feed, and so forth. So there are linkages. And also it is just another form of the same criminality and these chains of people that work on all different forms of contraband.

Mr. BROWNFIELD. Congressman, if I might add from the law enforcement perspective.

Mr. SERRANO. Sure.

Mr. BROWNFIELD. One of the lessons that we have learned, and this kind of builds on Congressman Diaz-Balart's question earlier on, is that the trafficking organizations do actually overlap and connect. And it is not just drugs and wildlife. We have also learned that illegal logging, illegal mining, and the organizations that traffic that product are, in fact, tied in, in places, to wildlife trafficking as well.

And we have also learned that with certain governments, it is easier to get their buy-in, their enthusiasm, their support for efforts to counter and combat wildlife trafficking if we tie it to something that from their perspective is a money loser for them.

Peru, as an example, Peru is a country which believes it is suffering from a serious illegal mining and illegal logging problem. When we tie what we want to do on wildlife trafficking to that, we get much more support and enthusiasm from them, and we are able to train law enforcement organizations basically as antitrafficking organizations.

If I could add to what you were saying and what the good Dr. Postel was saying in terms of our thinking for the future, when we got our fiscal year 2016 appropriation and we began to think of where the directions we would be moving on wildlife trafficking—and you will know if I get some of these wrong if someone behind me hits me in the back of the head—I said: So where should we be expanding or moving beyond our basic East and Southern Africa base and Southeast Asia base?

My thinking is to expand more into Africa, up to and including West Africa; expand into Latin America, where you correctly note there are serious wildlife trafficking issues in Latin America, particularly South America; and expand into other areas, particularly in the financial systems and money-laundering processes of the wildlife trafficking organizations.

When next summoned up here, I look forward to describing our thinking in terms of where we will be adding and increasing our efforts in this calendar year.

Mr. SERRANO. Thank you.

Ms. GRANGER. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Madam Chair.

Thank you, gentlemen, for your testimony today.

Ms. GRANGER. Just a second.

Mr. SERRANO. I just wanted to make a quick ending comment. While it is important for us, as we always do, to criticize our own efforts and the efforts of the State Department and other groups, it is interesting to note that on this particular issue our government has been way ahead.

Years ago—and this is something Mr. Diaz-Balart may be aware of—years ago, before we even thought of having any kind of getting close to Cuba, there was work between the Bronx Zoo, the Wildlife Conservation Society, and Cuban authorities, not in the government but in the civil society, on preservation of species and so on. So in that area we were probably way ahead of ourselves, but we still have to catch up with this new wave now.

Ms. GRANGER. Thank you.

Mr. DIAZ-BALART. If the gentlewoman will yield for 5 seconds. It has always been clear that the Cuban regime treats animals much better than they treat their own people. I agree with you.

Mr. SERRANO. Boy, did I leave myself open for that.

Mr. FORTENBERRY. Thank you, Madam Chair.

To Mr. Serrano's comment, this is one of these issues, these concerns, problems that transcends boundaries. Conservation is the most conservative ideal, it is a progressive ideal. There is significant unity around the dynamic of not watching or sitting by idly while majestic animals are slaughtered for no reason, and then the connectedness that we have to not only international trafficking and the money flows that go to nefarious activities, but also the tie to the loss of a vision of sustainable-type development for other peoples.

To that end, I appreciated your comments that there is this balance here between enforcement and community development. An overemphasis on either one is going to undermine the interdependency that is necessary between those two entities to actually achieve the goals. I think that is a thoughtful comment.

In this regard, a number of us met last year, late last year, with several CEOs of major corporations, including Wal-Mart, and Harrison Ford, Han Solo, was there as well. Anyway, big investment on their part in trying to petition us to think creatively about conservation in a bipartisan fashion.

One of the things I pointed out—the comments were particularly directed to the head of Wal-Mart—is that you do significant business in China, major, major manufacturing integration into China. Now, you look at us as government officials as having the ability to create the narratives for societal governance, but you may have potentially more power than we do.

Given that China is one of the largest places for demand for illegal ivory, and I noted that you pointed out in your testimony that President Obama and the Chinese President apparently agreed that China would stop importing and exporting this, I would like you to unpack that further, because I don't think that is very well known.

And then the second part of the question would be the role that international business can play in trying to again recreate a narrative, as we have done around many other important social initiatives, that this must be stopped.

Mr. BROWNFIELD. If I may start, Dr. Postel.

First, Congressman, I could not agree with you or every other member of this subcommittee, because you have all referred to this directly or indirectly in your comments, that it is absolutely essential that we have partners, partners being other governments, partners being international organizations, partners being NGOs, whether they are global in nature or regional in nature, partners being the international or the U.S. business community.

If we are not working with those partners, we are at a minimum—at a minimum—failing to make use of a very effective means to multiply the impact of whatever we are doing. And that would at least be stupid. And I would hate to be accused of stupidity unless I truly was intending to be stupid, which if you listen to my wife, happens at least 10 or 15 times a day.

Second, China, and thank you for waiting until well into this hearing before we move into the issue, which I would call the 800-pound gorilla, who is actually not in the room but that is very much at play here.

Working with the Chinese on this issue, something that I have been doing now for nearly 4 years, is a slow process. We work with them through their law enforcement organizations and institutions.

My own summary would be, in 4 years we have moved from something that they are not willing to talk about at all to something that they are willing to acknowledge is an issue and that they have taken some ownership of.

Mr. FORTENBERRY. What about this—I am sorry, the time is running out—what about this agreement? What level of agreement was reached? Would you explain that?

Mr. BROWNFIELD. In September of last year, during President Xi's visit, President Obama and President Xi agreed that they would take steps to eliminate the commercial trafficking in ivory. Important because China today is overwhelmingly the largest mar-

ket for ivory in the world. And, as Mr. Postel has pointed out, we are not blameless in this regard as well.

Two months later, at something called the U.S.-China Joint Liaison Group on Law Enforcement, which I co-chair, we got the Chinese—this is their Ministry of Public Security and their Customs Service—to agree that we would form a working group to develop details on how we would work to make this happen.

Now, with many countries in the world you would say this sounds laughably little to have accomplished. With China it is, I would say, a step in the right direction. Also in the course of last year, for the first time they did a public ivory crush, where they, in public, before the media, with hundreds of people watching, did destroy beyond possibility of reuse a substantial amount of ivory.

Does that stop the problem? No. Is it symbolic and therefore has at least some potential impact on their own officials and their own criminal elements? Yes.

I would describe the Chinese issue as a work in progress. It is moving in the right direction. It is by no means moving as fast as we wish it would, and we still have a lot of work to do before we are both going to be in a position to say we are satisfied with where we are with China.

Ms. GRANGER. Thank you.

Mr. Stewart.

Mr. STEWART. Thank you, Madam Chairwoman.

And to the witnesses, for many years of service. It is something that I think many of us feel important but underappreciate it, which has been said here a number of times. I actually want to take just a second and tell you why I am interested particularly on the subject. One of them is I am just a recent convert to this, the beauty and really magnificence of these animals in this area.

My wife and I spent, I don't know, 8 or 9 days in Africa last summer. It was a life-changing experience, particularly for my wife.

I also sit on the Intelligence Committee. Africa is my area of assigned responsibility. I spend a lot of time in Africa, not, obviously, dealing with this issue, but with some of the more troubling aspects that that continent is dealing with in Al Shabaab and Boko Haram and others.

Which leads me to my question.

Ms. GRANGER. Can you just hold just a second? We are having a hard time hearing. Could you turn the mike up?

Mr. STEWART. Yes. Well, I have such a big, booming voice.

Ms. GRANGER. Ok. Would you speak a little bit louder?

Mr. STEWART. Yes, ma'am, I will.

Ms. GRANGER. We don't want to miss any of the words.

Mr. STEWART. OK. Thank you. Is that a little better?

I was there last spring and saw some operations against Al Shabaab and also Boko Haram, and the numbers of this are fairly startling. You know, what an animal is worth—and I will use Al Shabaab and some of the information that we have here from other sources, not provided by either of you—but they may receive something between $200,000 or $400,000 or maybe $600,000 a month on illegal ivory alone.

Let's use the middle figure, $400,000. They pay their soldiers about $300 a month, which in the scale of things is actually fairly

high. ISIS is paying their soldiers about $150 a month or something like that. But using that $400,000 a month figure, you are paying for something like 1,300 soldiers, full-time soldiers to fight in your army. It is a meaningful national security consideration, and we haven't talked about that much.

Would you be able to respond quickly to two questions. Number one, because of this, Congress has considered withdrawing or withholding military aid to countries who we believe are not being our partner in trying to minimize or eliminate this trafficking. Is that a good idea or does that make it worse? And would you also address are there other terrorist organizations that we know are profiting from this as well and give us a sense of how much it means to them?

Mr. BROWNFIELD. Why don't I take a quick bite at that, Congressman.

I would say, first, you have vectored in on one of the two organizations that are listed under our Foreign Terrorist Organizations proscribed list that we are confident and say publicly are engaged in wildlife trafficking. That is Al Shabaab. The other, by the way, is the Lord's Resistance Army further down to the south in the African continent.

Mr. STEWART. So that answers my second question. You think it is only those two organizations?

Mr. BROWNFIELD. But I want to be careful that I have stated it in a way that makes sense. Those are the two that we are prepared to say are, in our judgment, unquestionably involved in this.

Are there other organizations that may be? Yes, there are. My problem is I don't want to ring alarm bells if I can't then offer clear evidence as to why it is that we believe these other organizations, some in Africa, some elsewhere, are involved.

Mr. STEWART. Mr. Ambassador, I have to tell you that I believe that there are. And in another setting I think you and I would agree that there is strong evidence.

Mr. BROWNFIELD. I believe it is possible as well. And, in fact, that is why I wanted to choose my words carefully.

Mr. STEWART. I understand.

Mr. BROWNFIELD. And what Al Shabaab does, by the way, which is very similar to what the FARC used to do in Colombia on drugs, and that is it taxes. It taxes the trafficking organizations as they move the product through their territory, particularly through seaports and border crossings where they have some degree of influence and control. And they do make a substantial amount of money out there.

Mr. STEWART. Very effective middleman.

I am running short on time. Do you believe we should withdraw aid?

Mr. BROWNFIELD. And sanctions is a good question. You all pay me the big bucks to offer you my own judgment in terms of how we can accomplish what we want to accomplish internationally. Here is my judgment. I believe we already have some sanctions tools related to terrorism and support for or accepting the presence of terrorist organizations that are probably adequate to the task.

My concern on unilateral sanctions tied to wildlife trafficking is that it will, as happens with sanctions on trafficking in persons,

sanctions on drugs, turn a chunk of the international consensus that we have against us.

I have no objection to sanctions of governments that are clearly tolerating and complicit in this. What I would want, however, is a tool that allows us to be very selective and very careful on how we apply those sanctions. I would like to have a broader conversation on this when we have another option.

Mr. STEWART. Well, and maybe I will conclude by saying thank you. And I would like to follow up with you on that, because I recognize sanctions are a two-edged sword, that many times there are unintended consequences that come from that. But I think it might be a tool that we may be forced to implement here in a more aggressive way. But, again, Mr. Ambassador, I would like your thoughts at another time if we could.

Madam Chairwoman, I yield back.

Ms. GRANGER. Thank you.

Mr. Dent.

Mr. DENT. Thanks, Madam Chair. I apologize for being in and out of this meeting. I had some pressing business.

But it is encouraging to hear about all your efforts to build capacity and to provide training and equipment to law enforcement engaged in combatting wildlife trafficking.

Can you point to any specific law enforcement operations that have been especially impactful?

Mr. BROWNFIELD. In fact, Congressman, I can, and I would like to offer you four specific examples of operations that have actually produced measurable and concrete results.

First, and we did the first of these in the year 2013, an international operation that involves more than 20 different governments called Operation Cobra. And you will be stunned to learn that it goes Cobra I, Cobra II, Cobra III, and Cobra IV.

Each one has generated, up to this point, I think we are probably well over 400 individuals arrested. I have lost track of the number of tons of illicit product or animals that have been seized and the number of individuals and organizations that have been arrested for prosecution. That, by the way, is Asia, Africa, Europe, and the United States.

A second operation is one that has been working only in the course of the past year and is Africa based, and it is called Operation Worthy. This particular operation has involved Uganda, Tanzania, and Kenya. And it, in fact, has produced nearly 400 arrests, 4.4 tons seized, and a good number of organizations taken down.

A third operation, which is U.S. focused and U.S. internal, although focused on international organizations, is called Operation Crash, that is led by the Department of Justice and the U.S. Fish and Wildlife Service. And it also has nailed in the course of this past year more than 20 successful prosecutions and more than $5.5 million worth of assets seized.

And finally, something that they have done themselves but they have done it with our equipment, our training, and our organizations created, the Philippine maritime service, in the course of 2015, has conducted operations vectored on wildlife trafficking; that is to say product being moved in or out. They have seized 23

vessels and they have seized more than $2.2 million worth of assets.

Four specific operations that we can point to and say these are, at least to some extent, the result of our support and our training, assistance, and equipment.

Mr. DENT. Most law enforcement actions you mentioned, I think you said Tanzania, Uganda, and Kenya, what are the other major countries where you have had these law enforcement operations?

Mr. BROWNFIELD. The Operation Cobra originally started as an operation focused on East Asia and Southeast Asia. It expanded to include parts of Central—I guess we call it Central Asia, Nepal. And, in fact, as the pipelines and the logistical lines passed through both Europe and Africa, we expanded into some of the source countries in Africa, such as South Africa, such as Kenya, such as Tanzania.

And on the U.S. and the North America side, of course, we are dealing with the markets.

Mr. DENT. My time has expired. I appreciate it. And I just have to tell you, you have got a great voice for radio. You must do voice-overs. You don't have to answer a question.

Thank you.

Mr. BROWNFIELD. Make me an offer, Congressman.

Ms. GRANGER. Thank you. We have time for a short round.

And, Mr. Ambassador, if you will see that light right there, it will tell you when the time is up.

I just have one short question because it was mentioned earlier about when we have huge amounts of ivory and the decision to destroy all that ivory. What was the result of that? It was confusing to me because I would think if we have all this ivory then it could slow down the need because the ivory is already there. They said, no, the intention, what happens is when you destroy it, it helps stop the poaching. And I didn't understand that.

Is it successful? You mentioned one in China, but there have been several that are just enormous.

Mr. BROWNFIELD. Yeah. Madam Chairwoman, there have, in fact, been several here in the United States of America as well. I will give you the law enforcement theory behind the ivory crush, and that is, if you take ivory completely out of any commercial value whatsoever, you have the impact of discouraging the criminal networks from continuing to poach and acquire additional ivory.

Now, there is a counterargument to that, and you hear this frequently in the conservation community, by governments who say the ivory has already been poached and by destroying it we are merely creating a requirement for more ivory.

My own view, based upon my experience on working the drug issue, is hit the network at every point in the chain, including eliminating the product at market, because it sends a clear and unequivocal message to everyone, from the initial poacher up to the person who is selling the ivory illegally on the streets of New York, that, in fact, they will be stopped wherever they are on the chain.

Ms. GRANGER. Thank you.

Just something you would like to add to that?

Mrs. Lowey.

Mrs. LOWEY. Thank you very much.

I just wanted to follow up. We have talked a little bit about what China is doing in the big crush. I think it was in September that the Chinese President was here and they announced their commitment to a nearly complete ban on ivory import and export.

If either of you would just focus on that for a minute. I was interested in what specific steps have been taken since that announcement, and are there examples domestically or on the part of the Chinese Government that indicate whether this pledge is being taken seriously? And what about other markets, especially in Asia?

So I would like to hear some more about the Chinese enforcement, the cooperation with China, other than the big crush that happened, if you could.

Mr. POSTEL. I will start it. Thank you for the question.

We have seen work going on there both on the official side as well as by civil society, and I think both are equally important.

One thing that can't be attributed strictly to the crush, but there seems to be some evidence that progress is being made, because the price of ivory in the illegal market in China has fallen 50 percent in the last 18 months.

And some of that is just getting consumers to understand that. A lot of Chinese don't even know where the ivory comes from. That is why there are so many on the civilian side, so many efforts, whether it is Chinese actresses tweeting a picture of a butchered elephant, so people understand.

I don't know if you will see it, but this is a picture of Yao Ming in the Bangkok airport in Mandarin sponsored by us as part of a whole campaign where the point is to tell the tourists, you know, that this is not a good thing to be done.

So the government is pledging some things, and, of course, there is ivory, but also the government pledged in other areas. They have banned shark's fin soup from all their official government banquets. And there is a whole range of species on which we have to work with them.

So there are concrete steps. But as the Ambassador said, it is a grind. It is slow. But, fortunately, sometimes they are wanting to follow what we are doing. So they were very pleased to brag about their crush, having matched our crush. And so sometimes our actions are another goad for them.

Mr. BROWNFIELD. Congresswoman, you asked specifically what have they done since the September announcement by the two Presidents. I would offer three things. First, the crush that we have talked about. In their defense, they did it publicly and it is something they have never done before. Second, 2 months later they did agree to establishing with us a bilateral working group among law enforcement officials to work this issue and put more flesh on the commitment that they made at the Presidential level. And third, they have not yet promulgated but released for circulation and consideration a new wildlife trafficking law.

It has been reviewed by many people of the entire conservation community. I will not speak for everyone. What I would describe the law, as I have read it and understood it so far, is it moves in the right direction in some ways, in the wrong direction in some ways, and it unquestionably does not go as far as we wish it would go.

Mrs. LOWEY. Just one last comment, because I have seen many working groups being established. Anything specific coming out of it, or are they going to take a year to study it again?

Mr. BROWNFIELD. It is joint, Congresswoman, so my guess is we will be able to push it to a certain extent. The question will be how far are they willing to go. What I will commit to you is we will push them as far as we can push them and we will see how far they are willing to go to comply with their own President's commitments on this issue.

Mrs. LOWEY. Well, since it is almost the red light, so I guess you are not convinced of the seriousness of their commitment. And I know we both look forward to following up on this issue, and I thank you.

Thank you, Madam Chair.

Ms. GRANGER. Thank you.

Mr. Fortenberry.

Mr. FORTENBERRY. One quick follow-up as well. You talked about the necessity of ongoing partnerships, NGOs, business, and otherwise. But what other governments are engaged in this with resource assistance? You said the British. Are there other nations that have elevated this problem and have put resources to it, other than the ones where the problem exists?

Mr. BROWNFIELD. Congressman, I would give you lists in two categories. First, obviously, are the partner nations that are actually the source nations themselves. And the cooperation there is us trying to facilitate, build capacity, train or equip, and they would be—

Mr. FORTENBERRY. Yes. I don't think source nation is the right word. Beyond the source nations.

Mr. BROWNFIELD. You are talking about donors, others who are prepared to participate in this as members of the international community.

The European Union as a whole participates in this. The British are in the lead in terms of who within the European Union are most focused on it. However, I am prepared to say good things—to a degree—about the French, about the Germans, about the Spanish, and about the Italians in terms of having stepped up to the plate to some extent.

Canada is playing a useful role, and in some specific areas Japan. We bump into issues on Japan because in one area, whaling, they clearly are not participating in a helpful manner; in other areas they are. And in Southeast Asia, I have found at least one government—and probably two—and that is Thailand and Indonesia are playing both a helpful and energetic role putting some money, but more than that being willing to cooperate with NGOs, other governments, and international organizations that are trying to address the problem.

Mr. FORTENBERRY. And where is this momentum coming from? Is it coming from us?

Mr. BROWNFIELD. I would suggest, first, I want to give the conservation community full credit. And since the era, I guess, of Theodore Roosevelt, they have, in fact, been doing exceptionally good work. There is no one on the planet who does not respect the conservation community and there is a reason for that. So I give them credit.

Mr. FORTENBERRY. But it does seem like all of these initiatives are very new, government-to-government initiatives and NGO initiatives are new. So momentum for this is being driven somewhere.

Mr. BROWNFIELD. Yes. And I don't disagree with your assessment that the momentum is probably coming more by pushing from us than from any other identifiable government or organization. I just don't want to dismiss the efforts of others because at the end of the day we need them.

Mr. FORTENBERRY. No, I am just looking for information. It is not some sort of judgment. I am just curious as to how this is happening and for the potential of what you have talked about in terms of problem solving and partnership with others. Because that is going to be obviously a necessary outcome in order to correct this problem.

Mr. BROWNFIELD. Because part of the solution—and I will do this in only 15 seconds—is we do have to keep the international community and specifically the United Nations engaged. If we can get through collective action certain activities to be made criminal around the world so that wherever you are doing it you are in violation of the law, it is going to make it a lot easier for us to get all governments of the world to cooperate.

Mr. FORTENBERRY. Thank you.

Thank you, Madam Chair.

Mr. POSTEL. Just to supplement two quick things. One other group that is pivoting is the Global Environmental Fund, and they traditionally didn't work in that area and they are pivoting.

And I think the other driver, in addition to everybody who was mentioned, is simply because of the connection on the security side, which is you have new voices coming to the table and saying, you know, this was important not just for conservation but for other reasons. And that is another driver that is affecting the British and ourselves and others.

Ms. GRANGER. I thank the witnesses for appearing before the subcommittee today. Members may submit any additional questions for the record.

The Subcommittee on State, Foreign Operations, and Related Programs stands adjourned.

Question for the Record Submitted to
Assistant Secretary William Brownfield by
Chairwoman Kay Granger (#1)
Subcommittee on State, Foreign Operations
Committee on Appropriations
March 15, 2016

Question:

Please detail how the Department of State utilizes the expertise of the U.S. Fish and Wildlife Service to combat poaching and wildlife trafficking.

Answer:

The Department of State and U.S. Fish and Wildlife Service (FWS) cooperate daily to develop and implement strategies and programs to combat wildlife trafficking. This collaborative working relationship operates in Washington as well as at our embassies in the field. Following are important examples:

- The President's Task Force on Wildlife Trafficking has identified the placement of additional law enforcement personnel directly in regions that are wildlife hotspots and major transit locations for wildlife trafficking as important to enhance enforcement and to facilitate wildlife trafficking prosecutions especially in the United States. Since 2014, a FWS special agent attaché has worked in Bangkok, Thailand. In 2015, FWS placed special agent attaches in Gaborone, Botswana; Lima, Peru; Dar es Salaam, Tanzania; and Beijing, China. Attachés work closely with the State Department's Bureau of International Narcotics and Law Enforcement

Affairs (INL) and Environment sections at Post as appropriate, to provide ongoing support to regional efforts to combat wildlife trafficking by coordinating investigations, providing training, strengthening relationships with host country law enforcement, and building capacity.

- The Department of State has supported a regional wildlife investigative course in partnership with FWS, training over 500 law enforcement officials from member countries of the Association of Southeast Asian Nations (ASEAN) and other nations at the International Law Enforcement Academies (ILEA) in Gaborone and Bangkok. We have expanded this training to all regional academies in 2016.
- The Department of State is working to combat wildlife trafficking and strengthen CITES implementation in the Central American countries. In 2015, the Department of State, and FWS supported fourteen events with the Central American Wildlife Enforcement Network (known by its Spanish acronym ROAVIS) training 330 participants from Central America on wildlife law enforcement topics. FWS technical experts served as principal trainers in four workshops on CITES implementation and enforcement for 113 customs inspectors and prosecutors from four Central American countries with the result that they will be able more effectively to enforce wildlife laws related to this convention.

- Through Embassy Lima, the FWS Attaché, is working with Peruvian government officials to coordinate and advise a new interagency anti-wildlife trafficking task force in Peru. Officials from the Peruvian prosecutor's office, from Peru's forestry and wildlife service, and from the national police have agreed to join forces to conduct investigations of wildlife trafficking crimes. The Department of State and the FWS Attaché in Lima, Peru, are helping to strengthen the emerging South American wildlife enforcement network, SudWEN, as recommended by the President's Task Force on Wildlife Trafficking in its 2015 Implementation Plan. SudWEN aims to hold a meeting of members and other South American enforcement officials by the end of 2016.
- In early 2015, U.S. Immigration and Customs Enforcement (ICE) in conjunction with FWS and the NGO Freeland, conducted two advanced wildlife trafficking investigation training sessions in Cha-am, Thailand, for 38 law enforcement officials from multiple Thai agencies. The training, funded by the Department of State, focused on advanced investigation techniques and included practical exercises on conducting a controlled delivery from a commercial environment.

- USAID, the Department of State, and FWS are supporting key science and technology-based tools for combating wildlife trafficking and Illegal, Unreported, and Unregulated (IUU) fishing in the Philippines.
- The Department of State and FWS supported and facilitated DNA analysis of major ivory seizures, conducted by the University of Washington. Most of the analyzed seizures came from just a few areas, which may indicate that there are fewer major poaching hotspots in Africa than previously thought.
- USAID, in collaboration with the Department of State, FWS, and the Department of Homeland Security, is constructing a partnership to prevent trafficked wildlife and wildlife products from entering transportation supply chains.

Question for the Record Submitted to
Assistant Secretary William Brownfield by
Chairwoman Kay Granger (FWS, #2)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 03, 2016

Question :

Will the Department of State increase funding for the U.S. Fish and Wildlife Service (FWS) in fiscal year 2016 for programs to combat wildlife trafficking, given their expertise in this area?

Answer:

While INL is still finalizing plans for FY 16 International Narcotics Control and Law Enforcement (INCLE) funding, we intend to continue and strengthen our partnership with FWS.

Since 2002, INL has shared a strong partnership with FWS, Office of Law Enforcement. In CY 2015, INL significantly increased funding to FWS, providing nearly $5 million in FY 2014 INCLE through our State East Asia and the Pacific Regional, International Law Enforcement Academies, and International Organized Crime funding lines.

FWS provides instruction at the International Law Enforcement Academy (ILEA) Gaborone for the wildlife investigative training course, which has provided

training for over 500 law enforcement officials. In CY 2016, we will triple the number of wildlife investigative courses and deliver them across all of the ILEAs (Bangkok, Budapest, Gaborone, and San Salvador). FWS will continue to lead these courses with INL funding.

INL will also support FWS in two new activities that will take place in FY 2016: 1) leadership training for law enforcement conservation managers from a dozen key African countries (Botswana, Cameroon, Gabon, Kenya, Malawi, Mozambique, Namibia, South Africa, Tanzania, Togo, Uganda, and Zambia) at the FWS National Conservation Training Center in West Virginia, planned for September 2016; and 2) FWS-provided technical assistance to strengthen wildlife enforcement and combat illegal wildlife poaching and trade in Southeast Asia. The countries included will be: Indonesia, Vietnam, Thailand, the Philippines, Laos, Cambodia, Burma, and Malaysia. Over two years, the project aims to strengthen legislative frameworks, bolster law enforcement capacity, strengthen enforcement in two selected protected areas, and build wildlife forensic capacity in Indonesia.

Additionally, FWS attachés posted globally coordinate closely with the INL sections at our embassies on wildlife trafficking issues.

Question for the Record Submitted to
Assistant Secretary William Brownfield by
Chairwoman Kay Granger (#3)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 3, 2016

Question:

Is the Department of State considering using aviation assets that are no longer being used in Colombia for counter-poaching purposes in Africa? If not, how does the Department intend to use these aircraft?

Answer:

Despite the discontinuation of the aerial eradication program, the Department intends to continue to make available to the government of Colombia, per its request, eight AT-802 and two Cessna 208 airplanes previously used in the aerial eradication program. The aircraft will be used for monitoring illicit drug crops in support of manual eradication operations, identifying potential targets for interdiction, and pilot training. Before transferring title of these aircraft to the government of Colombia, the Department will comply with the notification requirements of Section 484(a)(1) of the Foreign Assistance Act.

Seven additional AT-802s previously involved in the Colombia aerial eradication effort are in storage in the United States pending decisions about their disposition. INL has no current plans to employ them in Africa because it has not identified any missions for which they would be appropriate at this time. If

aviation mission requirements do evolve, it is likely they will call for a platform other than the AT-802, which is a single seat and heavily armored aircraft. Initial analysis indicates that any aviation assets to be employed in anti-poaching efforts in Africa will most likely need to be able to transport small groups of passengers in addition to conducting command and control, observation, and surveillance functions.

As indicated in the Department's April 2015 "Report to Congress on the Cost and Feasibility of Establishing an Aviation Platform in Africa," INL considers aviation support to be a lower priority than more basic foundational activities related to anti-poaching efforts that are at a nascent stage. Some of the work that needs to be done on the ground before being able to take full advantage of aircraft support includes discussions and agreements with host countries (bilateral and multilateral), developing intelligence gathering and targeting capabilities, improving communications, working to ensure that qualified and trained host government personnel are available to utilize aviation resources, establishing processes for integrating air and ground activities, and assessing aviation facilities and infrastructure and improving them as necessary.

Questions for the Record Submitted by
Chairwoman Kay Granger
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 12, 2016

Question:

In addition to funds made available for the Central Africa Regional Program for the Environment (CARPE), will USAID increase funding for the U.S. Fish and Wildlife Service in fiscal year 2016 for programs to combat wildlife trafficking, given their expertise in this area?

Answer:

USAID is planning to use available FY 16 funding to increase our support to the U.S. Fish and Wildlife Service (FWS), and is in active discussion to develop a new agreement with them to enhance our collaboration in areas of common interest, including implementation of the National Strategy to Combat Wildlife Trafficking. We are considering support for their international grants programs while also engaging FWS expertise concerning trade in endangered species and enforcement of U.S. conservation laws.

In addition to support through CARPE and this new partnership under development, USAID draws on FWS expertise through interagency agreements with the Department of Interior, focused on assessing and responding to wildlife trafficking in East Africa and Indonesia.

Question:

USAID has noted that demand for illegal animal parts is the root cause of the problem. Why then is USAID only devoting 7 percent of the resources toward demand reduction problems?

Answer:

USAID estimates about seven percent of FY14 resources were dedicated to demand reduction. As USAID continues to learn from our demand reduction interventions and identify best practices, we are committed to invest more in the area where possible.

The magnitude of USAID's demand reduction portfolio is not entirely represented by the size of our investment, because some campaigns have attracted private sector partners

that bring additional resources to the table. These include the pro-bono services of advertising firms and key opinion leaders, including celebrities, as well as in-kind donations of television and radio air time. Further, messages conveyed through traditional billboards and events are exponentially amplified through social media, a low cost and effective way to reach target audiences in Asia where USAID focuses most of its demand reduction effort. Given this leveraging, sometimes a small amount of funding has the biggest impact in changing consumer behavior.

We are pleased to report that from March 7-9, 2016, in Hong Kong, USAID sponsored and helped to organize what is likely the largest ever workshop on reducing demand for illegal wildlife products in Asia. Over 100 participants met to formulate innovative approaches and action plans to help consumers make conservation-friendly buying choices. We will apply the knowledge and networks developed at this meeting to scale up the impact of current and future demand reduction programs.

Question:

Now that the FY16 appropriation for the International Narcotics and Law Enforcement Bureau (INL) has increased to $40 million, will USAID reduce their investments in the law enforcement sector in order to avoid duplication and ensure coverage in areas that INL does not specialize in, such as demand reduction?

Answer:

INL and USAID have a strong working relationship, and we will continue to coordinate with them and ensure complementarity of programs in the future. The growing INL appropriation for combating wildlife trafficking and the formation of the Task Force have spurred productive financial and technical coordination in Washington and in the field. Through these efforts, we ensure that there is appropriate coverage and no duplication in efforts in addressing wildlife trafficking.

While we are continually coordinating with INL on their evolving programming, previous INL funding changes resulted in USAID programming adjustments. For example, when INL first received an appropriation for CWT and began making investments in Southeast Asia, USAID's flagship regional response to wildlife trafficking deliberately reduced support for law enforcement strengthening and increased support for demand reduction. We have had good coordination to ensure government authorities in the region still receive the training and technical assistance they need, while ramping up a variety of demand reduction efforts, including campaigns focused on elephants, rhinos and sharks. USAID partners still do play a role supporting law enforcement and facilitating cooperation across countries, and should be credited for putting in place the conditions for success of efforts like the annual Operation Cobra.

On the other hand, in countries where INL is not programming CWT funds, USAID is generally maintaining or increasing support for law enforcement. We also make complementary law enforcement investments, as in Southern Africa, where USAID helped the Department of Justice (DOJ) with the logistical and planning arrangements of an INL-funded course on wildlife crime for a cohort of prosecutors and judges in the region. In Central and West Africa, we are taking this a step further by folding a similar iteration of INL-funded, DOJ-delivered training into a broader program of law enforcement capacity building, with plans to help participants overcome institutional barriers that prevent DOJ information and tools from being put into practice.

From this ongoing relationship, INL and USAID have determined where our comparative advantages lie. Where a long-term, place-specific approach makes the most sense, such as work with wildlife management authorities, USAID may be the most appropriate lead. Where police and customs authorities can benefit from specific tools and training by international organizations like the U.N. Office of Drugs and Crime, or World Customs Organization, INL may be best equipped. In both cases, we will continue to consult with each other and our peers in other Task Force agencies.

Questions for the Record Submitted to
Assistant Secretary William Brownfield by
Representative Nina Lowey (#1and 2)
House Committee on Appropriations, Subcommittee on State, Foreign Operations, and Related Programs
February 17, 2016

Question:

I'm especially interested in countries that have combined community conservation, enforcement, rule of law, and other creative strategies. Do we have models to assess effectiveness and ideally replicate successful strategies? Please provide some examples.

Answer:

As each country faces complex and differing challenges to combating wildlife trafficking, there is no one size fits all model to assessing effectiveness. The Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL) has drawn lessons learned from decades combating narcotics and other forms of trafficking and is applying those tools to combat wildlife trafficking. For example, we have learned that combating trafficking in all its forms requires establishing just rule of law and effective judicial systems, so we are building the capacity of investigators, park rangers, customs officials, prosecutors, and judges to arrest and convict wildlife traffickers, in a number of countries. We are seeing early signs of impact. We have seen success in Nepal, which has

achieved zero poaching of rhinos in recent years, and in countries like Kenya and Namibia, all of which have benefited from support from the U.S. Agency for International Development (USAID) on these issues. Nepal and Namibia have successfully engaged communities, law enforcement, and other security elements to assist in combating wildlife trafficking.

Question:

It has been suggested that demand reduction is one of the harder facets to address because of the reliance on behavior change. Various international institutions and NGOs have tried public awareness campaigns with varying degrees of success. Are there models of demand reduction or lessons learned on how to be more effective in our public awareness efforts?

Answer:

The Department of State and USAID can best address demand reduction by employing a combination of programming, official advocacy, and public relations activities. This model works best when it is complemented by and builds on domestic demand reduction efforts. In these efforts, we engage partners ranging from non-profit conservation groups to private industry and the media to reduce, and if possible, end the demand for trafficked wildlife and wildlife products.

We are seeing positive results of this model in China, where our efforts are complemented by our diplomatic dialogue with China. This helped lead to the joint announcement by President Obama and President Xi

in September to enact near complete bans on ivory import and export, and to take significant and timely steps to halt the domestic commercial trade of ivory. The Department of State continues to engage with Chinese counterparts on implementing this commitment.

Following on our agreement with mainland China, we have also seen real progress in Hong Kong, a major marketplace for ivory where NGOs have long been vocal in advocating a stronger response to wildlife trafficking. If the steps that the Hong Kong Government and its Legislative Council are exploring to phase out the import, export, and local sale of ivory, and to impose heavier penalties on smuggling and illegal trading of endangered species are approved, they will be an important link in this global effort to end wildlife trafficking and save species for future generations.

Vietnam is another example of programming, official advocacy, and public relations activities working together to achieve change. In Vietnam, the U.S. Embassy – in partnership with the governments of Vietnam and South Africa and with civil society – launched "Operation Game Change," a campaign to reduce wildlife crime, especially purchases of rhino horn, which included a film festival, bicycle rally, and numerous public outreach

events. Game Change reinforces ongoing USAID programs to reduce demand for wildlife and strengthen law enforcement in Vietnam.

We build on our country-specific programming by highlighting this issue on the world stage. On March 3, 2016 in honor of World Wildlife Day, dozens of embassies around the world will celebrate by convening public diplomacy events. Undersecretary Novelli will lead an event here in Washington. Last year, INL Assistant Secretary Brownfield participated in a UN hosted event at the Central Park Zoo raising the profile of wildlife trafficking as a serious crime. This year the UN's Economic and Social Council will host a special event celebrating World Wildlife Day and will launch an International Elephant Film Festival.

These efforts are continually supported by the Department of State's Public Affairs and Public Diplomacy offices, which regularly conduct research and produce public diplomacy and awareness materials for social media to raise the awareness of wildlife trafficking and reduce demand for illegal wildlife products. These outreach materials include sharing information on the impact of poaching and wildlife trafficking, as well as highlighting private sector initiatives and supporting international organizations' efforts to raise awareness and reduce demand for illegal wildlife products. When government and community leaders demonstrate

leadership through high-profile disapproval of the demand for illegal wildlife products, this can have a lasting impact on behavior change.

Questions for the Record Submitted by
Representative Nina M. Lowey
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 12, 2016

Question:

I'm especially interested in countries that have combined community conservation, enforcement, rule of law, and other creative strategies. Do we have models to assess effectiveness and ideally replicate successful strategies? Please provide some examples.

Answer:
In general, countries that have been successful in combating wildlife trafficking have three key factors in common: strong community support for conservation, political will, and good policies and laws. Namibia and Nepal are often held up as examples, and we are seeing some success in Northern Kenya as well. However, the co-existence of these key factors is crucial for long-term successful interventions.

USAID invested in Namibia's community conservancies for over 15 years and, while rhino poaching in Namibian national parks has increased in recent years, the conservancies have very low levels of poaching. The Namibian government views wildlife and nature tourism as critical to Namibia's development and established the legal and policy base to encourage conservation. USAID supported the policy enabling environment for conservation in Namibia, including the passage of the Nature Conservation Amendment Act of 1996. In this act, the control and ownership of wildlife was given to communal area residents so that they may derive benefits from the sustainable use of wildlife, for example, through tourism or sport hunting. Today, one in eight Namibians is a member of a conservancy.

Consistent and long term support in Nepal has yielded similar results. Nepal maintains a strong record with zero tigers or rhinos poached in three of the last four years. USAID supports the establishment of community based anti-poaching units, which are volunteer civilian teams composed of thousands of young adults that patrol community-managed forests and report any signs of wildlife or timber crime to the protected areas authority. These groups also educate their families and peers about the benefits and importance of conservation.

In Kenya, where up to 60 percent of wildlife spend part of the year outside of parks and reserves, USAID-supported community conservancies cover nearly eight million acres of Kenya's arid northern rangelands. Conservancies, formed by some of the most historically disadvantaged rural poor, manage their wildlife, water, and pasture to the benefit of their members and, in so doing, foster greater security and peace, create jobs, and conserve wildlife. To secure these gains in the face of increasing elephant poaching, USAID supported a tripling of community ranger enrollment at the Kenya Wildlife

Service Field Training School, and graduates carry out regular patrols and work closely with government forces. Healthy wildlife populations provide economic opportunities through ecotourism, and patrols provide safety from poaching and banditry, all of which leads to secure and safe communities. Likely as a result of these efforts, Kenyan conservancies have had a 46 percent reduction in elephant poaching in FY 2015 compared to FY 2012-2013.

These examples demonstrate that community conservation is a very strong deterrent to poaching. In the examples given, communities realize real benefits from conservation, including income and jobs from wildlife-based tourism, security, and improved grazing lands. Change does not, however, happen quickly. Community-based natural resource management, or CBNRM, takes sustained investment, typically more than 10 years, to realize the great progress we see to date. Our success in the conservancy areas of Namibia, Nepal, and Kenya is occurring in very mature programs. In Tanzania, where our work with community wildlife management areas is approaching 10 years of investment, the progress in combating poaching is still mixed.

Question:

It has been suggested that demand reduction is one of the harder facets to address because of the reliance on behavior change. Various international institutions and NGOs have tried public awareness campaigns with varying degrees of success. Are there models of demand reduction or lessons learned on how to be more effective in our public awareness efforts?

Answer:
Efforts to reduce consumer demand for illegal wildlife products are critical to solving the current wildlife trafficking crisis. While recent public service campaigns that feature celebrities and key opinion leaders have had some success, these efforts need to be part of a broader communications strategy. We know that behavior change efforts will be more effective when they are paired with law enforcement actions.

Demand reduction campaigns that use social marketing to stimulate human behavior change are particularly effective. Analyses of consumer preference are central to this approach, particularly understanding the knowledge, attitudes, and drivers of behavior in key consumer groups. Clear messages that resonate with consumers must be developed, based on formative research like consumer interviews, focus groups, and surveys. Then, careful monitoring of campaigns is needed to measure how well the messages stick and to reframe and adjust, if needed.

USAID is also attuned to learning from approaches developed by other donors. A recent example of the demand reduction approach includes the conservation of tigers and their prey in the Nam Et Phou Louey National Protected Area in the Lao People's Democratic Republic. To change the behavior of illegal hunters, two NGOs (Rare and the Wildlife Conservation Society) supported a social marketing campaign in parallel with traditional enforcement measures. They conducted dozens of outreach activities in addition to surveys and focus groups with local residents to increase knowledge of hunting

regulations and change attitudes toward poaching. Based on this formative research, they developed a comprehensive messaging strategy. . Knowledge, attitudes, and behaviors measured before and after the campaign indicated that fewer hunters engaged in illegal activity after the campaign launch. When sustained over time, the expectation is that this shift in behavior will lead to reduced illegal hunting and an increase in the area's population of tigers and their prey. USAID is building on successful approaches such as this as we design our next generation of interventions.

USAID has supported efforts to reduce consumer demand for wildlife and wildlife products in Asia for over 10 years. Recently, our public outreach and behavior change campaigns continued to expand in major wildlife consumer countries: China, Cambodia, Laos, Vietnam, and Thailand. These campaigns are increasingly sophisticated and we will prioritize using best practice in social marketing, looking to leaders from the health and business marketing communities for best practices. In early March, USAID is sponsoring the largest demand reduction Collaborative Action Planning conference for demand reduction efforts across Asia in order to further stimulate uptake of best practice approaches to behavior change.

THURSDAY, FEBRUARY 11, 2016

UNITED STATES ENGAGEMENT IN CENTRAL AMERICA

WITNESSES

HON. WILLIAM BROWNFIELD, ASSISTANT SECRETARY OF STATE, BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS

ELIZABETH HOGAN, ACTING ASSISTANT ADMINISTRATOR, LATIN AMERICA AND CARIBBEAN BUREAU

FRANCISCO PALMIERI, DEPUTY ASSISTANT SECRETARY OF STATE, CENTRAL AMERICAN AND CARIBBEAN BUREAU OF WESTERN HEMISPHERE

OPENING STATEMENT OF CHAIRWOMAN GRANGER

Ms. GRANGER. The Subcommittee on State and Foreign Operations and Related Programs will come to order. I want to welcome our witnesses. Thank you for appearing here today for this oversight hearing on U.S. engagement in Central America. For many years, this subcommittee has provided funds for our partners throughout Latin America. Without question, we know that what happens in these countries has an impact on the United States; our economies, our security, and even our health are closely linked.

The latest example of this is the outbreak of the Zika virus, which is spreading explosively in the hemisphere, according to the World Health Organization. We want to hear from our witnesses about what the administration is doing to address the Zika virus in the region.

Our countries are also connected because of migration. This spring will mark 2 years since the crisis at our southern border reached historic proportions. Members of this committee and a task force I led for the Speaker took notice. We worked together to address the unprecedented number of unaccompanied children arriving from Central America. But we know more needs to be done.

According to the Department of Homeland Security, more than 68,000 unaccompanied minors were apprehended in 2014. More than three-quarters of them are from El Salvador, Guatemala, and Honduras. Another 40,000 more were apprehended last year. One reason these numbers decreased last year is because Mexico stepped up its efforts to apprehend minors from Central America before they reached the United States. In fiscal year 2015, more than 16,000 were detained by Mexico, and 13,000 were returned. Compare that to less than 2,000 removed by the U.S. Immigration and Customs Enforcement over the same period.

Mexico's increased border security, which the United States has long supported through funds in our bill, is making a difference. While a total number of unaccompanied children arriving at the southwest border went down in fiscal year 2015, there has been a

disturbing spike in the last few months. Administration officials have pointed to recent enforcement actions that may help reverse this trend, yet the number of children apprehended in January was still significantly higher than the same month last year. We must do more to address this problem where it starts.

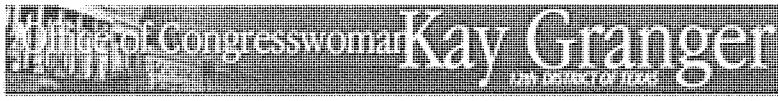
I have heard firsthand from leaders in Central American countries that they want their children back. We need to continue to work with these governments to return these children safely, and to keep more from making the extremely dangerous journey to the United States.

The Central American countries have already taken a number of steps on their own. Guatemala passed a law increasing penalties on human smuggling. Honduras continued to crack down on drug traffickers and extradite fugitives to the United States. El Salvador, which is one of the most violent countries in the world, has started to implement a broad security plan in its most dangerous cities. These are steps in the right direction, but they require follow-through.

The fiscal year 2016 State and Foreign Operations bill, provided $750 million in assistance to Central America; there are tough conditions on this aid. The countries must show they are improving border security, addressing corruption, and countering gangs, drug traffickers and organized crime.

The fiscal year 2017 budget request includes $750 million in this subcommittee's jurisdiction for Central America. Before additional funds will be considered, the administration must demonstrate how the funds already provided will address the violence; the lack of opportunity contributing to the migration problem, and that these countries are meeting the conditions in our bill.

Congress and the American people are expecting results. While the United States has a critical role to play in Central America's success, we should not do this alone. Other countries in the region have expertise, such as Colombia and Mexico. We should continue to encourage partnerships between these countries and El Salvador, Guatemala, and Honduras. We also need to ensure that other countries in the region facing their own security challenges, such as Costa Rica, receive our help. I look forward to hearing from our witnesses today on these very important issues, and I will now turn to the ranking member and my good friend, Mrs. Lowey, for her opening remarks.



FOR IMMEDIATE RELEASE
February 11, 2016
Contact: Jim Specht (202) 225-5071

CONGRESSWOMAN KAY GRANGER OPENING STATEMENT: STATE AND FOREIGN OPERATIONS APPROPRIATIONS SUBCOMMITTEE HEARING ON UNITED STATES ENGAGEMENT IN CENTRAL AMERICA

The subcommittee on State, Foreign Operations, and Related Programs will come to order.

I want to welcome our witnesses. Thank you for appearing today for this oversight hearing on U.S. Engagement in Central America.

For many years, this Subcommittee has provided funding for our partners throughout Latin America. Without question, we know that what happens in these countries has an impact on the United States. Our economies, our security, and even our health, are closely linked.

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Members of this Subcommittee - and a Task Force that I led for the Speaker - took notice. We worked together to address the unprecedented number of unaccompanied children arriving from Central America, but we know more needs to be done.

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Compare that to less than 2,000 removed by U.S. Immigration and Customs Enforcement over the same period.

Mexico's increased border security, which the United States has long supported through funds in our bill, is making a difference.

-over-

While the total number of unaccompanied children arriving at the Southwest border went down in Fiscal Year 2015, there has been a disturbing spike in the last few months.

Administration officials have pointed to recent enforcement actions that may help reverse this trend, yet the number of children apprehended in January was still significantly higher than the same month last year.

We must do more to address this problem where it starts. I have heard first-hand from leaders of Central American countries that they want their children back. We need to continue to work with these governments to return these children safely and to keep more from making the extremely dangerous journey to the United States.

The Central American countries have already taken a number of steps on their own.

Guatemala passed a law increasing penalties on human smuggling.

Honduras continues to crack down on drug-traffickers and extradite fugitives to the United States.

El Salvador, which is one of the most violent countries in the world, has started to implement a broad security plan in its most dangerous cities.

These are steps in the right direction, but they require follow-through.

The Fiscal Year 2016 State and Foreign Operations bill provided $750 million for assistance to Central America, and there are tough conditions on this aid. The countries must show they are improving border security; addressing corruption; and countering gangs, drug traffickers, and organized crime.

The Fiscal Year 2017 budget request includes $750 million in this Subcommittee's jurisdiction for Central America.

Before additional funds will be considered, the Administration must demonstrate how the funds already provided will address the violence and lack of opportunity contributing to the migration problem, and that these countries are meeting the conditions in our bill. Congress and the American people are expecting results.

While the United States has a critical role to play in Central America's success, we should not do this alone.

Other countries in the region have expertise, such as Colombia and Mexico. We should continue to encourage partnerships between these countries and El Salvador, Guatemala, and Honduras.

We also need to ensure that other countries in the region facing their own security challenges, such as Costa Rica, receive our help.

I look forward to hearing from our witnesses today on these important issues.

# # #

OPENING STATEMENT OF MRS. LOWEY

Mrs. LOWEY. Thank you, Madam Chair. Assistant Secretary Brownfield, Deputy Assistant Secretary Palmieri, Acting Assistant Administrator Hogan, I join Chairman Granger in welcoming you today.

The news is often dominated by the devastating war in Syria and the resulting refugee crisis engulfing the Middle East and much of Europe. At the same time, but with less attention, we face another deplorable humanitarian tragedy in our own hemisphere. Horrific levels of violence, abject poverty, weak government, plague the countries of Central America. Half of the populations live in poverty and 30 to 40 percent is underemployed.

Last year, El Salvador surpassed Honduras with the world's highest homicide rate: a 70 percent increase over 2014 levels. It has the highest concentration of gang members per capita in the region.

In Honduras, the military police continue to eclipse civilian police in most law enforcement operations despite a long history of impunity and abuse by the military against civilians.

In Guatemala, a shameless tax fraud scandal robbed the Guatemalan people of millions of dollars, and, finally, led to the President's resignation. Yet, the country is now led by an inexperienced former comedian with questionable ties to ex-military officials.

It is little wonder that more than 70,000 unaccompanied minors tried to flee these three countries and cross into the U.S. during the summer of 2014, and why the numbers of children and families apprehended at our southwest border increased this past fall and winter, a time when numbers typically decrease.

Until the underlying conditions driving migration change, I fear desperate Central Americans will continue to believe that fleeing to the United States is not any more dangerous or uncertain than staying home. That is why we have a clear, national security interest as well as a moral obligation to address this crisis. There was broad bipartisan support for substantially increasing assistance to the region in last year omnibus, which is an important first step.

Now, we must allocate the resources wisely and prioritize good governance, the rule of law, education, job creation, and citizen security. Our response cannot rely solely on U.S. immigration enforcement efforts or those by our Mexican partners. I hope your testimonies will detail how the U.S. will scale up programs in the region and address what can realistically be accomplished this year.

Additionally, I hope you will comment on what progress the three countries have made since announcing their Alliance for Prosperity plan. When will we see measurable results on security, justice reform, corruption, and tax collection? I also hope you will address deeply concerning accounts by human rights groups and local media of corruption, human trafficking, and other abuses against those apprehended and deported.

To what extent are you working with the Mexican Government to increase humanitarian assistance and migrant protection? Are your efforts including rehabilitation services in the three countries? This refugee crisis is caused by dehumanizing levels of poverty, violence, gang activity, and failed governance. Congress and the ad-

ministration must work together in a bipartisan manner to build partners on the ground, empower civil society, protect human rights, and defeat criminals. I do believe this can be achieved, but it is going to take leadership, vigilance, and wise allocation of resources. I look forward to your testimony.

Ms. GRANGER. Are there other opening statements? I will now call on the witnesses to give their opening statements. All right. Ambassador Brownfield.

OPENING STATEMENT OF AMBASSADOR BROWNFIELD

Mr. BROWNFIELD. Sure thing, Madam Chairwoman. And I will be excruciatingly brief. Madam Chairwoman, Ranking Member Lowey, members of the subcommittee, thank you for this opportunity.

I will skip the first page of my remarks by saying we all understand basically the nature of the challenges that are before us from Central America. We, from INL on the security front, believe we have developed a three-part strategy to address those challenges: a bottom-up approach to create greater community policing; a top-down approach to produce reforms and professionalization in the rule of law and law enforcement institutions; and operational support for law enforcement in the region.

We believe we have programs now that address those issues; the place-based strategy in the 25 sites that are currently underway; what we are working with the Colombia assistance program; the CAPRI police training program based in Panama; regional border police training; Justice Department's regional legal advisers; COMPSTAT policing in Costa Rica and in Panama; and vetted units through all of the major problem countries in Central America. We believe they are producing results.

Madam Chairwoman, I would suggest that we have, in our opinion, a strategy, programs to deliver on that strategy, and results which we can discuss in this hearing. I thank you very much, and I look forward to your questions.

[The information follows:]

Prepared Statement of:
Ambassador William R. Brownfield
Assistant Secretary of State for
International Narcotics and Law Enforcement Affairs

Hearing before the:
House Appropriations Subcommittee on
State, Foreign Operations, and Related Programs

"United States Engagement in Central America"

February 11, 2016

Chairwoman Granger, Ranking Member Lowey, distinguished Members of the Subcommittee: thank you for the opportunity to appear before you today to discuss United States engagement in Central America and the progress we are making to address the critical security challenges in the region.

Last year I testified before this Subcommittee to discuss the Bureau of International Narcotics and Law Enforcement Affairs' (INL) important role in supporting two key objectives of the Administration's Strategy for Engagement in Central America: security and governance. Central America was at a critical juncture, with a combination of economic stagnation, weak governance, and political insecurity that created enormous challenges. The Strategy recognized that in the absence of decisive action, security would continue to deteriorate; institutions would be unable to provide basic services to their citizens; millions would be denied security and stability in their homes and communities; and those in poverty would be denied the opportunity for a better life. At the time, the governments of El Salvador, Guatemala, and Honduras had recently agreed to a joint regional plan, the Alliance for Prosperity, which signaled a growing political will to improve economic opportunity, governance, and public safety, and to also enhance regional collaboration.

Today, one year later, INL, together with our interagency partners across the U.S. government, in cooperation with Central American governments, including the Alliance for Prosperity, are taking steps to confront the region's most pressing security challenges. The conditions in Central America today remain incredibly challenging but the efforts we have undertaken to date are showing results: INL's efforts are contributing to reduced homicide levels in some of the most affected neighborhoods; creating more accountable, effective police forces that have the growing trust of their populations; building the institutional and legal frameworks for effective justice systems; and advancing the reach of operational units in combating transnational organized crime at all highest levels.

Thanks to the strong support of this Subcommittee, with increased appropriations we are implementing programs that build upon efforts that have already proven effective, while also introducing new programming guided by a three-part approach: 1) bottom-up community security efforts to expand our programmatic footprint and effective, accountable law enforcement in those communities and neighborhoods most affected by violent crime; 2) top-down institutional reforms to establish the legal and organizational frameworks necessary for sustainable, professional, and accountable security institutions; and 3) operational coordination with host country law enforcement vetted units and task

forces, enhancing their capacity to interdict and deter illegal trafficking through stronger borders and expansion of operations.

Bottom-Up Community Security Efforts

INL engages in bottom-up efforts to engage with citizens, organizations, and leadership at a local level so they can play an active role in improving security in their communities. Our programs aim to build resilience and cooperation with law enforcement to curb criminal activity and improve access to justice. For example, we are beginning to pilot our bottom-up community security efforts in partnership with the United States Agency for International Development (USAID) through what is called a Place Based Strategy (PBS). This strategy is designed to address specific violence prevention objectives and enhance law enforcement capabilities in the Northern Triangles' most dangerous neighborhoods. INL and USAID are piloting co-location of our PBS programming in these communities to maximize their impact.

Drawing from best practices in community violence reduction, INL and USAID are combining violence prevention and law enforcement interventions in specific communities most at risk of violent crime. We are analyzing how we can best integrate services under one overarching approach to reduce homicide rates and improve security. We seek to do this in a way tailored to each community and its unique challenges including areas of concern related to domestic violence, drug treatment and rehabilitation, gang prevention, youth outreach, law enforcement operations, and more. We will measure progress with vigorous data collection and analysis to adjust our programming to ensure success.

Since INL and USAID began joint PBS efforts in Honduras in early 2015, we have already seen a significant reduction in homicide rates. For example, in the Chamelecon neighborhood of San Pedro Sula there were 287 recorded homicides in 2014, eight times the national average. In 2015 there was a decrease every month in the number of homicides, leading to an overall drop of 40 percent. This is a promising indication that the combination of U.S. government efforts and Honduran commitments are having a positive effect.

Because of the promising evidence we have seen, we are expanding our PBS programming throughout the region. In December 2015, INL and USAID initiated pilot efforts in Mezquital, one of the most troubled communities of Villa Nueva, Guatemala, and in Ciudad Delgado, El Salvador – one of the country's most violent communities and a priority under the Salvadoran government's Plan Seguro.

As part of our community security efforts, we are also focusing on community policing through the expansion of the Model Police Precincts (MPPs) program within PBS communities and beyond. Our MPPs use intelligence-led policing strategies to combat crime at the local level, while simultaneously increasing engagement with civil society and communities served by the police to build trust, accountability, and effective response to local crime. MPPs in Guatemala and El Salvador have reported homicide reductions from 30 to 70 percent over the past two years. A newly established MPP in Honduras, after averaging eight homicides per month before the MPP, experienced 100 consecutive days without a homicide committed in its jurisdiction. In Honduras, the MPP program has reached over 50,000 community members nationwide through outreach events that bridge the trust gap and increase understanding between local police and the community.

In 2015, INL launched PBS-related activities in 25 communities in Central America and began MPPs in 35 more, with a goal of having 137 active MPPs in the Northern Triangle by the end of 2017. We are also implementing many of the best practices learned through our existing PBS and MPP locations, and continuously look to improve the program through monitoring and evaluation. With continued support of Congress, we hope to significantly expand these types of successful community level programs and institutionalize intelligence-based policing throughout the region.

Top-Down Justice Sector Institution Reform

While our bottom-up efforts engage communities at the local level, our top-down approach focuses on building strong, accountable rule of law institutions worthy of the communities' newfound trust. Over the past year, INL's top-down justice sector institution reform programs have gained momentum throughout Central America. These programs improve the professionalism, transparency, and accountability of investigators, prosecutors, and judges through training programs and professional workshops with counterparts in Colombia, Mexico, and the United States. In Guatemala, these programs increase access to justice for women, children, and indigenous populations, while in Honduras, INL's support for the Criminal Investigative School position it as a training center of excellence for police and judicial officials in Honduras and from other regional countries. In El Salvador, prosecutors directly mentored with INL-support maintained a 93.4 percent conviction rate.

INL will continue to support the International Commission Against Impunity in Guatemala (CICIG) as it carries out independent investigations and prosecutions as part of the fight against corruption there. In 2015, CICIG investigations led to

arrests and the dismantling of long-standing, pervasive corruption rings within the Tax Authority, Penitentiary System, National Civil Police Logistics Division, the Social Security Health Institute, and elsewhere. Most notably, in September 2015, then-President of Guatemala, Otto Perez Molina, resigned after losing his immunity following a CICIG investigation which amassed 89,000 telephone taps, nearly 6,000 emails, and 17 raids. We have continued our commitment to CICIG, whose mandate is extended through 2017. In addition to supporting the commission's investigations, we provide technical assistance, and build the capacity of Guatemalan judicial institutions, while related top-down projects make those institutions more capable of adopting CICIG's best practices.

We actively work with interagency partners to tackle capacity development and reform in Central America in the areas of forensics, anti-money-laundering, and asset forfeiture. Examples of major INL engagements taken in partnership with the interagency in the past year include:

- Together with the U.S. Department of Justice (DOJ), INL is placing six Resident Legal Advisors (RLA) in the Northern Triangle. The RLAs support anti-extortion task forces in El Salvador, asset forfeiture/anti-money laundering reform in Guatemala and Panama, and transparency/anti-corruption efforts in Honduras;

- In coordination with DOJ's International Criminal Investigative Training Assistance Program (ICITAP), INL commenced a new program to embed a senior forensics advisor into INL's Central America Police Reform Initiative (CAPRI). With the addition of an ICITAP advisor, CAPRI will improve the capacity of Central American police forces to conduct forensic investigations and manage evidence to assist with prosecutions as the region transitions to an accusatory justice system;

- In El Salvador, INL worked with DOJ to provide training and mentoring to more than 300 anti-extortion police officers and prosecutors, including members of the Business Crime Task Force (BCTF). The BCTF, obtained 165 convictions during 2015, and achieved a 93.4 percent conviction rate. A particularly notable BCTF action included the October 2015 arrest of 59 members of the notorious MS-13 gang who coordinated extortions in one of El Salvador's most popular tourist destinations;

- INL is supporting the Department of the Treasury's Office of Technical Assistance in Guatemala, Panama, El Salvador, and Costa Rica.

- INL is supporting nine U.S. Customs and Border Protection (CBP) advisors deployed to six Central American countries – including all of the Northern Triangle. These advisors provide technical assistance, mentoring, and training to enhance capacity to protect their borders from illegal migration and smuggling and terrorism operations.

Through continued support for institutional development of border enforcement and control professionals across Central America, we are developing a core of professional agents able to investigate and disrupt transnational criminal activities, including human trafficking and youth migration. This also helps them become effective partners for U.S. government law enforcement, particularly when it comes to conducting joint investigations and operations.

Operational Coordination

Operational coordination through interagency support for specialized units in Central America provides critical assistance that reduces criminal activity in troubled areas, providing time and space for the bottom-up and top-down initiatives to take effect. INL supports vetted units through the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), U.S. Immigration and Customs Enforcement Homeland Security Investigations' Transnational Crimes Unit, and CBP. These units focus on gang, kidnapping, human trafficking, and drug interdiction investigations. They prioritize the crimes of highest concern in Central America and disrupt the leadership and operations of transnational criminal organizations.

In El Salvador, the INL-supported FBI-advised Transnational Anti-Gang Unit (TAG) leads international efforts to target criminal gangs, including MS-13 and the 18th Street gang. TAG's work in El Salvador resulted in identification of the entire leadership structure of the local MS-13 and 18th Street gangs. In Honduras, the tactical operations group (GOET), working with the TIGRES and the Violent Crimes Task force – all INL-supported – successfully executed an operation against the Banegas Band, arresting 18 suspects, including its leader in October 2015. The Banegas Band is responsible for at least nine murders and multiple attempts at extortion throughout Honduras.

INL's Panama-based aviation assets supported drug interdiction operations last year that led in one operation to the seizure of 1740 kilograms of cocaine. These aviation assets also assisted Panama's border protection services in accessing remote areas of Panama in support of their policing efforts, and participated in a nation-wide border security protection operation. INL is currently working with

Joint Interagency Task Force South to develop a concept of operations that maximizes the use of intelligence to deploy the aircraft against traffickers in the region.

Monitoring and Evaluation

As we implement the full spectrum of our programs, INL is improving the metrics and evaluation protocols to ensure we are regularly tracking progress and making necessary adjustments. We continually seek to increase the efficiency and long-term effectiveness of INL Central America Regional Security Initiative programs by using evidence-based decision-making, and by designing programs relevant to local needs, while being cognizant of U.S. foreign policy goals and objectives. This includes aligning our programs with good practices related to gender and human rights; enhancing training efficiency and effectiveness; improving the provision of equipment, and advisory assistance; coordinating effectively with other stakeholders including other U.S. government agencies, donors, and local civil society; and ensuring financial and functional sustainability.

Conclusion

Chairwoman Granger, Ranking Member Lowey, and Members of the Subcommittee: we remain committed to working with our neighbors in Central America to bring about significant positive change. We are already seeing some of that positive change, but the challenges facing the region are complex and require an approach that harnesses the entire breadth and depth of law enforcement, criminal justice, and community violence prevention tools at our disposal. The approach we have put forward does just that. With your continued support, we are confident that we can continue to make systemic, positive change in Central America's security environment so this region, our hemisphere, and the United States are safer and more secure.

Thank you for the opportunity to discuss INL's work in Central America and the progress we are making to address these critical security challenges. I look forward to your questions.

OPENING STATEMENT OF MR. PALMIERI

Ms. GRANGER. Mr. Palmieri, please.

Mr. PALMIERI. Thank you, Madam Chairwoman, Mrs. Lowey, and the members of the committee for the support that you have given to our shared efforts in Central America to address these underlying conditions. Today's discussion is an essential part in achieving the security governance and economic progress that we all collectively hope to see in Central America. The U.S. strategy for engagement in Central America focuses on three pillars of action: security, governance, and prosperity. We designed it as a multiyear strategy that complements the four strategic lines of action of the Alliance for Prosperity, the plan of the Northern Triangle governments.

The $750 million appropriated by Congress in fiscal year 2016 demonstrates the commitment and efforts we have to work with the Northern Triangle leaders to address these systemic challenges. At the same time, we have a responsibility to the U.S. Congress to fulfill the 2016 criteria outlined in the appropriations law.

We began work already with the three governments on an ambitious and concrete plan for 2016, which will help us ensure we meet the conditions for the continued support of the U.S. Congress for the strategy in the Alliance for Prosperity. I look forward to answering your questions.

[The information follows:]

ASSISTANCE TO CENTRAL AMERICA

TESTIMONY OF
FRANCISCO PALMIERI
PRINCIPAL DEPUTY ASSISTANT SECRETARY OF STATE
BUREAU OF WESTERN HEMISPHERE AFFAIRS
U.S. DEPARTMENT OF STATE
BEFORE
THE SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS, AND RELATED PROGRAMS
HOUSE COMMITTEE ON APPROPRIATIONS
FEBRUARY 11, 2016

Madam Chairman, Ranking Member Lowey, and Members of the Committee:

Thank you for the opportunity to testify on Central America.

The United States is playing a transformative role in the region through the U.S. Strategy for Engagement in Central America. Our efforts build on the continued political will and commitment demonstrated by our partner governments in the region, as described in the Alliance for Prosperity, the development plan of the Northern Triangle governments of El Salvador, Guatemala, and Honduras. But these efforts are just a start because a real and lasting transformation will require sustained diplomatic engagement and financial investments for all stakeholders in the region.

Recent developments in Central America underscore the importance of the U.S. Strategy for Engagement in the region, which will advance prosperity, governance, and security objectives to address the underlying conditions that continue to motivate migrants to take the dangerous journey to come to the United States. This integrated approach under the Strategy comes at a critical moment and offers the best opportunity to improve the lives of Central American citizens, enabling them to hold their governments accountable while also advancing U.S. interests.

The conditions in Central America remain challenging, particularly in the Northern Triangle, but developments over the last few months underscore the need for continued U.S. support.

The UN's International Commission Against Impunity in Guatemala, also known as CICIG, and the Guatemalan Office of the Attorney General have forged a strong cooperative alliance leading to numerous successful investigative efforts. Together, they uncovered a corruption scandal that led to the resignation and arrest of the former President and Vice President on charges of bribery and fraud. This and other corruption cases mobilized public outrage, expressed in 19 straight weekends of peaceful anti-corruption, pro-reform protests, including the largest national demonstration in Guatemalan history. Amidst the corruption scandals, Guatemala completed a peaceful constitutional transfer of power and held free, fair, and generally peaceful elections.

It is important to understand that U.S. assistance to CICIG's efforts began in 2008, and CICIG's recent work to root out corruption at all levels of government proves that sustained and targeted U.S. assistance can be transformative within the region. Last month, a new government took office in Guatemala, pledging to extend CICIG's mandate, strengthen the Office of the Attorney General's resources, and sustain the anti-corruption momentum. One of its first acts was to strip immunity of military leaders implicated in another high profile human rights case.

The Honduran people have also demanded vigorous and meaningful action against corruption, to include criminal investigations and prosecutions of those who offer or receive illegal inducements. To that end, on January 19, the Honduran government signed an agreement with the Organization of American States (OAS) to establish the Mission Against Corruption and Impunity in Honduras, known by its Spanish acronym of MACCIH. The establishment of MACCIH is a wholly innovative response, as supported by our hemisphere's premier political forum. The agreement with the OAS represents an important step forward in domestic, as well as regional, efforts to combat corruption and improve transparency. For our part, we continue to urge the Honduran government, in collaboration with its partners and other OAS member and observer states, to ensure MACCIH has the resources and independence necessary to achieve its mission. We look forward to seeing effective implementation of MACCIH.

In El Salvador, it is the sharp increase in the murder rate that is deeply troubling, and eliciting demands from the Salvadoran public for its government to respond. El Salvador's homicide rate increased by more than 64 percent from 2014 to 2015. It now has the highest homicide rate in the Western Hemisphere, at 104 homicides per 100,000 inhabitants. This development underscores the need to help the government enhance its capacity to provide security for its own citizens, a

key pillar of the U.S. Strategy. In response to these developments, the government of El Salvador is not standing idle. In 2015, the government launched Plan El Salvador Seguro, a national approach to reducing crime and violence. We are directing our own assistance to align with this plan. Our partners in the Bureau of International Narcotics and Law Enforcement Affairs and the U.S. Agency for International Development have seen significant declines in crime and violence in areas where we have targeted our assistance.

These regional developments underscore why we designed our Strategy to be flexible and adaptable, allowing us to respond to changing situations in the region. After the peak levels of migration in summer 2014, the levels of unaccompanied alien children (UACs) and family units arriving at the U.S. southwest border decreased in late 2014 and for much of 2015. In FY 2015, UAC and family arrivals to the United States dropped by 42 percent compared to FY 2014. However, we are concerned about recent migration trends. During the first four months of FY 2016, DHS apprehended more than half the number of UACs and families from El Salvador, Guatemala, and Honduras it apprehended in all of FY 2015. DHS data shows that this upward trend did not continue in January 2016. Based on our experience, after a temporary drop in migration around the holidays, migration flows usually increase again in the spring. With this in mind, we are redoubling efforts to curb migration flows from the region and to provide migrants at risk of harm with safe and legal alternatives to making the dangerous journey north.

There is no panacea that will significantly curtail undocumented migration from the region. Accordingly, our Strategy is designed for long-term success, and recognizes that we must assist these governments as they make the systemic reforms required to address the underlying conditions driving the undocumented migration. We are pressing the Northern Triangle governments to improve their border controls, combat human smuggling and trafficking, inform their citizens of the dangers of the journey, and to receive and assist their repatriated citizens. Their level of cooperation with U.S. partners in these areas is significant and noteworthy. We also continue to provide robust assistance to the Government of Mexico to enhance its ability to secure its southern border, deepen efforts related to transparency and accountability, and screen vulnerable migrants for humanitarian protection.

The Department continues to believe the essential condition for success has not changed. That essential condition is the political will of these regional governments to take the politically difficult actions that can lead to systemic

change. The Northern Triangle governments have answered our call to invest their own resources and advance reforms to produce better outcomes in Central America. The Northern Triangle governments have committed $2.6 billion in 2016 in support of projects to tackle the challenges in their own countries and to address the underlying conditions driving migration. We continue to work together. Complemented by the assistance included by Congress in the FY 2016 appropriation, we are working in partnership to leverage all of our efforts and seize this transformational moment to effect lasting change in the region.

Undertaking the reforms necessary to achieve an economically integrated Central America that provides economic opportunities to all its people; enjoys more accountable, transparent, and effective public institutions; and ensures a safe environment for its citizens will take time, but we must build on the progress we have made thus far and sustain the momentum we have built. If we do not seize this opportunity for change in Central America, millions will remain mired in violence, poverty, and insecurity, a situation with direct implications for U.S. national interests. There is no longer time for the status quo, but fortunately, the tools for success are present. That is why, despite the challenges, I remain optimistic that Central America, with U.S. support, can and will be the next success story in the Western Hemisphere.

I look forward to your questions.

Ms. GRANGER. Thank you. Ms. Hogan, you are now recognized.

OPENING STATEMENT OF MS. HOGAN

Ms. HOGAN. Thank you, Madam Chairwoman, Ranking Member Lowey, and distinguished members of the subcommittee. Thank you for the invitation to testify today. I am grateful for your support of USAID's work in Latin America and the Caribbean, and I am pleased to update you on our efforts in Central America.

I would like to focus on what USAID is doing to help address the challenges the region faces. We see prosperity, improved governance and security, which are the objectives of the strategy for engagement in Central America as interdependent. We know that opening doors to employment and education for citizens, especially youths at risk of gang recruitment, crime, and violence, will bolster our efforts in security and lead to freer and more prosperous societies. That is why our prosperity programs include efforts to support small businesses and entrepreneurs, encourage private investment, train youths in marketable job skills, and improve agricultural productivity. In El Salvador, for example, we have helped 10,000 small- and medium-sized companies exceed $100 million in domestic sales and exports and create over 15,000 new jobs, 49 percent of which have gone to women.

And in Honduras, our Feed the Future investments resulted in a 55 percent increase in incomes for more than 180,000 of the program's beneficiaries, some of the country's poorest people. These efforts to foster prosperity are only sustainable in an environment where democratic values and institutions flourish, where citizens can depend on basic social services, where impunity is reduced and civil society and the media can play their rightful roles. To that end, USAID governance programs include help to reform institutions to root out corruption, strengthen civil society's ability to hold governments accountable, improve financial transparency.

For example, in Guatemala, we have supported the National Forensics Institute since its inception in 2007. This body is playing an instrumental role in collecting and analyzing the evidence that led to the indictment of the former president and vice president on corruption charges.

Ultimately, none of our efforts in prosperity in governance will take root in societies that are plagued by insecurity. As you have heard, the heart of our security work is youth-focused, as we invest in programs that reach those that are most at risk of gang recruitment, crime, and violence. We are using tested approaches in the most violent-prone communities to create safe community spaces, provide job and life-skill training, and build trusts between police and residents.

Already, we are seeing results of our crime prevention activities in El Salvador, where our initial analysis points to a 66 percent drop in homicide in the 76 communities where USAID targets its programming. This is all the more remarkable, given the country's 70 percent increase in homicides over the same period. To extend the impact of USAID's investments, we are forming partnerships with the private sector.

We currently have 60 private-sector partners in the Northern Triangle from whom we have leveraged $150 million in support of

our work with at-risk youth and our efforts to increase food security and grow incomes. USAID is well-prepared to implement the new strategy, and we are committed to efficient, effective, and transparent oversight of our programs. We use a full range of monitoring and evaluation tools. We are commissioning external impact studies to better inform our development work and we have established 5-year strategic plans in each of our field offices.

In short, we are collecting hard data to inform our future programming so that we can take advantage of what works, and introduce new evidence-based programs.

In conclusion, we believe that with policy reforms and increased investments on the part of the Northern Triangle governments, coupled with our new and innovative programming, the U.S. Government is well poised to achieve success.

Thank you, Chairwoman Granger and the committee, for your support and leadership on the U.S. engagement in the Northern Triangle and I look forward to your questions.

[The information follows:]

Prepared Testimony of Elizabeth Hogan,
Acting Assistant Administrator for Latin America and the Caribbean,
United States Agency for International Development (USAID)
Before the House Appropriations Committee,
Subcommittee on State, Foreign Operations, and Related Programs
Thursday, February 11, 2016, 10:00am

Madam Chairwoman, Ranking Member Lowey, and distinguished members of the Subcommittee: Thank you for the invitation to testify today. I am grateful for the Committee's interest in the United States Agency for International Development's work in Latin America and the Caribbean, and am pleased to have this opportunity to update you on our efforts in Central America.

Development Context

As you know, social development and economic growth in Central America have been stymied by a dramatic rise in crime and violence — particularly in the Northern Triangle countries of El Salvador, Guatemala and Honduras. While the homicide rate has declined in Honduras, it is still unacceptably high. In El Salvador, the statistics from 2015 are truly alarming — over 100 murders per 100,000 people. This surpasses the murder rate at the peak of El Salvador's civil war in the 1980s.

The recent wave of insecurity is rooted in increased gang violence and international crime, as well as deep-seated issues of social and economic inequity, and lack of economic opportunity for vast segments of society. Economic productivity in Central America has grown slowly over the last decade, and underemployment hovers between 30 and 40 percent in the Northern Triangle.

These problems are exacerbated by systemic challenges across local and national governments in the region. Institutions are plagued by lack of capacity, antiquated management systems, and corruption challenges that continue to undermine efforts to improve security and advance prosperity. According to Transparency International (2015), Central America suffers from chronically high levels of corruption and contains three of the five most corrupt nations in Latin America and the Caribbean.

These challenges are longstanding, and we continue to see the consequences manifest at our border when children and families complete the dangerous journey to the United States.

This migration is deeply concerning to us and our interagency partners, and USAID is determined to help migrant returnees, while simultaneously addressing the underlying causes that drive people away from their homelands. In the immediate term, USAID supports the work of the International Organization for Migration (IOM) to upgrade reception centers across the Northern Triangle, and improve intake and referral services for returned migrants. This support enables IOM to also provide technical assistance to governments to improve their own child protective services and migration data analysis.

We are acutely aware that this problem requires a strategic and sustained effort to help Central American governments create the environment in which all of their citizens survive and thrive. As Vice President Biden recently stated, our support of a more peaceful and prosperous Northern Triangle is contingent on seeing "these countries make their own commitments to depart from business as usual and embark on a serious new effort to deliver opportunity and security to their long-suffering people."

Regional Response from Central America

We have already seen promising signs of the Central American governments' commitment to "depart from business as usual." These governments have outlined a serious, regional plan, the "Alliance for Prosperity (the Plan)," which aligns closely with much of our U.S. Strategy for Engagement in Central America. This Plan lays out the Northern Triangle governments' shared commitment to grow their economies, create employment, and improve the life prospects of their citizens, particularly the poorest and most vulnerable. We are encouraged that all three governments have passed 2016 budgets totaling $2.6 billion to support the Alliance for Prosperity.

Policy reforms in the past several years have translated into tangible results on the ground. In Guatemala — for the first time — the most powerful are no longer beyond the reach of the rule of law. The arrest of the former President, Vice

President and members of the Cabinet on corruption charges came as a result of peaceful protests led by civil society. This represents an historic turning point not just for the International Commission Against Impunity in Guatemala (CICIG); it is also a sign of progress for the Guatemalan judicial system, the Attorney General, the High Impact Court, the 24-hour courts, and national forensic lab, which all received critical support from USAID over a number of years. Newly elected President Morales has committed to extending the mandate for CICIG beyond his own term in office. With sustained effort, the age of impunity in Guatemala may be drawing to a close.

Honduras initiated top-to-bottom reforms of its National Police and has embraced violence prevention as policy. Neighboring El Salvador has developed the most comprehensive national security plan in the Northern Triangle — Plan Seguro. El Salvador has started Plan Seguro implementation in 10 of the country's most violent communities, and USAID and the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) have concrete plans to support their efforts. Plan Seguro is financed by newly imposed taxes on telecommunications companies and Salvadorans who earn more than $500,000.

These particular actions and local ownership of the Alliance for Prosperity demonstrate political will from the Northern Triangle countries. Nevertheless, a strong partnership with the United States is necessary to achieve and sustain our shared objectives of prosperity, improved governance, and security, which underpin both the Alliance for Prosperity and the U.S. Strategy for Engagement in Central America. This is also very much in line with USAID's overall mission to partner to end extreme poverty and promote resilient, democratic societies while advancing our security and prosperity.

Prosperity

One of our key priorities is to spur greater prosperity in the Northern Triangle by supporting broad-based economic growth programs designed to expand business, employment, and educational opportunities to the poor, and those most likely to migrate. We know that opening doors to employment and education for citizens

— especially youth at risk of gang recruitment, crime, and violence — will bolster our efforts in security and lead to safer, more prosperous societies.

USAID will continue to support El Salvador in its own efforts to grow the economy at the municipal and national levels. At the local level, our work includes projects that help local communities promote economic development and business opportunities. At the national level, we are assisting the government to create a more welcoming business environment, encourage private investment, and improve the ability of small and medium enterprises to take advantage of market opportunities.

USAID's investments have helped enable the achievement of domestic sales and exports by 9,000 Salvadoran companies that have exceeded $100 million and led to the creation of over 15,000 jobs. More recently, USAID's partnership with the El Salvadoran small business development agency has expanded services in two of Plan Seguro's most violent municipalities, bringing together small business owners, municipal authorities, and police to create viable business development zones.

In Guatemala, our prosperity programs are geographically focused in the rural Western Highlands, where poverty levels are the highest. Chronic malnutrition rates remain around 50 percent countrywide and average 66 percent in indigenous communities in the Western Highlands. As a result of USAID's Integrated Program, targeted communities have seen a reduction in the prevalence of poverty, improved nutritional status for children, increased income and employment, greater agricultural productivity, improved access to water, and better health and educational services. For instance, in the 2,500 communities where we work, the prevalence of poverty was reduced from 85.9 percent in 2012 to 72.9 percent in 2014, based on an independent evaluation. According to preliminary data from the latest mid-term evaluation, chronic malnutrition was reduced from 67.4 percent in 2013 to 64.9 percent in 2015 for children under five in the same target communities.

We plan to significantly expand the Integrated Program to help address the causes of migration by youth from the region. This includes exploring new economic

opportunities in sectors beyond agriculture, as well as ramping up workforce readiness and vocational education opportunities. With additional resources, especially from the FY 2016 funding, we can expand the reach of our Integrated Program to all of the targeted municipalities in the Western Highlands with the greatest levels of migration.

In Honduras, USAID will use additional resources to build on our successful Feed the Future (FTF) programming, which has shown significant results in reducing extreme poverty. While monitoring FTF investments, we have tracked program progress and found that between 2011 and 2015, incomes increased by nearly 55 percent for more than 180,000 of the poorest individuals. Within the last fiscal year alone, the number of FTF beneficiary families whose incomes rose beyond the extreme poverty line increased by 30 percent (8,719 in FY 2015 as compared to 6,626 in FY 2014).

Across all three countries, we will invest in clean energy programs and trade facilitation that promote regional electricity integration, in support of President Obama's Energy Security Task Force for Central America, and prepare the poor to actively participate in the 21st century workforce. Our investments will promote clean energy, and improve the poor quality of electricity in the region. Cheaper, more reliable energy will improve the competitiveness of the business sector while enhancing energy security.

Governance

Economic growth and security are only sustainable in an environment where democratic values and institutions flourish, citizens can depend on basic social services, impunity is reduced, and civil society and the media can play their rightful roles. Ultimately, the success of our efforts depends upon strong and effective governance by the Northern Triangle countries.

We plan to invest the recent increase in funding from FY 2015 and FY 2016 in new initiatives to promote good governance and accountability in the Northern Triangle. In Guatemala, USAID will complement a Millennium Challenge Corporation-supported tax administration program to assist private sector and civil society groups in monitoring the effectiveness of the tax and customs services. In

an effort to address rampant corruption and build on the wave of public sentiment and support for reform, we are considering support for the Government of Honduras and the Organization of American States' new anti-corruption initiative, known by its Spanish acronym MACCIH.

With FY 2016 resources, we will continue to support programs that address chronically low tax revenue collection, improve fiscal transparency, and expand justice sector reform throughout the region. USAID provides technical training to judges, lawyers and court personnel as well as technical assistance to the juvenile justice system on important rehabilitation and reintegration reforms.

In El Salvador, we support civil society to advocate for passage of civil service laws and transparent policies for hiring and promotion, and assist the government to develop a national integrity plan that improves transparency in public resource use. We will continue to support self-service kiosks, which allow Salvadoran taxpayers to perform transactions themselves, reducing administrative burden and improving transparency. Results thus far have been impressive. Between 2011 and 2013, revenue collections increased 30 percent overall.

Security

None of our efforts in prosperity and governance will take root in societies that are plagued by insecurity. The heart of our security work is youth-focused, as we invest in programs that reach those most at risk for gang recruitment, crime, and violence. We have supported a range of tested, community-level approaches to reduce and prevent crime and violence in high-crime communities across the Northern Triangle. These approaches include partnering with communities, civil society, governments and the private sector to develop crime prevention plans, invest in municipal crime observatories, create safe community spaces, expand after-school activities, provide job and life skills training, and build trust between police and residents.

Already we are seeing tangible results of our crime prevention activities in El Salvador, where our initial analysis points to a 66 percent drop in homicides in the 76 communities where USAID targets its programming. This statistic is a stark contrast to other communities where homicide rates have climbed sharply over the

past year. Additionally, our 200 youth outreach centers are now annually servicing around 85,000 at-risk youth who are susceptible to gang recruitment and potential migration.

We will use additional resources to help the Northern Triangle governments scale up what is working, particularly in the communities from which youth are migrating. We are working with INL to marry the U.S. Government's prevention, law enforcement, and justice interventions, focusing on the youth most at risk of falling into lives of crime. We are also heartened that the Government of Honduras has supported this model and directed its own resources to support this program; it is likewise gratifying that so many elements of our model are reflected in El Salvador's Plan Seguro.

Partnering with the Private Sector

To accelerate progress in all three objective areas, we will continue to tap into the resources, value chains, expertise, and reach of the private sector. We currently boast a team of 60 private sector partners in the Northern Triangle, from whom we leveraged $150 million in FY 2014 resources to jointly support our vocational training, education, and employment work for at-risk youth, and increase food security and incomes for vulnerable communities.

Regional Approach

Through our Central America regional platform, USAID recently released a new regional strategy to address cross-boundary concerns, including human rights, labor, energy and environment issues, and trade facilitation. We are developing a new regional trade facilitation program that aims to reduce the time and costs to move goods across the border, making it easier for businesses to capitalize on market opportunities. Part of this program will expand a successful regional trade and market alliance with the Inter-American Development Bank, which supports 25,000 small producers in new producer-buyer alliances across several agricultural value chains. We also plan to extend our regional agreement with the U.S. Department of Agriculture to promote food safety, market access, and local capacity in the Northern Triangle to export safe, high value agricultural products to

the United States. In addition, we are planning new regional programs to promote human rights and labor rights.

Oversight

Operationally, we have made several changes to better equip our teams to expand successful programs, and design and implement new ones. A year ago, we instituted a Regional Governing Board comprised of USAID leadership in Washington and the field, which meets quarterly to identify and share implementation challenges, unblock bottlenecks, and streamline approaches. In addition, it offers an opportunity for our field staff to come to Washington to brief Congress and our partner agencies, and to consult with relevant civil society organizations.

We have realigned our staffing pattern to accommodate 16 new field positions that support the implementation of the U.S. Strategy. We are also unifying all of our procurement planning as a region, so that staff can be mobilized to work on the highest priority procurements. These changes give us the management capacity needed to better respond to the increase in funds for Central America.

Lastly, USAID is committed to accountability, transparency, and oversight of the programs through which we are implementing the U.S. Strategy. We use a full range of monitoring and evaluation tools, including survey data collection, performance indicator monitoring, analysis, studies, and external evaluations. Our Missions in the Northern Triangle are also guided by five-year strategic plans, and their individual Monitoring, Evaluation, and Learning Plans. These tools and plans not only allow us to establish baselines and track the status of our programming; they also enable us to learn what is working, what is not, and how to adapt our programs and allocate resources accordingly.

For example, last year we expanded our community-based crime and violence prevention programs in Central America after an independent and rigorous impact evaluation statistically demonstrated that crime victimization is dramatically lower and public perception of security higher, in USAID's treatment communities.

In addition, we recently created a "Central America Learning Agenda" to build regional evidence and data collection for each of the three pillars of the U.S. Strategy. This "Learning Agenda" allows our team to compile evidence from ongoing regional assessments and evaluations, and to plan and carry out performance and impact evaluations for new or expanded programs.

Conclusion

With renewed commitment from Northern Triangle countries to advance their own development goals, and our government's support, we are well placed for success. Political will, in combination with improved local capacity, leveraged resources and new partnerships, will allow us to help Central American governments create a more peaceful, prosperous, and integrated region. We would like to thank Chairwoman Granger and this Committee for your support and leadership on U.S. engagement in the Northern Triangle. We look forward to collaborating with you to address long-standing challenges and new opportunities for reform in the region. Thank you for your time; I look forward to your questions.

Ms. GRANGER. Thank you very much. Would you go back to your statement to what you said about El Salvador and the violence that was happening there, specifically the numbers?

Ms. HOGAN. Right. Last year, El Salvador saw a 70 percent increase in homicides nationwide. National police statistics that have been provided to USAID indicate that in the 76 communities where we have active community-level programs for crime and violence prevention, we have seen a 66 percent drop in homicide in those communities.

Ms. GRANGER. Thank you. I just want to make sure that I understood that. Of course, we are very concerned about what is happening and very hopeful about the plans for the Northern Alliance and what is going on there. This is a very active subcommittee, and they are very involved in what we are dealing with.

So I don't want to hear from you a year from now. I want us to have regular reports. We can do it in a very informal way but this subcommittee, like I said, is very anxious to help, and can help. And so I would hope that you would take that to heart.

With regard to recent enforcement actions by the Department of Homeland Security, how is the administration deciding who is subject to removal procedures and what factors are considered? How are these funds involved, what are you doing with the children who have come across our southern border. In that big rush for 2 years what is happening with them, and how you are addressing that?

Ms. HOGAN. Do you want to start? And then I will talk about reintegration?

Mr. PALMIERI. Sure. We would—the strategy for engagement in Central America looks at getting at the underlying conditions in the region in the three countries of the Northern Triangle, but also to promote greater regional economic integration so we can create the economic opportunities that will keep people in their home communities.

And so the program will work in those areas and in those communities that are most vulnerable, both to the violence, and to the lack of economic opportunity, so that these young people can stay at home in their home communities.

With regard to the enforcement actions at the border, I would have to defer to the Department of Homeland Security for an answer on that issue.

Ms. GRANGER. Yes, I am going to limit my questions, and hope that we can have another round of questions. I know those on this subcommittee also have hearings on other committees, so we can do that, and then we will have more rounds of questions. Mrs. Lowey.

Mrs. LOWEY. Well, I want to thank you very much for your testimony, and Ms. Hogan, you really answered my questions. And I think it is so important that we keep hearing your answers—I don't want to question your statistics. I do want to say I wish we could hear more success stories, but I constantly ask the question: How do we break away from the cyclical phenomenon of lack of security, lack of prosperity, lack of rule of law, nonsustainable governance? And to what extent have the Northern Triangle countries improved their governments, reducing levels of corruption, so we

give the American people greater confidence that additional funds will be put to good use?

What about police reform? Stabilizing neighborhoods? Degrading transnational criminal networks? I mean, we have a responsibility to ensure that our assistance promotes more efficient and sustainable energy, trade facilitation, transport, customs and border integration.

Let me just stop at that because you mentioned some successes. Can you talk about all of the things that we really want to do, and give me confidence that some progress is being made?

Ms. HOGAN. Certainly, I would be happy to.

Mrs. LOWEY. Start with corruption in government.

Ms. HOGAN. Okay, great. Well, we will start with the fact that we saw what happened when civil society was supported to demonstrate peacefully in Guatemala which changed the administration with, not only the president and vice president, but half of the cabinet now sitting in jail and waiting, already been indicted and waiting for their trials. The fact that the incoming president has already agreed to the extension of CICIG, the U.N. agency that is responsible for investigating corruption, I think is a sign that there is that commitment there to really change things on the ground.

And in Honduras also, we have seen the government there put forward something that would provide increase investigative abilities towards corruption charges. So that is a sign of change. The fact that they have come up with their own Alliance for Prosperity and have invested $2.6 billion in the implementation of that plan, is another sign of real commitment. And within USAID programming, we have been able to help governments establish better oversight of their financial management systems.

For example, in El Salvador, we had a financial management program that helped to provide greater transparency on budget execution, also to develop an e-Procurement system that gives eyes on all of government procurements that people can actually see and hold governments accountable for.

Going forward, we know that it isn't just government taking the right steps, but it is also empowering civil society to hold their governments accountable, which is why, under the new strategy, we will have the resources available to provide the kind of support that civil society needs in order to gain that kind of traction to hold governments accountable and to be able to report on abuses when they see them.

Mrs. LOWEY. I will take your advice and move on. Just let me say, I love to hear success stories, and I hope they continue.

Ms. HOGAN. We have got many more to share with you.

Mrs. LOWEY. Thank you, Madam Chair.

Ms. GRANGER. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Madam Chairwoman. Just a couple of points, first, reiterating what the chairwoman said. It is really important that you all let us know, specifically, what is working and what isn't, so we can work together to try to move in the right direction. I really have two questions right now, Madam Chairwoman. One of them is, you all talked, and I think rightfully so, about security being such a priority. And without that, Ambassador, I think you cited what President Uribe was saying that you

have to first have security, and then you can have a tipping point where you can go on to other necessary area such as development, et cetera.

When the chairwoman was chairing this task force dealing with unaccompanied children, she led a group of us to Honduras and Guatemala. At the time, Honduras was the murder capital, I think, of the world, right? Now, El Salvador has been backsliding. It has hit 6,600 murders and it has the highest concentration of gang members per capita. El Salvador now is pretty much at the same situation where it was during the civil wars in the 1980s and 1990s. And so why? What has happened to El Salvador—and again, you have talked about some good success stories in certain areas, but overall, the numbers are alarming. So what is the major cause and what is it that we should be doing to try to see how we can reverse that?

Mr. BROWNFIELD. Congressman, let me take a first crack at this and let Paco add to or detract from as he wishes. I speak to you as a man who actually spent the years 1981 to 1983 in El Salvador, I guess, in the middle of their civil war. First, success story, Mrs. Lowey. Honduras' homicide rate is down, depending upon whose assessment you use, between 25 and 30 percent over the last 2 years. And we will not claim full credit for that, but I will insist that we get at least some acknowledgment and recognition.

El Salvador has been moving in exactly the opposite direction, Congressman. One theory as to why is that several years ago, the previous government of El Salvador reached an accord with the organized gangs of the big cities of El Salvador, specifically San Salvador. It produced short-term results and a dramatic drop in violent crime and homicides. The truce no longer is in operation. It has surged. Skeptics at that time suggested that what the gangs were doing was using a period to rearm, reorganize, and recruit. I won't take a position on that. I offer that as a possible explanation as to why El Salvador and not the others.

Mr. PALMIERI. Sir, I would just add that the Salvadorean Government itself has developed this Seguro, Plan Seguro, which identifies the 50 most violent communities and the 11 priority communities where they are going to be investing resources. And we are aligning the assistance that we are receiving to try to make an immediate impact on that homicide level in those 11 priority communities.

Mr. DIAZ-BALART. Madam Chairwoman, just very briefly too, in the Appropriations Act, and this is a different issue, we establish conditions on aid to Central America, and we also require further reporting on economic investment conditions and commercial disputes between the United States.

But I am particularly interested in these provisions about these disputes, because I am aware of the number of U.S. citizens with claims against, for example, specifically the government of Honduras. One of those companies, a cement plant, CEMAR in Honduras, which was expropriated by the government of Honduras, and they have been seeking remediation for many years. And it has been, frankly, met with relentless bureaucratic dead ends. So, I really would like to know how the Department of State and USAID intend to assist them and other U.S. citizens to resolve such dis-

putes, and how you are monitoring what is going on, et cetera, because it continues to be a serious issue.

Mr. PALMIERI. We agree. We have to be active in protecting U.S. American commercial interests in these countries. And we are. Under the CAFTA process, there is a dispute resolution process that is available to investors. And in Honduras, specifically, we also have a bilateral investment treaty that they can avail themselves.

With regard to the specific case that you have raised, the United States cannot insert itself directly into the judicial process of Honduras. However, we do continue to vigorously advocate for those interests of U.S. businesses in Honduras, and in the specific case, we have encouraged Mr. Cerna to avail himself of the arbitration, and dispute settlement mechanisms that are available to him.

Mr. DIAZ-BALART. My time is up. Madam Chairwoman, Thank you.

Ms. GRANGER. Thank you very much. Ms. Lee.

Ms. LEE. Thank you, Madam Chair and Ranking Member, for this very important hearing. And thank you all for being here. I wanted to follow up on a couple of things as it relates to the Northern Triangle. Last year, some of us visited Panama. We were with the President at the Summits of the Americas. It was a bipartisan delegation. We had the opportunity to meet with primarily all of the heads of state from Central America, and barring none, they thought that normalizing relations with Cuba and engagement with Cuba would help our overall efforts in Central America. So I wanted to ask you, has it helped, and if so, how?

Secondly, with regard to the United Nations, the U.N. high commissioner for refugees, indicated that 82 percent of women and girls that the U.S. Government interviewed in 2015 from El Salvador, Honduras, Guatemala, and Mexico for expedited removal were able to prove that they have a significant possibility of gaining asylum and protection under international law as a result of the threats they received—they face in their home country; specifically, sexual assault.

We, I guess, appropriated some funding to address sexual violence, narcotics, all of the issues that we need to really focus on, and one had to do with Guatemala in terms of their policy of creating sexual assault units. And so I am wondering, do we know much about these sexual assault units? Has there been progress addressing sexual assault? And if so, good. How is it working? If not, what do we need to do to make sure it is dealt with?

Ms. HOGAN. Thank you very much for your question. In fact, USAID has invested quite heavily in gender-based violence reduction in El Salvador. We have 22 centers for victims of gender-based violence where they can receive psychosocial support, legal assistance, alternative dispute resolution, and even job-skill training. We also have 12 centers for the prevention of gender-based violence, because we know that it is one of the lead causes of violence in the home in terms of youth then going on to perpetrate violence in crime outside of the home.

In Guatemala, I worked there in the early 1990s, and then we were just starting to transition from the old system of justice to the new oral transparent system of justice. I was able to go back and

visit just last year and now we have a 24-hour court that is established with a special center there for domestic violence crimes. And in that center, again, 24 hours a day, they have investigators, prosecutors, and a judge on site in addition to a full medical team and social service providers. That model has now been recreated eight times over in Guatemala, and so throughout the country, women are now getting access to immediate support from government when they are victims of crime.

Ms. LEE. Has Cuba shifted dynamics in terms of our relationship with Central America countries?

Mr. PALMIERI. It is clear that the countries of Central America viewed the President's decision in a favorable light. However, for them, they have focused on their relationship with the United States, in particular, the efforts we are making to work with them to address these underlying conditions that spur undocumented migration from their countries toward our southwest border. And in that respect, their priority is a close, productive, and strong relationship with the U.S. Government, and they do plan to work with us to meet the specific conditions that are outlined in the legislation.

Ms. LEE. Thank you.

Ms. GRANGER. Thank you. Mr. Dent.

Mr. DENT. Thanks, Madam Chair, and good morning. Over the past several years, my district and many others around the country have seen a dramatic spike in heroin use. In fact, my local law enforcement has told me, they told me this at a hearing I held, or a briefing I held several months ago, that the heroin they seized, most of which is being brought in from Mexico and Central America, is of increasingly higher potency and being sold at lower and lower prices. In fact, they even told me that the heroin they have seen in eastern Pennsylvania is the most potent they have seen anywhere in the country.

What factors can you point to that would explain the significant increase in heroin supply and how the State Department is responding to those particular factors, and maybe Mr. Brownfield?

Mr. BROWNFIELD. Let me take a bite at that one, Congressman. And half of my answer is a matter of domestics, domestic politics, domestic law, domestic enforcement, but it all makes sense. In this case, supply is following demand. The argument, which I believe is a good one, is that over the last 20 years, we created the demand by overuse of prescription opioids, largely pain killers, which developed a dependency or an addiction which produced a demand for the opioid, and now the heroin market is meeting that demand at a cheaper cost than it would be for the users; whether in Pennsylvania, Florida, or Texas, they can get a heroin dosage at about one-quarter of the cost as it would be from—

Mr. DENT. That is entirely true where I live.

Mr. BROWNFIELD. So that is the starting point. Then what I assess, and we can have a conversation about this, is that the overwhelming majority of the heroin that is now entering the United States is coming from Mexico; not from Colombia, and for the most part, not from further down in Central America. Therefore, the impact is much more at our southwest border, much less in Central America itself.

That said, is there heroin that is being produced in Guatemala? Yes, a small percentage of what you see in Mexico, but some. And is there heroin still being produced in Colombia? Yes, and it must transit the Central America corridor to get there. But the percentage is tiny compared to what is coming in from Mexico.

And to conclude, early next month, I hope to join a group that will be led by the Director of National Drug Control Policy of the United States, Mr. Boticelli, to talk to the Mexican Government on next steps and what further we can do to address this crisis.

Mr. DENT. Yes, thank you, because it is obviously a national issue. It is everywhere, and all of the deaths in my district in recent months did a drug overdose of either heroin or synthetic drugs. I mean, that is virtually 100 percent of the deaths.

My second question is this: Many of us on the subcommittee are watching, with cautious optimism, the mission to support the fight against corruption and impunity in Honduras, and I don't know what that acronym is——

Mr. BROWNFIELD. MACCIH.

Mr. DENT. MACCIH, okay. It begins its work investigating corruption and impunity in the country. So while we hope this new organization will be as effective as the CICIG, that has been very successful, in Guatemala, there are obviously some different challenges in Honduras. What are some of the primary obstacles facing MACCIH, and how can the United States help them be successful in bringing real reform to Honduras, particularly regarding the illegal expropriation of private property?

Mr. PALMIERI. Thank you, MACCIH will—first, it is an agreement between the Honduran Government and the Organization of American States. We and other international partners will need to support it with funding, and we look to be able to do that. But the critical elements for its success is, it must have independence to operate with its partners inside Honduras. It must have the ability to signal and highlight cases that are not moving forward and should move forward. And the Honduran Government has pledged itself to working in a constructive manner with MACCIH in that area.

Mr. BROWNFIELD. I will add just one additional comment, Congressman. The head of CICIG, Ivan Velasquez, is in town right now. I have had a recent conversation with him. I won't be surprised if several others around this table have as well. What Velasquez has said is that there are two keys to success of a CICIG or MACCIH-type organization. One is independence from the government, which is to say, he gets to pick his own personnel, make his own decisions in terms of cases to investigate; and second, the authority to actually proceed on cases. In other words, he does not have—the government does not make the ultimate decision. And what he has said to me is, examine those two issues as you figure how we will work with MACCIH in Honduras in the months and years to come.

Mr. DENT. Thank you. I see my time has expired.

Ms. GRANGER. Thank you. Mr. Ruppersberger.

Mr. RUPPERSBERGER. I think last time I saw you, you were the Ambassador in Venezuela with Chavez who was giving you a hard time, or wouldn't talk to you, or what was——

Mr. BROWNFIELD. The greatest 3 years of my life.

Mr. RUPPERSBERGER. Well, I see you survived and now you are Assistant Secretary, so it was all worth it, I guess.

First, I want to make a statement. I think that our country has really not focused on two areas of South America and Central America and the crime and drug situation there. We put so such emphasis in other parts of the world, especially the Middle East, and it is amazing that you have been able to do what you have been able to do. All of the organizations, and that includes DEA, also who has very little resources.

Now, one of the issues I do want to talk about is the issue of corruption, police corruption, and the corruption within—in politics and extortion. And it is my understanding there is a newspaper in, I think it was Honduras, that said that the corruption paid by the government to these gangs, organized crime, mostly drugs, were close to $300,000 a year sometimes. I mean, $300 million a year. I am wondering if that is a true statement and do we have the government itself—we know there is corruption dealing with that.

The other part of my question will be the special group, I think you referred to, the special anticorruption group that is in different parts of, I think, Honduras, I assume Guatemala. And if you could just talk about those two issues: the crime, the extortion, what we are doing about it, and is it still pervasive there? Because in the end, unless the public have confidence in our elected officials and our police, especially our police, you are going to have that atmosphere if there is not a lot of trust.

Mr. BROWNFIELD. Congressman, here is my 30-second assessment. There are two driving factors that are creating a vast amount of corruption in Honduras and, quite frankly, throughout the Northern Triangle. First are the organized—the transnational criminal organizations, largely drug trafficking. They are professional criminals and their objectives are economic in nature. And the second are the criminal gangs. And in fact, the gangs that you see in El Salvador, Honduras, and Guatemala are the same gangs that—many of the same gangs that you see up here in the United States of America. There is no question whatsoever, that those two criminal institutions are penetrating and corrupting all three of the governments of the Northern Triangle. I am not going to parse words in terms of how many dollars are represented in terms of that corruption. I acknowledge that in all three of the governments, it is substantial at many different levels.

What they are doing now to address them in both Guatemala, and, more recently, in Honduras, is establishing an organization, CICIG or MACCIH, to both investigate and bring cases against those in government who have been corrupted. They are also developing law enforcement organizations to both investigate and prosecute those crimes. There are TAG, or anti-gang units in all three of the countries, and there are, in fact, law enforcement units that are vectored on corruption.

My conclusion would be to suggest to you that it has taken the region decades, if not centuries, to get into this situation and we have to acknowledge it is going to take some time to get out of it.

Mr. RUPPERSBERGER. My time is almost up, but I do want to say that you know how successful the program has been with the

FARC in Colombia, and you were an Ambassador in Colombia also. What did you learn in Colombia that you might be able to use in this area?

Mr. BROWNFIELD. Yeah, if I had 10 hours I could probably fill them all. Let me offer three or four of the biggest hits. I come from west Texas, Madam Chairwoman. We have very few people out there so we talk a great deal. First, you have to concentrate on your law enforcement organization. In Colombia, that was the CNP. And literally, during a 10-year period, they expelled thousands of officers for corruption. There has to be an internal mechanism that purifies your own institutions.

Second, you have to have programs that are in it for the long term. You cannot hold them to a standard of eliminating corruption in 3 months, 6 months, or even 3 years, or 6 years. You have to assume that it is going to take time.

Third, you have to have consensus within the government and that means all three branches of government, legislative, executive, and judicial, that in fact, you will spend the resources and the time to accomplish it. Those are three that would come right off the top in terms of how to make long-term progress against corruption and impunity.

Mr. RUPPERSBERGER. And do you need resources and money?

Mr. BROWNFIELD. Without a doubt.

Mr. PALMIERI. If I could just add on that point, the Honduran Government itself, modeled after the Colombia experience, has put in place a security tax so that they can raise the resources that they need to undertake some of these reforms. And as part of the Alliance for Prosperity, as Ms. Hogan mentioned previously, there are the three governments investing $2.6 billion of their own money in 2016 to match the $750 million you so generously appropriated in the 2016 budget.

Ms. GRANGER. Thank you. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Madam Chair. I believe it was you, Ms. Hogan, who testified that there was a turning point. Have we seen a turning point—in Colombia, governance in the Northern Triangle, in those three countries, whereby we can anticipate—have we seen a turning point whereby we can anticipate a stability of governance that will manifest itself in measures of societal wellbeing, decrease in violence, economic opportunity, decrease in migration?

Ms. HOGAN. Thank you for your question. I am an optimist, I think you have to be to work in this field of development. But I truly believe that this is a historic moment in Central America, whereby these governments are standing up and taking responsibility for their problems, investing their own resources, and trying to address these problems, and looking to the United States, and other donors for strategic partnerships.

Mr. FORTENBERRY. Okay. How does that happen? Is it through an awakened leadership? Is it fatigued with the violence? Is it our input? Is it other bilateral partners' input? Tell me how—why this trajectory is coming about right now.

Ms. HOGAN. I think that—well, I would say yes to all——

Mr. FORTENBERRY. Do you think the trajectory is real?

Ms. HOGAN. I would say yes to all of those points. I think the tipping point is what we saw happen in Guatemala, where through these this independent investigative unit called CICIG, they were able to bring cases to the public's attention that were so egregious that civil society stood up and said we will not tolerate this any longer, and that coupled with hard evidence by CICIG, and additionally, an empowered public prosecutor's office, as well a special high-impact court that oversees these trials, again, which were the beneficiaries of U.S. Government assistance, I think that was the tipping point. And I think Honduras sat next door and said, we see this wave is coming towards us. We want to get ahead of it. And then they, in fact, established their own similar investigative process.

Mr. FORTENBERRY. What are your projections in regards to how we are going to see real measurements of outcome in this regard? It is murky right now. The violence is still very high. There is migration waves still coming even though they are lesser, and the economic problems are not clearly resolved. So do you have a timeline if this trajectory continues?

Ms. HOGAN. It is hard to give a timeline. As my colleague said, it is not going to happen overnight. But one of the things that we have seen is that when we have all hands on deck in a community that is very violent, and we help these communities take back their communities where they, frankly, haven't had any safe space in which to operate, it is street by street, block by block, and community by community. It is very labor intensive. But because we have been able to show success in the communities where we are working in terms of the reduction of violence, these governments have said, we see what is working. We want to invest our resources in scaling that up. And that is what Plan Seguro is in El Salvador. It is taking that model and bringing it to the 10 most violent municipalities to scale up our interventions.

Mr. FORTENBERRY. Let me tell a quick story. I had the chance to visit in Guatemala, as well as Honduras rather recently. There is a little town called Dos Caminos, two pathways, where there is a project underwritten by the International Agricultural Corporation, Cargill, which provided the seed capital for the formation of a bakery that is run by women. The organization CARE, along with, I believe it is some shepherding through the Feed the Future Program, provided the ongoing technical assistance. It is an amazing transformation to see this bakery flourishing. The women who are involved, excited.

Just years before they would have had a subsistence, not in starvation, but in what I call a benign poverty. One of the women had lost her husband 3 weeks earlier to the violence, but all committed to this vision of empowerment through this small little economic project. It was very encouraging to see, and obviously, this is the type of thing we want to scale that involves the full partnership of the private sector which ultimately has to be the longer-term solution here. But my time is nearing to be completed, but are we going to have another round, Madam Chair.

Ms. GRANGER. Mr. Stewart.

Mr. STEWART. Thank you, Madam Chair, and to the witnesses, thank you. It is an important issue. I would like to come to some-

thing that my friend, Mr. Diaz-Balart mentioned, and I want to go through this quickly. But it is worth, I think, emphasizing and using this as an illustration of a concern that many of us have, and that is this individual, Mr. Cerna, who some of you mentioned. The challenges down there are meaningful. We get that. There is drugs, there is violence, there is kidnapping, there is gangs. And how anyone would have economic opportunity in that environment is remarkable at all.

But the only hope for the individuals there, for the families, is if there is some economic activity. They have to have hope of a job and some type of future. This is an environment that is very violent and very difficult to do, but it is much more difficult if the Federal Government is making it worse instead of better in some circumstances. And in some circumstances, they are.

And I think that this individual is an example of that. You will not have foreign investment if the investors don't feel like there is respect for the rule of law. If they don't believe that they can go in there and protect their investment, and in this case, it was meaningful investment as is in many circumstances, tens of millions of dollars. And the Federal Government there essentially acted as, well, they are using their power to expropriate this business from this individual as they have in other circumstances. Essentially using, you know, their power to tax, and their power to threaten prosecution.

I wish any of you, if you would, could you assure us that you are doing everything you can? You can't sway the gangs down there, but you can have influence over the Federal officials. And I just need some assurance that you are doing everything in your power to create that rule of law in an environment that would allow people to go down there and to try to make investments that will help the people down there.

Mr. PALMIERI. Yes, Mr. Stewart. The top priority, one of the top priorities for every U.S. Embassy is to assist the American citizens and to protect American investment overseas. Our embassy has been engaged in Mr. Cerna's case since 2002. It has a long judicial process that it has been subject to.

Mr. STEWART. That is, indeed, very long, because that is going on 15 years now, 14, 15 years.

Mr. PALMIERI. Yes, it is. There are arbitration proceedings that are available for the settlement of that dispute, which the Honduran Government has offered to Mr. Cerna in the past. But more importantly, in the specific case, as part of the conditions in the legislation, we are working with the government to ensure that they are working toward resolving commercial business disputes and putting in place new strengthened rule of law procedures to protect foreign investment.

Mr. STEWART. Well, and they just have to. I mean, this example, 14, 15 years now into it, and it is arbitration which is going to result in not a fair deal, in my mind. I mean, no one would look at that and say, well, that is good. I will go down there and investment $30 million in a business, and the government may take that from me. And 15 years later I may be in arbitration. I mean, no one is going to look at that and say that is a good place to go down and be. And once again, I don't mean to lecture because I know you

know this, if there is no economic viability, there is no hope for this region. They have to feel like there is hope for their kids to get a job where they can sustain a family and you can't do that without capital investments.

Mr. PALMIERI. And that is exactly right. They have to create the conditions for foreign investment.

Mr. STEWART. That is right, and that is true anywhere in the world. And if I could very quickly—in the few seconds I have. There is a bit of a talk about a kind of Central American spring, if you will, the protests in some of these countries where people are actually beginning to push back. Very quickly, are you optimistic? Is there something there we can look at and say this is good, you know, this might help?

Mr. PALMIERI. I think what we saw in Guatemala was historic. It was youth, students, private sector, civil society coming together, using social media platform, and using this external entity to really demand accountability. And it was successful in Guatemala. I think it is not just a wave in Central America. I think it is throughout the Americas that we are seeing this. And I do think it will continue to yield results. And in Honduras, the agreement with the OAS to establish MACCIH reflects the need for some external help to get and move forward on these corruption and transparency issues.

Mr. STEWART. Well, and let's hope so, and let's facilitate that if we can, and encourage, and support those people because they are in a very difficult circumstance, but showing remarkable courage, in my opinion, so thank you.

Ms. GRANGER. I will start a second round and say I appreciate all the members of the subcommittee for staying. I know you are very busy, and we are using the time very wisely.

I want to ask you about the $750 million that Congress funded for fiscal year 2016 for this three-country alliance that has come together. I am very concerned because I worked on Plan Colombia, and it took years. Everyone knows it would take years there was that sort of commitment. Seven hundred fifty million dollars in 1 year, how is it going to be used? Where does it go? We said from the very beginning, this will be a multiyear effort and I am concerned about that enormous amount of money in 1 year, and how can it be used effectively? Thank you.

Ms. HOGAN. I would like to begin to answer that question for you, Madam Chairwoman. We did not wait for the appropriation to get started in planning on how we would use those resources. In fact, as early as the fall of 2014, after we saw the spike and we knew that the administration was going to ask for increased resources for Central America, USAID got started. And so we have been designing programs over the last year to 18 months in anticipation of these resources. And in fact, we have a very aggressive procurement schedule this year. We expect to obligate up to $490 million in new activities across the three pillars of the strategy before the end of this fiscal year. And our goal is to live within the pipeline standards of our agency so that we are good stewards of those resources. We spend them wisely, but we spend them quickly because the need is so great, and we think we have got the right procurement instruments in which to put those resources.

Ms. GRANGER. Thank you.

Mr. BROWNFIELD. And if I can add, Madam Chairwoman, on the INCLE side of the House, and you will recall, of that $750 million, we come out to about $1 for every 2, 2½ that went to the USAID accounts. So what we are looking at this year is somewhere in the vicinity of $170 million, which was our 2015 appropriation now coming online for us. I would say the same thing as Beth. We are starting on programs that are already there. We are not starting at point zero. We have been involved in CARSI now 6, going on 7 years. We want to reinforce some of the justice sector, police reform, and border security programs that we believe are delivering value and have been for more than 5 years.

We also want to do something new, which I can use 15 seconds to say is the place-based strategy, where in an unprecedented historical manner, USAID and INL are working together, community by community, barrio by barrio, in terms of developing an objectives-driven comprehensive approach in the hardest, toughest areas in the region. And I would hope, Madam Chairwoman, to be able to deliver you clear evidence of results, positive, I hope; if negative, then we will figure what we need to change.

Ms. GRANGER. Thank you very much. I am going to change to Costa Rica now. I just got back from Costa Rica a very short time ago. I looked at the security challenges of that country because of the number of Cubans that were going through Costa Rica, primarily from Cuba to Ecuador. The fiscal year 2016 appropriations bill provided for increased funding for Central America, the regional security initiative. Some of those funds should be used for Costa Rica.

Assistant Secretary Brownfield, how is the State Department planning on supporting Costa Rica, and specifically, what can be done to help their coast guard, which is very limited, to help them with drug interdiction at sea and the security forces to increase border patrols? They said a light has been shined on Costa Rica due to Cuban migration through that country, but they were much more concerned about human trafficking and drug trafficking that is going through Costa Rica, and how their limited Coast Guard, and our Coast Guard can address those challenges.

Mr. BROWNFIELD. Madam Chairwoman, your assessment and our assessment are not at all surprising. Exactly the same. First, our approach in terms of the total Central America INCLE budget for the last 5 years has been about two-thirds, 60 to 65 percent goes to the Northern Triangle three; the remaining one-third to two-fifths goes to the remainder of Central America, frankly, three of the four remainders in Central America. We have almost no program at all in Nicaragua.

That would remain the same, but we have surged, as you well know, since you approved it, the amount—the total amount of funding available for Central America. I am therefore, hopeful, in fact, I am not hopeful, I am certain that we are going to increase by nearly 100 percent the amount of program INCLE funding available for Costa Rica. What do we propose to do with it? First, we want to reinforce some programs that are working. COMPSTAT, which is the computer-driven statistics that allow the

Costa Rican police to put their personnel where they are most needed is a winner.

Supporting, training, and developing border guard capability, which, in turn, controls, to some extent, the movement of other populations across their southern and northern borders has been a winner. The CAPRI police training program which is headquartered in Panama, but in fact, provides regional training to, among others, the Costa Rican national police is something we want to support. Their anti-gang program called GREAT is worth some effort. Maritime is the area that is going to be new in this coming year. I have had several conversations with the coast guard. The coast guard is prepared to put assets there. We are prepared to support them in terms of maintenance support, and building docks to help them control and use those assets. I hope to have a good story, which I will tell you as often as you are patient enough to hear in the course of this year on Costa Rica.

Ms. GRANGER. I am not particularly patient, but I will listen. I am a former teacher, so I give you an A on that answer. Mrs. Lowey.

Mrs. LOWEY. I am not a former teacher, but as you can see, and our chairwoman has said this many times, we have on this committee people who are really committed to the work you are doing, and I couldn't help but think, Mr. Fortenberry, when you talked about this enterprise that was empowering women, I remember seeing this in many places in the world, and I still get excited after 25 years of seeing some of the success stories. And I must say, Madam Chair, when we have the caliber of people such as this, it gives me hope in-between the times that I am very depressed that we can't move more quickly in solving these problems. But I do want to thank you for your years of service, and I would hope that we can see more success stories such as that.

And it is interesting, because I can remember them. I remember one I saw in Arusha, Tanzania, Land of Lakes, a wonderful project where they were empowering women and how the women stand taller, feel empowered, take charge, work and raise their families. However, I want to ask a question that is not related to all of these good comments we are telling you.

If you could explain the administration's decision, on the one hand, to expand the number of Central American refugees permitted in the country recognizing the dire conditions in the Northern Triangle, while at the same time, increasing deportations of families. You may tell me that is someone else's job, but I would like to hear your response to it, and if you have any input.

Mr. PALMIERI. Yeah, excuse me. The administration's effort in Central America is to ensure that there is safe, legal, and orderly migration from the region. Undocumented migration through the region, through Mexico, leads people to being exploited, potentially trafficked, assaulted in many different ways. The administration has set up a Central America minors program in the region that allows minors to apply for refugee resettlement to the United States if they have a legal relationship with a person who can apply for them, sponsor them in the United States.

With regard to the removals, the Department of Homeland Security has stated that those removal orders are based on final orders

of removal after individuals have exhausted all of their claims for credible, fair, and refugee status.

Mrs. LOWEY. Well, I just want to say, it is causing tremendous turbulence in our communities, and that is probably not your direct role. I just thought I would get it out there. So thank you again for your service. We all look forward to hearing more success stories, understanding how challenging, tremendously challenging this is. Thank you.

Ms. GRANGER. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you. Thank you very much, Madam Chairwoman. As you all, I am sure, know and have seen, this subcommittee chaired by Mrs. Granger is very, very, very good at asking for specifics. And frankly, less concerned about rhetoric and speeches. Let me just throw out one specific first, because the question came up about Cuba. Since the establishment of the relations there has been about almost a 90 percent increase in Cubans fleeing the island and coming to the United States, based on the increased repression. And it has been particularly difficult on Costa Rica. I want to thank you, Madam Chairwoman, for going there, and for meeting and seeing that firsthand. Those are some facts which obviously are not in dispute.

So, Ambassador Brownfield, you mentioned that you think about 100 percent increase in what you can—of INCLE assistance to Costa Rica. I think it would be important if you keep us informed as to specifically how you are doing, what you are doing, and how whatever it is what you are doing is working, because Costa Rica has this additional challenge of not having a national military, per se, though they obviously have a national police. So if you could just keep us informed as much as you can on that, I think that would be helpful.

Mr. BROWNFIELD. Will do. I make that commitment, Congressman. And you are correct in your assessment. Costa Rica has always been perceived in Central America as the exception to the rule, kind of the Switzerland located in a difficult neighborhood. And the truth of the matter is, they are now encountering many of the same concerns, problem, and threats that the rest of the region is.

Mr. DIAZ-BALART. Secretary Palmieri, going back to the issue of the CEMAR issue in Honduras. As Mr. Stewart mentioned in response to you talking about, you know, the Embassy has been involved for 15 years. That is a pretty good example of something that hasn't worked. In other words, if, for 15 years, the U.S. Embassy has been trying to help and it hasn't worked, we have got a problem. So I would tell you, and again, going to how this subcommittee works, let me tell you what I expect, and I think what most of us expect.

Right now, this subcommittee has put forward almost $1 billion. We expect the U.S. Government to exert leverage when it is time to stand up for the interests of the United States and also for property rights of American citizens. So I would tell you, with all due respect, that the issue of, you know, the Embassy forwarding, referring these individuals to a process, this has been going on for 15 years. So what I would ask specifically from you, sir, is I think all of us would ask, and you seem to think there is great interest,

we are talking about property rights issues here. And again, if you don't solve that, you can kiss all of the $750 million good-bye. So if you could please get back to us, not on, you know, bureaucratic answers about, well, we have referred them to—no, no, what specifically, how can we exert—now that we should have additional leverage to make sure that our interests and that property rights' interests are actually followed?

So what I would respectfully ask of you is, tell you that, answering that the same stuff that we have been doing for 15 years, is just not acceptable. And so how are you going to use that leverage? I don't want an answer from you right now, but I expect an answer, a specific answer as to how we are going to exert leverage, and, particularly, additional leverage to protect the interests of Americans and property rights, et cetera, if you would.

Mr. PALMIERI. I am very happy to do so.

Mr. DIAZ-BALART. Thank you. Thank you, Madam Chairwoman.

Ms. GRANGER. Thank you. Ms. Lee.

Ms. LEE. Thank you very much. Let me just comment with regard to Cuba. I think we have seen, and my colleague and I disagree. I think we have seen over 50 years of a non-engagement policy with Cuba. That hasn't changed one thing. So it is time to at least have normal relations and dialogue in the embargo. Perhaps through normal diplomatic relations, some of my colleagues' goals could be accomplished.

Let me just say to Ambassador Brownfield, I, too, come from the southwest, El Paso, Texas.

Mr. BROWNFIELD. As did my mother.

Ms. LEE. Born and raised there; my mother born and raised there; my grandfather, first African American letter carriers, spoke fluent Spanish. Border town of Juarez, and we know what has been happening in Juarez for many, many years now. I don't know if you would consider the decrease in murders and kidnappings a success story, or a partial success story, but could you kind of tell us how you see what is taking place in Juarez?

Second, and as it relates to El Paso, because I know El Paso was one of the safest cities in the country in the United States, yet Juarez was one of the most violent, and so it was a very interesting period where those, the most violent and the safest city were side by side.

Third, just with regard to the drug crimes and the drug trafficking, unfortunately, the African American community has been dealing with drug issues, and not the lack of rehabilitation and drug treatment services for many, many, many decades. You remember Iran Contra? I remember mass incarceration, and so it is unfortunate now that other communities are dealing with the drug epidemic. But I am glad to see a shift finally from locking people up, you know, because they use drugs, or deal drugs, to finding some sort of rehabilitation alternatives, because we don't want any community to experience what the black community has experienced, which has wreaked havoc in our lives. And we know where it started. And so the drug interdiction and dealing with these drug gangs in Central America is extremely important, and so I would like to just kind of know how you see now versus 20, 30 years ago, your efforts to try to stop this drug trade?

Mr. BROWNFIELD. Let me offer a couple of comments on both of your points, Congresswoman. First, Juarez, I am delighted to talk about Juarez because in a sense, it represents an example of what USAID and INL, what Beth Hogan and I are trying to accomplish with what we call the place-based strategy in Central America.

Five or 6 years ago, I mean, I will be quite clear with you. There was a period of time where Juarez had a homicide rate of about 180 per 100,000, and 200 yards across the river, El Paso had a homicide rate that was under four. So a distance of maybe 200 yards, one was suffering 180 per 100,000, and the other something like 3.7 or something along those lines.

Now, Juarez has become now, I mean, I won't call it the safest city in the world, but I believe they have brought their homicide rate down to somewhere in the 30s, and that is an astonishing accomplishment over 5 years. How have they done it? They did it with a version of what Beth and I would call the place-based strategy. Juarez city leaders and the Federal Government, in essence, did a grid of the map of Juarez, and in those troubled areas where the most homicides were occurring, they concentrated resources; not just police, although a lot of them were concentrated there, but also city and social services, employment generation, education, community centers. And in 5 years, Juarez has converted, I mean, it has literally been a complete turnaround. We would like to see that happening in San Salvador, in Guatemala City, in Tegucigalpa, and other cities in Central America as well.

Drugs, writ large, you know as well as I do, particularly coming from the El Paso area, it is a complicated issue. It is a supply issue and a demand issue. It is where the drugs are produced, which tends to be south of the border, and where they are consumed, which is north of the border. And then there is a variation: bad news on heroin, it is surging. Cocaine, on the other hand, has dropped more than 50 percent in the United States of America. Is there a connection? Yes, there probably is. You are correct that in April of this year, all of the governments of the world will meet in New York for a special session of the U.N. General Assembly, where we will address where the world wants to go on drug policy for the next 20 years. And I, for one, am looking forward to a good conversation talking about realistic, pragmatic, logical steps that we could take that actually would bridge the gap between those who say legalize everything, and the other extreme who say prohibit everything.

Ms. LEE. Thank you very much, Madam Chair. I just want to say, it is about time because we have lost in the black community a whole generation, maybe two generations of young African Americans as it relates to the lack of involvement and concern about the drug trafficking trade until, you know, unfortunately, now too many other people are being victimized and hit by it. So I am glad we are finally on it. Thank you.

Ms. GRANGER. Thank you. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Madam Chair. I want to share a story with you which will become a quick admonishment, and then I want to turn to a question about gangs. Last year, we had a very lovely dinner hosted by the Ambassadors from Guatemala, Honduras, and El Salvador. And it was just a regularized attempt to

create more ongoing relations between us and the diplomatic community. However, the dinner happened to be timed with the announcement from the administration that these countries were going to get $1 billion. So we walk into a very awkward situation of being thanked for something that we had not done, had not heard of, had not been briefed on. The point being, a lot of places in the world, when the President says something, when the Congress says something, that means it is. And so we were put in a very awkward position of gently working ourselves through that and saying, wait, wait, wait, time out. This has to be approved by Congress, and we want to know more details of the plan.

So the admonishment is, expectations can get created by things that are said that may not translate into reality because we have the job of actually coming up with the law that would mandate or dictate what you all do. So I put that on the table for your consideration.

But it was fine. It was a lovely evening, and I think we got through this.

Second, I want to know, give me your insights into gang culture. We throw the word "gangs" around. The mobility of this culture, where it primarily emanates from, clearly, it is attached to drug trades, ungoverned space, corruption, habits of being, residual effects of past structures. I would like more insights into this.

Ms. HOGAN. Thank you very much for your question. I would like to start to answer that by saying that one of the things that we have benefited from while addressing gang culture is the work in the United States, particularly in Los Angeles and Chicago, where they have had great success in reducing gang violence. And one of the things that we have adapted from Los Angeles, is something that is called the YSET model and it is a series of indicators that helps one identify who are those children that are most at risk for joining gangs. And those are the kids that we are trying to focus on. We have a statistic that says that roughly 0.5 percent of people are responsible for 75 percent of crime.

Mr. FORTENBERRY. Yes—I am glad you brought that up, because in a sense, this is a narrow band of persons who then seize the conditions that are ripe for manipulating others.

Ms. HOGAN. Right.

Mr. FORTENBERRY. And getting to the heart of that I think, is the question for solving this. I'm sorry.

Ms. HOGAN. And so a couple of those indicators are things like, who are the kids who may have a family member in a gang? Who are the kids that are coming from broken homes? Who are the kids that have no parents at home after school and therefore are susceptible?

Mr. FORTENBERRY. But those are U.S. measures, and these places——

Ms. HOGAN. We are using those in Central America as well, and those are the kids that we are going after and why we have these community outreach centers is to give a safe place for these kids to go after school where they can get vocational training, they can have recreational training, they can get tutoring, and they have mentors watching over them and giving them adult supervision that they don't otherwise have. And so we are seeing a reduction

in the number of kids who go into gangs as well as people coming out of gangs, because it is not a happy place to be. I mean, this is a very dangerous proposition for them.

And so we have had example after example of kids who are maybe low-level members, maybe watch-outs, you know, lookouts, and they have turned around to come to our centers because they don't want to fall in the footsteps of their brother, cousin, uncle, who have been killed as a result of gang violence.

And so I think, you know, we are using a model that has been effective in the United States and it is proving effective in Central America as well.

Mr. FORTENBERRY. Thank you.

Ms. GRANGER. I am hearing what you are saying. I also had concern because we were going in being congratulated for something we had not heard of. And before that happened, in meeting with the presidents of the three countries after we had the situation with the unaccompanied children, we said, we want to help you. The last thing we want is to take your children I said I asked the question of each president in the country, do you want your children back? Because if they had not said yes, adamantly, then our plan would have been different. But we said then, we are going to help you conquer the problems that would cause a parent to say, "I am going to give you my child to take to another country. And all I am doing is paying you."

It was a horrible thing as a parent to even consider. But when meeting with the presidents of those three countries. What concerned me is how unrealistic they were about what they wanted to do. Because they started with, we are going to have these Fortune 500 companies come to our country and that will put people to work. I said, not if they can't walk down the streets safely.

So I was very pleased to hear that you had already started, done so much there. Also, we have to work with the governments of those countries to say, we are going to help but there is going to have to be a lot of work on your end, patience, and realistic expectations.

Mr. PALMIERI. And if I could just add, I think that intervention, the dinner, your engagement when the presidents came up in July of 2014, I think that helped catalyze their thinking that they needed a more comprehensive approach, and it led through the efforts of the Inter-American Development Bank to this creation of the Alliance for Prosperity. And the Alliance for Prosperity in Central America, really is an historic-opportunity moment for the United States because it is the first time, really, that Guatemalans and Salvadorans, and Hondurans agreed around the same set of circumstances and what the possible solutions could be.

And the U.S., Congress' support in the fiscal year 2016 bill to provide $750 million just doesn't make the United States a partner to this effort. It sends a signal to other partners in the hemisphere and around the world that this plan has a chance. And we will work with you, the Congress, on those conditions and help those countries live up to the commitments they have made in the Alliance for Prosperity.

Ms. GRANGER. Thank you. Mr. Ruppersberger, you may have the last question.

Mr. RUPPERSBERGER. Thank you. I want to talk about Zika, and the situation is becoming serious throughout the whole hemisphere. In your roles, all three of your roles, we, as a Congress, have to decide how we are going to focus, how we are going to fund it. There is already a debate whether we are spending too much money or not.

In your role in the region we are talking about today, it seems to me that you have to be involved in a lot of health issues. But this is something that is growing. And yet, you have situations where I am sure your health workers were being threatened and intimidated by gangs, so if you could talk about generally how your role will be in dealing with the issue of Zika, what you need from us, and what you would like to see from us if you could get that?

Mr. PALMIERI. Yes, I will quickly give you the overview of how the Department is approaching it. First, there is a whole of government, U.S. Government approach to the Zika challenge writ large. In the region, the State Department is leading the diplomatic engagement, and we are working with organizations like the World Health Organization, the Pan American Health Organization, and Health and Human Services, and the Center for Disease Control to make sure that we are getting information out to American citizens in the region, taking care of our employees at embassies who could be vulnerable to the virus, and working closely with the regional governments.

And then finally, we are also working to ensure that there is the appropriate scientific exchange as we work to address this, and I will turn to my AID colleague to talk about the programmatic elements.

Ms. HOGAN. Thank you very much for your question, and of course, it is of very grave concern for us as it impacts Latin America so directly. We have been working with our counterparts in the region, in the Ministries of Health, and elsewhere to help identify what their needs are concurrently with what we might be able to provide. And certainly, we can provide them with existing resources, help in developing public education campaigns on how to avoid contracting the disease, and protective measures that people can take, particularly pregnant women can take, in order to lessen their vulnerability to this.

We have only had one request for assistance thus far from the region. It came from Jamaica to help them improve their diagnostic testing, and that has been responded to through our support through the Pan American Health Organization. With additional resources, there is much more that needs to be done that we are poised to do. Simulating private sector research and development of better diagnostic tools, as well as a vaccine; supporting the training of health workers in the community to help affected countries with information about best practices and supporting children with microcephaly; to support pregnant women's health, in particular, including helping them access repellent to protect them against mosquitos. As I mentioned, establishing education campaigns that will empower communities to take control of their actions—for example, limiting the amount of collected water that is a breeding ground for mosquitos; and then potentially issuing a grant challenge with something that we do as a call to the world basically

to provide innovative ideas for new ways in which they can, and improved ways in which we can develop diagnostics, control personal protection, et cetera.

It was through a similar—through a grant challenge that we were able to develop the new Ebola suit that was something that was an innovation in the treatment for that disease, so this has that same potential as well going forward.

Mr. RUPPERSBERGER. Thank you.

Ms. HOGAN. Thank you.

Ms. GRANGER. Following that up, let me ask a question, and it is to Mr. Palmieri. Does the administration plan to use unobligated balances from Ebola to address Zika?

Mr. PALMIERI. I know that there is a presentation that has been made on the administration's response to this Zika virus and the budget request. If I could get you the specific response to that question, I will have that for you by the end of the day.

Ms. GRANGER. Yes, that would be great. I thank the witnesses for appearing before the subcommittee today. Members may submit any additional questions for the record. The Subcommittee on State, Foreign Operations and Related Programs stands adjourned.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#1)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What resources have each northern triangle country committed to the Alliance and over what period?

Answer:

The Northern Triangle governments of El Salvador, Guatemala, and Honduras is allocating a total of $2.6 billion in the first year of the Plan of the Alliance for Prosperity (A4P) in 2016. Of this total, El Salvador allocated $967 million, Guatemala allocated $711 million, and Honduras allocated $965 million. We expect the governments will make similar resource commitments for the A4P in future years.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#2)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Could we have a list of other donors and the financial commitments that they have made toward the Alliance Plan and over which period?

Answer:

A number of bilateral donors have ongoing programs that support the development goals of Northern Triangle countries, which include priorities identified in the Plan of the Alliance for Prosperity. For 2016, Canada allocated over $22 million; the European Union allocated over $91 million in bilateral programs; the Japanese International Cooperation Agency allocated over $21 million; and Mexico's Agency for International Cooperation and Development allocated nearly $7 million.

The EU also has committed approximately $165 million over the next five years for regional development programs in Central America. The Inter-American Development Bank has active loan portfolios of $300-500 million in each of the three Northern Triangle countries.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#3)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Which sectors and projects do the State Department and USAID plan to focus on?

Answer:

The U.S. Strategy for Engagement in Central America has three programmatic areas: prosperity, governance, and security.

Our economic programs will promote regional integration to strengthen capacity for implementation of trade facilitation policies, support micro and small business development, encourage marginalized populations to bring their businesses into the formal economy, advance clean energy development and energy sector reform, and develop a workforce with the next generation of skills and technology.

In the area of governance, we will support increased tax administration and revenue collection, encourage the use of internal control systems and institutional checks and balances, assist in the

professionalization of the civil service, strengthen municipal governments, and support anti-impunity mechanisms.

We will continue to address the security challenge at many levels – from the community to the national level, to include law enforcement and judicial sector institutions. We intend to scale up proven community-based interventions to address specific violence prevention objectives in the Northern Triangles' most dangerous neighborhoods to achieve a transformative impact on citizen security.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#4)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What will be the focus of the other countries themselves and other donors?

Answer:

The Northern Triangle governments' Plan of the Alliance for Prosperity focuses on four strategic areas: stimulating the productive sector to create economic opportunity; developing opportunities for people and building human capital; improving public safety and enhancing access to the legal system; and, strengthening institutions to increase people's trust in the state. The Inter-American Development Bank (IDB) closely aligns its programmatic activities to support the strategic priorities of the governments in the region. These areas closely correspond to the three pillars of the U.S. Strategy for Engagement in Central America: prosperity, governance, and security.

We continue to coordinate with other international donors by sharing information on our activities and plans, and we are actively considering

ways to further advance this cooperation. We are also actively encouraging new partners to support the efforts of the Northern Triangle governments. Here is an illustrative, but not exhaustive, list of the focus for other international donors in the region:

- The Canadian government focuses on children and youth, food security, and citizen security initiatives in the region.
- Chile takes an active role in Central American security and development with specific programs focused on capacity building of public administration officials and improving tax collection. Chile has also provided training to law enforcement personnel and supported food safety projects.
- Colombia has been a strong partner in building security and law enforcement capacity in Central America through training and joint military exercises.
- The EU has regional programs in Central America focused on commercial integration, security and rule of law, and climate change and disaster mitigation. The EU also has bilateral programs in El Salvador, Guatemala, and Honduras addressing similar themes.

- Japan, through its development agency, supports inclusive economic growth, prevention of natural disaster, and the development of renewable energy in Central America.
- Through the Mesoamerica Project, Mexico focuses its assistance to Central America on nine strategic lines of cooperation: transport, energy, telecommunications, trade facilitation, health, environment, risk management, housing, and food/nutritional security.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and
Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#5)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Please describe the Department's anti-human trafficking work in Central America, particularly in the Northern Triangle counties.

Answer:

The Department regularly engages with Central American governments on the anti-trafficking priorities highlighted in the annual Trafficking in Persons Report, including encouraging host governments to address human trafficking more effectively.

The Department supports efforts to prosecute traffickers, protect trafficking victims, and prevent trafficking crimes. In the Northern Triangle countries of El Salvador, Guatemala, and Honduras, key priorities include increasing efforts to combat labor trafficking, improving protections for all victims, ending impunity for government complicity in trafficking, and addressing the forced criminal activity of children by gang members.

With State Department funding, the Department of Homeland Security (DHS) assisted the Governments of El Salvador and Guatemala in establishing Transnational Crime Investigative Units to combat transnational organized crime, including migrant smuggling and human trafficking. In Honduras, U.S. sponsored and vetted Honduran units conduct border enforcement operations to disrupt migrant, narcotics, currency, and weapons smuggling.

The Department also funds the International Organization of Migration (IOM) to implement a regional migration program in Central America and Mexico to providing training to migration and child welfare officials and civil society to identify, screen, and assist migrants who may be vulnerable to abuse and exploitation, including human trafficking victims, asylum seekers, children, women, and LGBTI persons.

In Honduras, the Office to Monitor and Combat Trafficking in Persons (TIP Office) is supporting Casa Alianza de Honduras (CAH) with a $750,000 grant to protect children and adolescents who are inherently vulnerable to trafficking and often targeted by traffickers because many are abandoned, neglected, physically and emotionally abused, or are migrating unaccompanied to the United States. The program provides them with comprehensive shelter and specialized services, particularly for LGBTI

youth. To date, CAH has assisted 549 individuals through its residential program. Through another TIP Office grant, Global Communities helped strengthen and implement a new Honduran anti-trafficking law, improved coordination of the country's interagency anti-trafficking network, administered sub-grants to local organizations to strengthen protection services, and created a national data collection system.

On a regional basis, INL's International Law Enforcement Academy (ILEA) in San Salvador is bringing together law enforcement officers, judges, and prosecutors from across Central America, including the Northern Triangle, and the Caribbean, to address human trafficking and related human rights issues. ILEA offers several courses in these areas each year, including: (1) a trafficking in persons course, taught by IOM, which addresses combating human trafficking through capacity-building, reducing demand, and raising awareness of criminal penalties to help prevent these crimes; (2) a trafficking in persons and child exploitation course taught by DHS Immigration and Customs Enforcement, which teaches trafficking investigation best practices, intelligence, and victim assistance services; (3) a course on intervention strategies for domestic and gender-based violence, taught by the Government of Chile, which focuses on victim and witness care and improving current criminal justice systems in Latin America; and

(4) a human rights course, taught by the Government of El Salvador, which promotes and sensitizes officers to obligations under international human rights conventions.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and
Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#6)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Please detail how the Department of State is using the $5M appropriated both in FY15 and FY16 to support a multifaceted anti-human trafficking program in Guatemala.

Answer:

For FY 2015 appropriations, the $5 million includes $3.5 million from the State Western Hemisphere Regional International Narcotics Control & Law Enforcement (INCLE) line and $1.5 million from the Guatemala bilateral Development Assistance (DA) line. The INCLE funding will support interagency task forces that deter the flow of illicit goods and human trafficking by operating organized mobile checkpoints on the Guatemalan-Mexican border; deploying U.S. Customs and Border Protection (CBP) advisors to provide technical assistance to the Guatemalan government; and creating an anti-trafficking vetted unit. The DA funds will support shelter and comprehensive care for human trafficking victims and their families, including assisting victims in accessing the legal system as well as technical

assistance and improved provision of services for victims of violence, such as youth, women, and other vulnerable populations. Due to the on-going FY 2016 global allocation process for foreign assistance, FY 2016 funding has not yet been obligated.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and
Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#7)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

How much funding has been spent to date?

Answer:

The $3.5 million in FY 2015 INCLE is obligated, but not yet spent. Of the $1.5 million DA, $250,000 was obligated, and the remainder of the DA will be obligated in May. Both the Department and USAID are addressing trafficking in persons in Guatemala using funding prior to FY 2015.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and
Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#8)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What progress has been made to address this issue using these funds?

Answer:

Both the Department and USAID are addressing trafficking in persons in Guatemala using funding prior to FY 2015. The Department provided prior-year support to the interagency task forces in Guatemala and the U.S. Customs and Border Protection advisors provided advisory support to Guatemalan government. USAID provided continued support for shelter for victims of human trafficking, which includes comprehensive care for victims and families and support to access the justice system as well as assistance to support prevention of human trafficking.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#9)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Please detail how the Department of State is using the $3 million appropriated both in FY15 and FY16 for Guatemalan Police Sexual Assault Units.

Answer:

The $3 million in FY 2015 INCLE funding will provide support and training to Guatemalan sexual assault units comprised of law enforcement and judicial actors. The funding will be used to enhance investigations, processing, and prosecutions of perpetrators of sex crimes while improving treatment, standards of care, and services to victims. INL is in the process of awarding a cooperative agreement for the FY 2015 funding, and, subject to final 653(a) allocations and congressional notification, FY 2016 resources will support continuation of the incrementally-funded cooperative agreement (depending on implementer performance). These resources are in addition to the ongoing assistance INL has provided in Guatemala to raise awareness

and encourage reporting of assaults, and aid victims of sexual assault and domestic abuse.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and
Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#10)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

How much funding has been spent to date?

Answer:

As the award process for the $3 million FY 2015 resources is in its final stages, the funding has not yet been spent.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri and
Acting Assistant Administrator Elizabeth Hogan by
Chairwoman Kay Granger (#11)
House Committee on Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What is the progress of these units to address sexual violence in Guatemala?

Answer:

While the aforementioned FY 2015 and FY 2016 appropriations have yet to benefit designated Guatemalan sexual assault units, to date, INL has supported various other Guatemalan police units that work on sexual assault, gender crime, and crime against minors with training on victim's assistance (legal, medical and protective) through prior-year funding. This programming has helped build strong relationships with the Guatemalan Police and the Public Ministry, which INL will leverage to fortify Sexual Assault Units with appropriated FY 2015 and FY 2016 funding.

Questions for the Record Submitted to
Assistant Secretary William Brownfield
Chairwoman Kay Granger (#1)
Subcommittee on State, Foreign Operations
Committee on Appropriations
February 11, 2016

Question:

What has the State Department done to help Mexico secure its southern border?

Answer:

The State Department's Bureau of International Narcotics and Law Enforcement (INL) provides training, equipment, and technical support to help Mexico secure its southern border. Under the Merida Initiative, INL works with the Government of Mexico to create a 21st century border, one that facilitates legitimate commerce and movement of people while curtailing the illicit flow of drugs, people, arms, and cash. INL programs aim to strengthen security at southern and northern border crossings, points of entry, and internal checkpoints throughout the country. INL assistance includes the provision of non-intrusive inspection equipment (NIIE), biometric and database capacity building, the provision of canines and related canine-handler training, cross-border communications enhancements, and U.S. Customs and Border Protection (CBP) and U.S. Immigration and Customs Enforcement (ICE) mentorship and training. Along Mexico's

southern border, INL has provided extensive support to build the capacity of Mexico's National Migration Institute (INM), including equipment and technical support to create a consolidated database to house biographical information on migrants; checkpoint equipment such as vans, lighting, and generators to enhance operational effectiveness; training to improve the agency's operational skills and analytical ability to detect illegal trafficking; and Department of Homeland Security (DHS) mentoring.

In addition, through the United Nations Office on Drugs and Crime (UNODC), INL is assisting Mexico's Attorney General's Office to develop a strategy to address smuggling crimes, dismantle smuggling networks, and raise awareness of human smuggling. In December 2015, INL and the Government of Mexico approved a project to implement an automated, interagency biometrics solution for Mexico. This is a long-term project that will enhance the ability of Mexican agencies to capture, store, and share biometric data on migrants.

In January 2016, INL and the Government of Mexico approved a telecommunications project to enhance secure, interoperable radio network coverage in the southern border region for INM, Federal Police, Customs (SAT), the Navy (SEMAR), and Army (SEDENA). This project will

enhance the operations of Government of Mexico agencies by allowing them to better coordinate enforcement and interdiction activities.

Questions for the Record Submitted to
Assistant Secretary William Brownfield
Chairwoman Kay Granger (#2)
Subcommittee on State, Foreign Operations
Committee on Appropriations
February 11, 2016

Question:

What funds have been spent to date?

Answer:

In addition to the broad support INL has provided for ongoing programs that strengthen northern border crossings, points of entry, and internal checkpoints throughout the country, our assistance targeted in the southern border region totals approximately $20 million in training, equipment, and advisory support delivered to date. Of the $20 million, INL has provided approximately $2 million in training and equipment for INM, $3.5 million in mobile kiosks for use in the southern border region, $13.4 million in NIIE in the region, and approximately $400,000 in canine assistance to the southern states of Chiapas and Campeche, with discussions ongoing on additional assistance to other states in the region.

Questions for the Record Submitted to
Assistant Secretary William Brownfield
Chairwoman Kay Granger (#3)
Subcommittee on State, Foreign Operations
Committee on Appropriations
February 11, 2016

Question:

What equipment and training have been provided?

Answer:

INL has provided None- Intrusive Inspection Equipment and related training, biometric and database capacity building, canines and related canine-handler training, telecommunication enhancements to strengthen radio network coverage, and CBP and ICE mentorship and training in areas such as fraudulent document detection, interview techniques, and detention center management. In partnership with the Department of Justice's Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT), and ICE Homeland Security Investigations (HSI), INL trains prosecutors and investigators on trafficking in persons.

Questions for the Record Submitted to
Assistant Secretary William Brownfield and
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#1)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What is the State Department's view of the new anti-corruption mission in Honduras?

Answer:

INL supports sustainable, credible, and effective mechanisms that both enact institutional reforms to weed out systematic corruption and provide support to justice actors that transparently investigate and prosecute cases of corruption. No single mechanism can solve Honduras' deeply embedded corruption problems. The same is true in any other country. However, if properly funded, supported, led, and leveraged, the OAS's Mission to Support the Fight against Corruption and Impunity in Honduras (MACCIH) has the potential to be an important element in a more comprehensive, longer-term effort already underway to tackle corruption and improve governance and rule of law in Honduras.

Questions for the Record Submitted to
Assistant Secretary William Brownfield and
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#2)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Will this entity have investigatory and prosecutorial independence and authorities comparable to CICIG?

Answer:

The MACCHI does not have the investigatory and prosecutorial independence authority like CICIG. However, the final agreement responded to some initial concerns regarding the commission's independence and how the mandate is implemented will determine if it makes a significant impact in anti-corruption cases. As signed, the agreement appears to provide MACCIH with sufficient political independence, a strong mandate, and an effective leadership role to carry out its mandate. INL will be closely following the implementation of MACCIH to see it realize these aims.

Questions for the Record Submitted to
Assistant Secretary William Brownfield and
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#3)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What should be the role of the United States in working with MACCIH?

Answer:

The State Department intends to provide $500,000 in Fiscal Year 2015 funds from the USOAS Mission's Democracy Fund in order to help stand up MACCIH and will evaluate additional requests for funding in coordination with the OAS and other international donors. In addition to our initial support to MACCIH, the U.S. currently provides assistance to the Government of Honduras, which includes a significant focus on building their capacity to combat corruption and increasing government transparency. Since 2010, INL has supported a range of initiatives to combat corruption in Honduras. Project components include: 1) supporting legislative reform and creating anti-corruption strategies; 2) increasing capacities to detect, investigate, and prosecute corruption; 3) increasing Government of Honduras capacity for inter-institutional and international cooperation; 4) raising awareness of the pending anti-corruption reforms in the public and

private sectors; and 5) strengthening Government of Honduras capacity for internal oversight and inspection services. INL will continue to support these efforts through Resident Legal Advisors and other training and capacity building.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#1)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Please describe the efforts by the governments of the Northern Triangle to put an end to human smuggling.

Answer:

In an effort to deter human smuggling, all three Northern Triangle countries strengthened travel requirements that prohibit minors from departing their home countries without permission from both parents. In September 2015, a coordinated and joint effort among Salvadoran, Guatemalan, and Mexican law enforcement authorities led to the arrest of 36 individuals suspected of smuggling hundreds of migrants each month from Central America and Mexico to the United States.

In El Salvador, the Transnational Criminal Investigative Unit continues to investigate human smuggling cases, leading to the arrests of more than 60 human smugglers to date. In January 2016, the National Civilian Police Migratory Division of the Policía Nacional Civil also developed a proposal to support protection centers that will allow

unaccompanied children (UAC) or human trafficking victims stopped at the border to be held in safe conditions, away from criminal suspects.

In 2015, the Guatemalan government dismantled several networks of smugglers, including UAC smuggling rings. In December 2015, Guatemala enacted anti-smuggling legislation that made it illegal for Guatemalans to smuggle Guatemalans, closing a loophole in legislation and providing law enforcement officials another tool to combat human smuggling.

In 2014, Honduras significantly increased resources and the number of officials dedicated to investigating trafficking cases. The Honduran government also organized a taskforce among prosecutors to jointly investigate trafficking and smuggling cases with links to organized crime. Honduras continues to expand its investment in the Automated Case Management System (NACMIS), strategically deploying NACMIS terminals to critical border crossings to help identify, intercept, and arrest criminals, including human smugglers, crossing into and out of Honduras. Since June 2014, Honduran law enforcement operations, led by the Trans National Crime Unit and Special Operations Group, arrested 31 smugglers, nine human traffickers, and rescued 236 UAC en route to Mexico and the United States.

In their February 24 meeting with Vice President Biden, the Northern Triangle presidents recommitted to deepen the fight against human smuggling and trafficking through the strengthening of legal and institutional frameworks, including operations to dismantle criminal networks.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#2)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

How many people were prosecuted last year in each Northern Triangle country?

Answer:

In 2015, Honduran law enforcement arrested nine human traffickers and rescued 170 migrant children en route to Mexico and the United States, including 18 victims of human trafficking. As of January 2016, Honduras was prosecuting 53 human smuggling and trafficking cases.

In November 2015, the Guatemalan congress passed a human smuggling bill signed into law December 2015. The new law criminalizes the smuggling of Guatemalans by other Guatemalans and provides Guatemalan law enforcement authorities with the necessary legal tools to combat human smuggling. Previously, Guatemalan authorities considered human smuggling investigations as organized crime investigations, thus stand-alone statistics on human smuggling investigations and prosecutions were not readily available. The Guatemalan Public Ministry is now compiling information to better classify human smuggling cases moving

forward. In order to enhance Guatemala's human smuggling investigation and prosecuting capabilities, the U.S. government provides coordination, training, and technical support to Guatemala's Transnational Criminal Investigative Unit, which conducts joint operations with the Guatemalan Public Ministry's human smuggling unit. The U.S. government also provides technical assistance, training, and equipment to operationalize high impact courts, which hear cases involving criminal organizations that engage in human smuggling. We continue to closely monitor the implementation of this law and support programs to strengthen the judiciary in Guatemala.

In 2015, the Salvadoran Attorney General's Office investigated 251 human smuggling cases and prosecuted 21 human smuggling cases, all of which resulted in a conviction. As of March 2016, El Salvador is prosecuting 78 cases of human smuggling.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#3)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What are the penalties in each of the countries for so-called "coyotes"?

Answer:

El Salvador's Special Law Against Trafficking in Persons prohibits all forms of human trafficking and smuggling. Human smugglers may be prosecuted under several laws in El Salvador, each with a range of penalties, the maximum of which is 20 years' imprisonment.

In Guatemala, convicted coyotes face penalties of six to eight years in prison and fines of $10,000-$50,000. The penalties increase by 66 percent under specific circumstances, such as if the smuggled person is a child or a pregnant woman, or if the violator is a public employee.

In Honduras, an anti-trafficking law passed in April 2012 prohibits all forms of trafficking, prescribing penalties ranging from 10 to 15 years' imprisonment.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Chairwoman Kay Granger (#4)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

What is the Department of State doing to address this issue?

Answer:

The U.S. Strategy for Engagement in Central America directly supports the efforts of the governments of El Salvador, Guatemala, and Honduras to combat human smuggling and trafficking; improve border security; and facilitate the return, repatriation, and reintegration of undocumented migrants arriving at the southwest border of the United States who do not qualify as refugees, consistent with international law.

With State Department funding, DHS is deploying nine advisors to the region to provide governments with technical assistance, mentoring, and training on border security issues.

U.S. assistance also supported the Northern Triangle governments' establishment of Transnational Crime Investigative Units to combat organized crime, including human smuggling and trafficking. With financial support from USAID, the International Organization of Migration (IOM) is assisting the governments of El Salvador, Guatemala, and Honduras to

improve their repatriation facilities, enhance their capacity to receive and assist their citizens, and develop improved tracking systems on migration.

The State Department has also funded IOM to implement a regional migration program in Central America and southern Mexico since 2010. IOM trains migration and child welfare officials and civil society to identify, screen, and assist migrants who may be especially vulnerable to abuse and exploitation, including asylum seekers, human trafficking victims, children, women, and LGBT persons.

Questions for the Record Submitted to
USAID Assistant Administrator Elizabeth Hogan by
Representative Nita M. Lowey
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 11, 2016

USAID's longstanding higher education program in Latin America and the Caribbean, the SEED program, came to an end last year after what was perceived by many, including within USAID, a very successful run. The "Scholarships for Education and Economic Development (SEED) Program" provided scholarships to marginalized individuals in the region to receive training in the U.S. In September 2015, a new cooperative agreement was awarded to continue higher education and workforce development programs in Latin America and the Caribbean.

1. **What were the successes of the SEED program?**

   The SEED Program's most significant successes include the following:

   - Nearly 10,000 individuals benefitted from the technical training opportunities provided over the 30 years of the SEED Program and its predecessor programs.
   - According to a 2012 independent impact evaluation commissioned by USAID, the SEED Program's recruitment and selection process was one of the most thorough to be found among donor-sponsored international scholarship programs that were similar to SEED in their format, audiences or intended impacts. The evaluation found that SEED was particularly successful at targeting marginalized populations and reaching the desired target beneficiaries, including women and indigenous recipients.
   - Per the impact evaluation, 91 percent of alumni were employed, including 70% in skilled and management positions. Women and indigenous alumni experienced increased access to leadership and employment opportunities.

2. What factors drove the decision to discontinue the program, and how do the goals of the follow-on program differ?

SEED was conducted through a cooperative agreement with Georgetown University's Center for Intercultural Education and Development that ended in December 2015. Before embarking on a new design, USAID analyzed how to achieve the highest level of development impact at the lowest cost, and determined that there were more cost-effective and high-impact alternatives to the SEED model.

Cost: U.S.-based technical training, such as that offered through the SEED Program is costly, averaging approximately $46,000 per beneficiary for a two-year program, in contrast to $10,000 for similar in-country training programs.

Changing landscape of higher education: In 1985, when the precursor to the SEED Program was initiated, there were few higher education institutions available locally in the Latin America and Caribbean region. During the intervening 30 years, there has been significant growth and diversification of higher education institutions in the region, and it now makes sense for USAID to shift its focus to building the capacity of local institutions to provide technical training and scholarships to many more marginalized/vulnerable youth in country. Assessments of regional capacity to implement quality technical training programs confirmed that appropriate institutions exist, but could use additional support to improve their reach and quality.

New Focus on Local Institution Building: Whereas the SEED Program focused on providing students with scholarships to U.S.-based colleges and community colleges, the new program focuses on building local capacity to provide quality technical training and increase access for individuals from marginalized populations. The majority of the scholarships to be made available via the new program are to help youth attend technical colleges in-country. The new program also includes a small component of U.S.-based scholarships, which will bring participants to the U.S. to complete six months of their technical training programs; as in the SEED Program, scholarships will be targeted to promising leaders from marginalized or disadvantaged populations. Building local capacity to deliver quality technical training will enable USAID to reach significantly more youth, both directly through its program and indirectly by supporting sustainable institutional change. This approach aligns with USAID's 2011 Global Education Strategy.

3. **How will the new program continue to build relationships with U.S. education institutions including community colleges? Will the new program continue to foster leadership development in Latin American countries?**

Like the SEED Program, the new regional higher education program will work with U.S. institutions, including community colleges, to provide technical training scholarships. Because the program will provide a more limited number of scholarships to U.S. institutions for a shorter time period (six months), fewer institutions will be engaged in this component. The number of institutions is yet to be determined, as the partner is still working out implementation details. In addition, the new program will develop partnerships with U.S. education institutions to provide capacity building activities for local colleges in the Latin America and Caribbean region, such as study tours,

conferences, and direct assistance to improve curricula, teaching, admissions practices and other services.

Fostering leadership development will be an integral part of the local and U.S. scholarships.

4. **What lessons from the SEED program will be incorporated into the new approach?**

The implementer of the new program is required to incorporate the best practices and lessons learned from the SEED Program into the design of the local and U.S.-based scholarship activities. These best practices include:

- Reaching the right beneficiaries through a targeted recruitment process;
- Support services that ensure good retention and completion;
- Leadership development activities;
- Development of teamwork, cross-cultural skills, computer, time management, and other soft skills;
- An integrated approach to fostering long-term community service; and
- Inclusion of other components identified by USAID as important to the success of the scholarships component, such as English language training, post-scholarship support, and alumni engagement.

A lesson learned from the SEED Program is that post-scholarship support to alumni was not adequately addressed; as a result, USAID will ensure this component will be strengthened under the new program.

Questions for the Record Submitted to Elizabeth Hogan
Acting Assistant Administrator for Latin America and the Caribbean
United States Agency for International Development
By Congressman Ander Crenshaw
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 11, 2016

Question:

It seems that one reason some of our foreign partners cannot currently pay for services for their people, like education and healthcare, is that their tax policies and tax collection are inefficient, ineffective, or worse non-existent. I have read that tax revenues as a percentage of GDP in the Northern Triangle are among the lowest in Latin America. Although MCC did not have a representative at the hearing, MCC's work is interconnected with the work of USAID and the Department of State, and MCC has a unique ability to work with the governments to assist them with needed reforms like government financial management. MCC is working on this problem with their threshold programs in Guatemala and Honduras, and with the investment climate in El Salvador. To what extent is either USAID assisting with or complimenting the work of MCC with the needed institutional reforms in government financial revenue and management? Has there been success in this area for these three countries? What are some of the challenges faced in this endeavor and what can be done to overcome them?

Answer:

USAID complements the work of the MCC to promote necessary institutional reforms related to financial revenue and management to contribute to the goals outlined in the U.S. Strategy for Engagement in Central America, especially enhancing governance and transparency as appropriate for each Northern Triangle country context. Our Missions in the Northern Triangle are also guided by five-year strategic plans, which include strategic alignments with other key stakeholders, such as MCC. A significant impediment to improving tax policy in the Northern Triangle countries has been weak government institutions. USAID works to overcome this challenge by helping build

governance capacity as emphasized in the Central America Strategy. Continued efforts will be needed in order to maintain and increase gains we've seen in this area.

USAID conducts assistance projects and provides policy support to increase tax revenue and improve efficiency in government expenditures in the Northern Triangle, and this work has produced tangible results. In addition, USAID policy requires rigor in the monitoring and evaluation of our programs, USAID uses a full range of monitoring and evaluation tools to base program management and resource allocation decisions on evidence. The following examples highlight our collaboration in each county.

Honduras

USAID complements MCC's implementation of a Threshold Program for Honduras, the agreement for which was signed in August 2013 and which focuses on increasing the efficiency and transparency of public financial management. USAID leverages MCC's efforts with the Government of Honduras by helping civil society organizations effectively demand and increase transparency and accountability in the areas in which USAID provides assistance, i.e., education, health, security, and infrastructure. With FY 2016 funding USAID will also help Honduras improve the process by which new policies are conceived and implemented through activities to make accurate information more accessible, strengthen institutions, and foster a more engaged citizenry. Additionally, USAID will build upon MCC's achievements in strengthening local institutions' operational and administrative ability to implement a major component of the Feed the Future initiative through direct government-to-government financing. While complementing MCC's work at the national government level, USAID will also

work at the sub-national (e.g., municipal) level to help municipal governments increase revenues, improve transparency of local government spending, and deliver services in response to community priorities.

Guatemala

In April 2015 MCC started a $28 million Threshold Program in Guatemala to encourage economic growth and fight corruption by supporting efforts to increase public revenues and reduce opportunities for corruption. MCC's resource mobilization program supports tax administration and customs reform and provides assistance in developing public-private partnerships (PPP) for infrastructure projects. USAID manages complementary activities supporting improved transparency and accountability of public financial management systems and institutions. USAID will work with a range of Government of Guatemala (GOG) institutions and civil society organizations to combat corruption and to encourage improved accountability and resource mobilization to increase social sector expenditures and basic service delivery. While complementing MCC's work at the national government level, USAID will also work at the sub-national (e.g., municipal) level to help municipal governments increase revenues and plan expenditures to meet citizens' needs. Also, while MCC is partnering with the GOG institutions that address PPPs for large infrastructure projects (e.g., major roads), USAID focuses on partnerships with private sector entities to support complementary violence prevention, health, education, small business development, environmental protection, and community development efforts, such as training, technical assistance, and policy advocacy.

El Salvador

USAID coordinates closely with the MCC on its Compact in El Salvador, which includes a component on investment climate, among other areas. USAID has a well-established relationship with the Ministry of Finance in El Salvador and a track record of successful support in the area of public financial management. To take advantage of the synergy and success from past programming, USAID will continue to help El Salvador's Ministry of Finance improve its tax administration, optimize processes, and promote greater transparency and efficiency in public expenditures. These efforts will deepen and sustain previous assistance that has improved tax administration enforcement, reduced discretion and inefficiencies in audits, and made it easier for taxpayers to comply with their obligations, all of which has helped increase revenue collection. For example, with USAID assistance, revenue collections increased by 30% overall between 2010 and 2013. With FY 2016 resources, USAID assistance will focus on modernizing budgeting and expenditure management systems, improving audit techniques, strengthening enforcement, building capacity for multi-year, results-oriented budgeting, implementing international public sector accounting standards, and enhancing engagement with the private sector. At the sub-national level, USAID will improve municipal administration and service delivery capacity.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Representative Rooney (#1)
House Appropriations Subcommittee on State and Foreign Operations
February 11, 2016

Question:

What factors have contributed to this sharp rise in the number of child migrants at our Southwest border and how will the $750 million provided for Fiscal Year 2016 be used to drive these numbers down before we face yet another crisis within our own borders? Which countries are these child migrants fleeing? The Central American Minors (CAM) Refugee/Parole Program – the in-country refugee processing program established in 2014 for minors in El Salvador, Guatemala, and Honduras – was established partially to drive down illegal migration flows to the U.S. – why has the Program not had that intended effect?

Answer:

The vast majority of unaccompanied migrant children arriving to the United States are from El Salvador, Guatemala, and Honduras. Migration patterns in the region are volatile, and the numbers vary based on a wide range of factors such as lack of economic opportunities, crime and violence, desire to reunite with family, and the drought now impacting the region.

The U.S. Strategy for Engagement in Central America will address many of the underlying conditions driving migration from the region. FY 2016 funding will support efforts of the governments of El Salvador, Guatemala, and Honduras to reverse endemic violence and poverty, promote economic prosperity, crack down on transnational criminal networks, and

strengthen good governance and the rule of law. The U.S. Strategy for Engagement in Central America has always been envisioned as a multi-year effort. The reforms and programs envisioned in the region's Alliance for Prosperity plan need need time to take root and achieve results. But, there is strong political will to pursue them.

In December 2014, the Departments of State and Homeland Security (DHS) established the Central American Minors (CAM) program in El Salvador, Guatemala, and Honduras to enable children with parents lawfully present in the United States to apply for refugee or humanitarian parole status, creating a safe, legal, and orderly alternative to the dangerous journey to migrate north. To date, more than 7,000 CAM applications have been filed – the vast majority within the past eight months – and we continue to promote the program within the United States and Central America. DHS has completed 598 interviews and has conditionally approved 180 cases for refugee admission; 409 cases were recommended for parole. To date, 77 refugees and parolees have arrived in the United States.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri by
Representative Thomas J. Rooney (#2)
House Appropriations Subcommittee on State and Foreign Operations
February 11, 2016

Question:

Do the governments of Central America, as well as Mexico, have the political will to take on drug trafficking networks, thereby risking a potential spike in violence following a disruption in control of these routes and supply chains? If the profits made by these groups are used as a means to regulate and also provide basic services and employment to the people living in their areas of control, are these governments at all prepared to step in with an alternative? How will U.S. assistance be provided to pressure these governments to isolate these criminal organizations' relevance and impact on civil society?

Answer:

We continue to see strong demonstrations of political will from the governments of Central America and Mexico as they undertake to disrupt and dismantle transnational organized crime networks. Through the Alliance for Prosperity, the Northern Triangle governments of El Salvador, Guatemala, and Honduras have committed to an ambitious roadmap aimed at stimulating the productive sectors of their economies, developing human capital, and strengthening public institutions in tandem with addressing ongoing citizen security concerns.

With U.S. support, governments in Central America have made notable progress in rule of law initiatives such as asset forfeiture and anti-money laundering, police professionalization, and community-level programs offering alternatives to gangs.

Through the Merida Initiative, Mexico is working with the U.S. government to strengthen Mexican institutions and enhance their ability to respond to the security needs of their citizens and counter threats posed by transnational criminal organizations. These efforts include promoting accountability, professionalism, integrity, and adherence to due process among the country's 450,000 federal, state, and municipal law enforcement officials through capacity building and police professionalization initiatives.

Questions for the Record Submitted to

Principal Deputy Assistant Secretary Francisco Palmieri by

Representative Wasserman Schultz (#1)

Oversight Hearing: U.S. Engagement in Central America

February 11, 2016

Question:

In its July 2015 report on unaccompanied minors, GAO recommended that State (as well as DHS) integrate evaluation into their planning for, and implementation of, future public information campaigns intended to dissuade migration. What steps, if any, has State taken to address this recommendation?

Answer:

The Department of State instructed its public affairs officers (PAOs) to integrate evaluation into the planning for and implementation of future Department of State public information campaigns intended to dissuade migration. These officers are using Department of Homeland Security monthly data on apprehensions of unaccompanied minors, as well as other sources such as social media and local media reports, to inform the timing and substance of their messaging campaigns. Our officers are also working on best ways to effectively evaluate ongoing and future messaging campaigns in order to maximize the effectiveness of all upcoming campaigns.

Questions for the Record Submitted to
Principal Deputy Assistant Secretary Francisco Palmieri
Representative Wasserman Schultz (#2)
House Appropriations Committee
February 11, 2016

Question:

The Administration has been talking about governance, and about recognizing that we have to help strengthen the institutions and agencies in Central American governments. Can you give us some examples of how are we going to work on building or strengthening some of these institutions, and how will we know if there's progress?

Answer:

In the area of governance, the United States will support increased tax administration and revenue collection, encourage the use of internal control systems such as audits, segregation of duties, and independent oversight authorities, assist in the professionalization of the civil service, strengthen the justice sector, and support anti-impunity and anti-corruption mechanisms.

Implementation of the U.S. Strategy for Engagement in Central America will serve a critical function in building state capacity to sustain needed reforms – institutional and legal – over the long term. We see a high level of political will by the Northern Triangle countries to pursue actions in all of the above areas.

We also recognize that lasting reform in Central America will not happen overnight and will require sustained commitment. As one notable example, the

UN International Commission Against Impunity in Guatemala (CICIG) took more than 10 years to evolve into what it is today – an effective and well-recognized entity that has a proven track record of results. Through years of planning and coordination with the Guatemalan government, CICIG evolved into the region's leading organization combatting corruption and impunity.

The Organization American States (OAS) Secretary General and the Honduran government signed January 19 the terms of reference to establish the OAS Mission Against Corruption and Impunity in Honduras (MACCIH). If properly funded, supported, led, and leveraged, MACCIH could be an important element in the comprehensive, long-term effort already underway to tackle corruption and improve governance and the rule of law in Honduras.

In El Salvador, the United Nations Office on Drugs and Crime (UNODC) capacity building program, will develop standard operating procedures, make recommendations, and deliver training on legislative reform, investigation, inter-institutional cooperation, awareness raising, and internal oversight/inspection. This long-term program will build the structures and policies needed for Salvadoran institutions to strengthen internal controls.

Our vision for the region remains one of a secure and prosperous Central America with transparent, accountable, and capable government institutions.

Questions for the Record Submitted to
Assistant Secretary William Brownfield by
Representative Nina Lowey (#1and 2)
House Committee on Appropriations, Subcommittee on State, Foreign Operations, and Related Programs
February 3, 2016

Question:

I'm especially interested in countries that have combined community conservation, enforcement, rule of law, and other creative strategies. Do we have models to assess effectiveness and ideally replicate successful strategies? Please provide some examples.

Answer:

As each country faces complex and differing challenges to combating wildlife trafficking, there is no one size fits all model to assessing effectiveness. The Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL) has drawn lessons learned from decades combating narcotics and other forms of trafficking and is applying those tools to combat wildlife trafficking. For example, we have learned that combating trafficking in all its forms requires establishing just rule of law and effective judicial systems, so we are building the capacity of investigators, park rangers, customs officials, prosecutors, and judges to arrest and convict wildlife traffickers, in a number of countries. We are seeing early signs of impact. We have seen success in Nepal, which has achieved zero poaching of rhinos in recent years, and in countries like Kenya

and Namibia, all of which have benefited from support from the U.S. Agency for International Development (USAID) on these issues. Nepal and Namibia have successfully engaged communities, law enforcement, and other security elements to assist in combating wildlife trafficking.

Question:

It has been suggested that demand reduction is one of the harder facets to address because of the reliance on behavior change. Various international institutions and NGOs have tried public awareness campaigns with varying degrees of success. Are there models of demand reduction or lessons learned on how to be more effective in our public awareness efforts?

Answer:

The Department of State and USAID can best address demand reduction by employing a combination of programming, official advocacy, and public relations activities. This model works best when it is complemented by and builds on domestic demand reduction efforts. In these efforts, we engage partners ranging from non-profit conservation groups to private industry and the media to reduce, and if possible, end the demand for trafficked wildlife and wildlife products.

We are seeing positive results of this model in China, where our efforts are complemented by our diplomatic dialogue with China. This helped lead to the joint announcement by President Obama and President Xi

in September to enact near complete bans on ivory import and export, and to take significant and timely steps to halt the domestic commercial trade of ivory. The Department of State continues to engage with Chinese counterparts on implementing this commitment.

Following on our agreement with mainland China, we have also seen real progress in Hong Kong, a major marketplace for ivory where NGOs have long been vocal in advocating a stronger response to wildlife trafficking. If the steps that the Hong Kong Government and its Legislative Council are exploring to phase out the import, export, and local sale of ivory, and to impose heavier penalties on smuggling and illegal trading of endangered species are approved, they will be an important link in this global effort to end wildlife trafficking and save species for future generations.

Vietnam is another example of programming, official advocacy, and public relations activities working together to achieve change. In Vietnam, the U.S. Embassy – in partnership with the governments of Vietnam and South Africa and with civil society – launched "Operation Game Change," a campaign to reduce wildlife crime, especially purchases of rhino horn,

which included a film festival, bicycle rally, and numerous public outreach events. Game Change reinforces ongoing USAID programs to reduce demand for wildlife and strengthen law enforcement in Vietnam.

We build on our country-specific programming by highlighting this issue on the world stage. On March 3, 2016 in honor of World Wildlife Day, dozens of embassies around the world will celebrate by convening public diplomacy events. Undersecretary Novelli will lead an event here in Washington. Last year, INL Assistant Secretary Brownfield participated in a UN hosted event at the Central Park Zoo raising the profile of wildlife trafficking as a serious crime. This year the UN's Economic and Social Council will host a special event celebrating World Wildlife Day and will launch an International Elephant Film Festival.

These efforts are continually supported by the Department of State's Public Affairs and Public Diplomacy offices, which regularly conduct research and produce public diplomacy and awareness materials for social media to raise the awareness of wildlife trafficking and reduce demand for illegal wildlife products. These outreach materials include sharing information on the impact of poaching and wildlife trafficking, as well as

highlighting private sector initiatives and supporting international organizations' efforts to raise awareness and reduce demand for illegal wildlife products. When government and community leaders demonstrate leadership through high-profile disapproval of the demand for illegal wildlife products, this can have a lasting impact on behavior change.

Questions for the Record Submitted to
Assistant Secretary William Brownfield by
Representative Jose Serrano (#1)
House Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

I am troubled by the lack of transparency surrounding the Central American Regional Security Initiative, which is now set to receive over $340 million of additional funds under the FY16 Central America Strategy.

We know that CARSI is a multilateral initiative, involving numerous U.S. agencies, and that its ostensible goal is to equip, train and technically assist law enforcement units and strengthen governments' capacity to address security challenges, but we know very little beyond that, despite the fact that we have already invested hundreds of millions of dollars in it. As the GAO and Congressional Research Service have pointed out, we do not know how much goes to individual countries, let alone how the CARSI funds are spent within each country. Nor do we have much of an idea of metrics, beyond one small survey of one of the programs funded under CARSI.

I am pleased that the FY16 omnibus signed into law last December includes a provision requiring the State Department to provide appropriators with a "multi-year spend plan specifying the proposed uses of (...) funds in each country and the objectives, indicators to measure progress, and a timeline to implement the [Central America] Strategy."

Question:

When will you be providing more information on CARSI describing where and on what the funds are being spent, with a breakdown by country and program? And will we be seeing more results of the metrics used to assess the impact of CARSI programs?

Answer:

The State Department and USAID take accountability seriously and comply with all reporting requirements for Central America, including CARSI.

For example, section 7045(a) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2015 (Div. J, P.L. 113-235) (the FY15 Act), required the Department to submit a strategy to the Committees on Appropriations to address migration from Central America, which the Department submitted in May 2015 and discussed CARSI. Section 7045(a)(7) required a report to the committees no later than 60 days after submission of the strategy and periodic reports every 120 days after that until September 30, on progress toward achieving the goals of the strategy, including "the amount of funds obligated and expended pursuant to this section by country" and by account. The Department submitted progress reports in July and December 2015 that included CARSI funds by country and account. The FY 2015 Act also required the Department submit a spend plan for funds appropriated under the FY 2015 Act for CARSI, which the Department submitted in May 2015 and included the amount of funds allocated by country and account.

Similarly, Section 7045(a) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016 (Div. K, P.L. 114-113) (the FY16 Act), requires a Central America strategy spend plan, and section 7076(b)(1)(B) of

the FY16 Act requires submission of a spend plan for CARSI. The Department will discuss CARSI in the strategy spend plan as well as the CARSI spend plan and expects to submit both plans to the Appropriations Committees this spring.

The Department and USAID have provided additional updates for country allocations of CARSI funds to the Appropriations Committees upon request. House Reports accompanying the FY15 Act and the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 (Div. K, P.L. 113-76), (113-499 and 113-185, respectively) requested that the Department and USAID provide certain CARSI country-by-country reports. The Department and USAID submitted reports to the Appropriations Committees that included CARSI funding allocated by country and account for fiscal years 2010 to 2015 in February 2016.

To ensure we allocate funds as effectively as possible, we monitor and evaluate programs under CARSI. For example, results from an impact evaluation conducted by Vanderbilt University of USAID's community-based interventions showed statistically significant evidence that neighborhoods where CARSI programs are implemented had fewer reported robberies, murders, and extortions, and residents felt more secure walking alone at night. Vanderbilt's evaluation and a forthcoming evaluation of Department CARSI programs, when complete, will contribute to results reporting for CARSI.

Questions for the Record Submitted to
Assistant Secretary William Brownfield by
Representative Jose Serrano (#2)
House Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

The New York Times and other media have reported on how Mexico's Plan Frontera Sur - which the U.S. government supports financially - is making what is "already a treacherous journey [for Central American migrants] even more dangerous." A "migrant dragnet" has been cast by Mexican authorities in which the detention and deportation of Guatemalan, Honduran and Salvadoran migrants has dramatically increased, without proper screening to ensure that these individuals aren't returning to life-threatening situations. There are reports that Mexican security forces have been increasingly involved in abuses targeting migrants. Meanwhile, the flow of migrants towards the U.S. hasn't abated. In fact it has increased over recent months.

Why is the State Department continuing to support Plan Frontera Sur, a program that results in more mistreatment and greater dangers for migrants, and that is clearly failing to stem the tide of migration from Central America?

Answer:

Mexico's National Migration Institute reports Mexico apprehended 178,249 migrants from January to November 2015, including 17,032 unaccompanied children (UAC). This is an increase from 2014, when 127,332 migrants (including 11,024 UAC) were apprehended. The Administration fully supports Mexico's efforts to enforce its southern border according to its laws and international legal obligations. Plan Frontera Sur, or Mexico's Southern Border Plan, launched in

mid-2014 as Mexico's plan to control and regulate entry of all persons crossing into Mexico from its border with Guatemala and Belize and return those who are present without proper documentation and do not meet standards for protection needs.

Since the launch of the Southern Border Plan, Mexico, with support from the State Department's Bureau of Populations, Refugees, and Migration (PRM) through international organizations, expanded training for all migration officers to screen for victims of crime and trafficking. The Mexican government also expanded training on protection for vulnerable migrants in accordance with international standards. The U.S. government also works with the Government of Mexico to disrupt transnational organized criminal networks that facilitate human smuggling and commit abuses against migrants. The Department's Bureau of International Narcotics and Law Enforcement Affairs (INL), through the Merida Initiative, provides training, equipment, and advisory support to Mexican migration officials to help secure Mexico's southern border. This assistance includes non-intrusive inspection equipment, radio communications, mobile kiosks, canine teams, and mentoring for law enforcement and immigration officials.

State Department officials conducted site visits in February 2016 in Chiapas and Tabasco, two of the southernmost states in Mexico, to report on conditions at

migration facilities. They found no indications of abuse or mistreatment by migration authorities or officials at the government facilities that care for migrants. Facilities were clean and orderly, with all basic needs provided. Migrants were given medical and psychological care during their detention. Embassy personnel conducted similar visits in 2015 to assess the conditions for migrants in other detention facilities and found similar results, no evidence of abuse or mistreatment. These assessments were confirmed by Mexico's National Commission for Human Rights last year.

As the number of migrant apprehensions in southern Mexico surged beginning in 2014, Mexico increased the number of asylum officers for case adjudications. Mexico's Commission for Assistance to Migrants and Refugees (COMAR) continues work to improve its processes and adjudications in accordance with recommendations provided by the United Nations High Commissioner for Refugees and the United Nations Children's Emergency Fund, two international organizations funded by PRM. In January 2015, COMAR increased its number of adjudicating officers from nine to15 in order to meet the demand of migrants applying for asylum. In 2014, COMAR received an average of 178 asylum applications per month. Reports from the first eleven months of 2015 show an increase to an average 276 applications accepted per month.

Questions for the Record Submitted to
Assistant Secretary William Brownfield by
Representative Congressman Jose Serrano (#3)
House Appropriations,
Subcommittee on State, Foreign Operations, and Related Programs
February 11, 2016

Question:

Since for the current fiscal year about $100 million was appropriated into supporting Mexico's Plan Frontera Sur, what is being done to ensure that the rights of migrants, many of them children, are being respected, including the right to fair refugee hearings?

Answer:

The Administration supports Mexico's Southern Border Strategy, and provides border assistance to Mexico within the overall framework of the Merida Initiative. In addition, the Department, particularly through the Bureau of Populations, Refugees and Migration, works with international organizations to promote protection for vulnerable migrants in Mexico and Central America. State Department officials in Washington and at our Embassy in Mexico City regularly discuss migration issues with Mexican officials, including the need to continue screening migrants for protection needs and identifying trafficking in persons victims.

In FY 2015, the Department provided $20.1 million to the United Nations High Commissioner for Refugees (UNHCR) for its 2015 regional appeal for the

Americas which included activities to strengthen asylum systems and to track displacement due to criminal violence. The contribution included targeted assistance to address forced displacement in Central America and Mexico with a particular focus on child protection needs. With U.S. government support, UNHCR established a permanent presence in the region to strengthen asylum systems and international protection screening for those displaced in countries of transit and asylum. In Mexico, UNHCR is working to strengthen the Mexican asylum and international protection systems by providing training and technical assistance to Mexican child protection and refugee officers to adopt best interest determination procedures for children.

The Department also contributed $19.3 million to the International Committee for the Red Cross (ICRC) for its 2015 regional appeal for the Western Hemisphere. ICRC works to facilitate a meaningful response to violence, improve host-government forensics capabilities, assist with family reunification, and monitor conditions in migrant detention centers.

Since 2010, the Department has funded the International Organization for Migration (IOM) to implement a regional program in Central America and Mexico to train migration and child welfare officials and civil society to identify, screen, and assist vulnerable migrants, including asylum seekers, human trafficking victims, children, and women and LGBT migrants who may be especially

vulnerable to abuse and exploitation. In FY 2015, the Department provided more than $2 million to IOM for its Mesoamerica regional program, which continues an increased focus on activities to identify and protect Central American minors.

WEDNESDAY, FEBRUARY 24, 2016.

DEPARTMENT OF STATE AND FOREIGN ASSISTANCE

WITNESS

HON. JOHN F. KERRY, SECRETARY, DEPARTMENT OF STATE

OPENING STATEMENT OF CHAIRWOMAN GRANGER

Ms. GRANGER. The Committee on State, Foreign Operations, and Related Programs will come to order.

Mr. Secretary, I want to welcome you back to the subcommittee. We are looking forward to your statement.

You recently noted that while funding for international programs represents just 1 percent of the total Federal budget, it may well define the majority of the history written about our era. Members of this subcommittee certainly understand the importance of these programs.

The United States continues to show leadership in areas such as reducing poverty, fighting the AIDS virus, and stopping preventable deaths of mothers and children. However, there are countless security challenges around the world that grab the headlines every day.

At the top of the list is the crisis in Syria and the surrounding region, which is being fueled by the Assad regime, ISIL, and other terrorist groups. This situation has grown more complicated due to Russia's increased involvement, and we want to hear your thoughts about the situation on the ground.

We also are concerned that our allies and partners in the fight against terrorism, such as Egypt, Jordan, and the Kurds in Iraq, are not receiving the assistance they need. While there has been some improvement since I raised this issue with you last year, I want to reiterate that there is no excuse for bureaucratic delays.

It is critical that our policies promote our national security interest and not undermine them. I question why the administration plans to phase out the cashflow financing arrangement from military sales in Egypt, which is one of the most reliable partners of ours in the Middle East.

We must demonstrate our steadfast support to help Israel address the threats posed by Iran and its proxies. Now that a nuclear agreement is in place, we are all closely watching Iran's actions.

You have said that some of the funds freed up from the sanctions relief could end up in the hands of terrorists. The threat to Israel is very serious. As you negotiate another long-term memorandum of understanding, it must be made clear that U.S. support for Israel's security is unequivocal.

Another troubling development is the increased violence in Israel and the Palestinian territories over the last several months. We want to hear your thoughts about the prospects for getting the par-

ties back to the negotiating table. We also want to hear what the United States can do to help stop harmful rhetoric and incitement.

I want to turn next to Russia's aggressive actions against its neighbors. Many of us don't understand why Ukraine has not received lethal military aid or why the State Department budget proposes to reduce assistance to Ukraine by 55 percent from last year's level. We also see China asserting itself against the United States and our friends and allies in the Asia-Pacific region. We want to hear how this budget supports countries willing to stand up to China when their territory is threatened.

We also watch with great concern as North Korea continues to defy international sanctions. We want to hear your thoughts on what more can be done to stop this rogue nation from its nuclear pursuits.

In Afghanistan, a resurgent Taliban and a growing number of foreign fighters continue to threaten the country's security. We question how the $1.2 billion of foreign assistance requested can be effectively programmed in this environment.

In the Americas, we see drug and gang violence, human trafficking, and lack of economic opportunity continuing to drive migration to the United States. The subcommittee held a hearing 2 weeks ago on assistance to Central America where we looked at these issues. We must see results before new funds can be considered.

We are monitoring the new public health threat from the Zika virus spreading in this hemisphere and received a supplemental request on Monday. This committee has provided significant funding and the flexibility to address global health threats, and we want to hear how the administration will immediately address the Zika outbreak.

We have additional questions about the administration's budget request for the State Department and foreign assistance programs. The total funding requested is roughly last year's level, but you propose to cut programs that have bipartisan support such as security assistance and humanitarian programs. At the same time, we see an increase is requested for administration priorities such as funding to combat climate change.

One area that we all agree is a priority is preserving the safety and security of our Nation's diplomats and development officers. This subcommittee must be sure that funds provided will keep our people safe.

In closing, I want to thank you and the men and women of the State Department and USAID for your work in promoting American interests abroad. We may not always agree on the policy or the means to achieve these goals, but the members of this subcommittee understand the need to engage with all the tools we have available.

It is now my turn to turn to my ranking member and friend, Mrs. Lowey, for her opening remarks.

[The information follows:]

Office of Congresswoman Kay Granger
14th District of Texas

FOR IMMEDIATE RELEASE
February 24, 2016
Contact: Jim Specht (202) 225-5071

CONGRESSWOMAN KAY GRANGER OPENING STATEMENT: STATE AND FOREIGN OPERATIONS APPROPRIATIONS SUBCOMMITTEE HEARING ON DEPARMENT OF STATE AND FOREIGN ASSISTANCE BUDGET

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

Mr. Secretary, I want to welcome you back to the Subcommittee. We look forward to your testimony.

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The United States continues to show leadership in areas such as reducing poverty, fighting the AIDS virus, and stopping preventable deaths of mothers and children. However, there are countless security challenges around the world that grab the headlines every day.

At the top of the list is the crisis in Syria and the surrounding region, which is being fueled by the Assad regime, ISIL, and other terrorist groups. This situation has grown more complicated due to Russia's increased involvement. We want to hear your thoughts about the situation on the ground.

We are also concerned that our allies and partners in the fight against terrorism - such as Egypt, Jordan, and the Kurds in Iraq - are not receiving the assistance they need. While there has been some improvement since I raised this issue with you last year, I want to reiterate that there is no excuse for bureaucratic delays.

It is also critical that our policies promote our national security interests and not undermine them. I question why the Administration plans to phase out the cash-flow financing arrangement for military sales with Egypt, which is one of our most reliable partners in the Middle East.

We also must demonstrate our steadfast support to help Israel address the threats posed by Iran and its proxies. Now that a nuclear agreement is in place, we are all closely watching Iran's actions.

You have said that some of the funds freed up from sanctions relief could end up in the hands of terrorists. The threat to Israel is very serious. As you negotiate another long-term memorandum of understanding, it must be made clear that U.S. support for Israel's security is unequivocal.

Another troubling development is the increased violence in Israel and the Palestinian territories over the last several months. We want to hear your thoughts about the prospects for getting the parties

back to the negotiating table. We also want to hear what the United States can do to help stop harmful rhetoric and incitement.

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We may not always agree on the policy or the means to achieve our goals, but the members of this Subcommittee understand the need to engage with all of the tools we have available.

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OPENING STATMENT OF MRS. LOWEY

Mrs. LOWEY. Thank you, Madam Chair.

And, Secretary Kerry, it is a pleasure to welcome you before our subcommittee.

Since you were sworn into office, the world has witnessed unprecedented levels of turmoil, requiring strong U.S. leadership on many fronts. Chief among them is the Middle East, and I do commend your attempts to bring about a cease-fire in Syria. However, as recent events prove, this requires the cooperation of Russia and Iran.

I look forward to hearing your estimation of what it will take for both countries to work with the international community to end the senseless bloodshed and atrocities of the Assad regime, and specifically whether we have the leverage to end the conflict.

To continue on Iran, despite differing opinions on the Joint Comprehensive Plan of Action, it must be vigilantly enforced, in combination with other sustained efforts to prevent Iran from ever developing nuclear weapons. The international community must have mechanisms in place to thwart Iran's destabilizing behavior in the region, particularly its ability to fund terrorists and export weapons to various proxies.

It is critical this committee understand how the Administration will address these concerns and meet its commitment to bolster the security of our allies in the region, particularly Israel. These concerns are heightened with recent sanctions relief for the regime and on the heels of the first shipment in 3 years of Iranian oil to Europe last week.

In addition to threats from Iran, Israel is threatened by radical extremism on several borders and combats almost-daily terrorist attacks by Palestinians. President Abbas has yet to condemn the shootings, car rammings, stabbings against innocent Israelis, yet he meets with terrorist families. Such behavior only incites more violence and makes the goal of two states for two people even more difficult to achieve.

It has also been reported in the media that there have been talks between Fatah and Hamas to establish a new unity government. American support is predicated upon the Palestinian leader's commitment to resolving all outstanding issues through direct negotiations, which cannot progress if one party refuses to abide by the Oslo conditions of recognizing Israel, renouncing violence, and abiding by previous commitments. A unity government with an unreformed Hamas would be an unacceptable impediment to peace.

As intractable as the conflict may be, I want to thank you for your efforts in trying to bring the parties together for a two-state solution, and I hope you will reassure us that the administration will maintain its indispensable role of mediator and veto any resolution before the United Nations in keeping with longstanding policy to defend Israel at the U.N.

With regard to the Fiscal Year 2017 Budget Request, I am pleased it includes strong economic and security assistance for Eastern Europe to combat Russian aggression and for Central America to address the root causes of child and family migration. Continuing our investments to combat climate change, poverty, and

disease is critical, yet the request reduces humanitarian and disaster assistance by more than $1 billion.

With unprecedented human suffering and humanitarian needs around the world, I want to hear your rationale for such a reduction.

Mr. Secretary, I share your concern that much of the Department's core programs are currently funded through overseas contingency operations, or OCO, which inaccurately reflects our commitment to key partners, international organizations, and humanitarian operations. Diplomacy and development are critical components of our national security. Diplomatic failure increases the risk of conflict or failed states and makes populations more vulnerable to radicalization. Congress must find a more responsible budgeting method to provide the resources to meet these challenges today, tomorrow, and into the future.

And finally, I must state, yet again, my deep frustration with the administration's failure to prioritize international basic education. With more than 120 million children and adolescents currently out of school, the administration's proposed cut of 240 million from the amount appropriated by Congress makes zero sense. We cannot make sustained progress on any of our development goals, from health, to growing economies, food security, to building democratic institutions, if generations of children grow up without basic literacy skills. In fact, the White House's own initiative, Let Girls Learn, will be impossible to implement with this unacceptably low funding request.

Mr. Secretary, I want to thank you again for your service to our country, thank you for your testimony here today, and your stalwart efforts to advance American priorities around the world. Thank you.

[The information follows:]

Ms. GRANGER. I will now yield to Chairman Rogers for his opening statement.

OPENING STATEMENT OF CHAIRMAN ROGERS

The CHAIRMAN. Thank you, Madam Chair.

Mr. Secretary, good to see you. Thank you for being here to justify your budget request for FY 2017, for the Department of State and foreign operations.

The importance of U.S. leadership in global affairs could never be more pronounced than now. Your job to promote American interests abroad, to pursue peace in regions bought by hundreds of years of historical and cultural strife; your job to ensure the safety of our people, our citizens living here and abroad, all of this of paramount importance at a time when the world could not be more insecure.

I echo the concerns our leaders have just voiced about ISIS, and our need for a comprehensive plan to dismantle this merciless terrorist organization who have senselessly killed thousands of innocent women and children in horrible, horrific examples of hate and prejudice. They will stop at nothing to infiltrate this country and its allies. We need to provide the American people with a degree of comfort that the tragic events that transpired in San Bernardino

cannot and will not be repeated on our soil, and the State Department needs to play a role in that effort.

On the international level, the President has rightfully solicited the support of other nations in dismantling ISIS. Coordination will be key to defeating this shared foe, and the U.S. must support our allies in this effort.

I echo the chairwoman's sentiment that any assistance to our friends must be delivered in due haste. I fear that countries like Russia are all too eager to fill a perceived vacuum in American leadership, and I hope you can address that concern here today, particularly as Russia continues to pursue aggressive maneuvers against its neighbors.

With that in mind, let me echo the chair's support for Ukraine. The U.S. should support Ukraine during these tough economic times and continue to assist in efforts to protect their sovereignty, and we must provide, Mr. Secretary, the legal, lethal military aid this Congress has supported, and yet we see it being withheld. We want to ask you why.

Turning to issues that concern our closest ally in the Middle East, Israel, first, we must maintain strong oversight over the nuclear agreement with Iran. Stability in the region, which is tenuous on a good day, depends on holding Iran accountable for its actions. I think most people in this room would agree that taking our soldiers hostage and testing a ballistic missile immediately after the Joint Comprehensive Plan of Agreement went into effect, was a bad start, to say the least.

I hope you will provide us with an update today about the administration's efforts to make sure Iran lives up to its side of the agreement and what tools we have at our disposal if they don't. And I would remind the Secretary that just as this committee and the Congress controls the power of the purse, the Secretary has a purse to control as well around the world, and we hope that that leverage is properly used.

Another matter that troubles our friends in Israel is the spike in violence and harmful rhetoric. We know you have very close relationships with leaders in the region. We want to know what you are personally doing to dial back this incitement and restore some measure of peace in this troubled territory. No aid should go directly to the Palestinian Authority unless the matter of incitement that is in our bill is addressed.

Finally, Mr. Secretary, let me talk a moment about Zika. I have shared these thoughts with OMB Director Donovan yesterday and others involved, but they bear repeating somewhat here. I am very disappointed, Mr. Secretary, that the administration didn't take our committee's recommendation to use unobligated funds, laying there unused, for the immediate response to Zika.

Now, you have asked for a supplemental request, and we are prepared to look at it carefully. But in the meantime, as an emergency measure, you have got moneys laying there. Go ahead and use it. You have our authority and our permission and hopefully our direction to go ahead and use, at least temporarily, the funds laying there that are not being used for Zika. When we authorized and appropriated the funds for Ebola a couple of years ago, we purposefully left the ability to use those funds for other diseases as well.

And so we have another disease, Zika. Let's go ahead and use the funds that you have. And then if that proves to be inadequate, we can always go back to a supplemental.

So can we talk?

Thank you, Mr. Secretary.

Ms. GRANGER. Secretary Kerry, please proceed with your opening remarks. There is a full panel of the members here today, and they have a lot of issues they would like to discuss with you, so I would encourage you to summarize your remarks so we have time to address all of their questions.

A yellow light on your timer will appear when you have two minutes left.

OPENING STATEMENT OF SECRETARY KERRY

Secretary KERRY. Well, thank you, Madam Chairman and Ranking Member Lowey and Chairman Rogers of the full committee, all the members. Thank you very much. My apologies for being late. I had a phone call that came in that I had to take at the last minute, and I apologize for keeping any of you waiting.

Look, I want to just start by saying we really appreciate your tremendous work with us last year on a bipartisan basis to approve a budget that really does reflect our core national security needs. And I really look forward, this is the last budget of the Obama administration, and I look forward to a collaborative effort again this year because, as the chairwoman said and as Chairman Rogers said, we have got this vast array of challenges, unprecedented in terms of time.

I must say I blanched a little when you said: Since you have been sworn in there has been an unprecedented amount of turmoil. I hope you weren't referring that that was because I was sworn in. But obviously we are facing challenges, needless to say.

Let me just say that $50 billion is the total request when you add the OCO and the core elements and the AID. It is equal to about 1 percent of the Federal budget, and it is, frankly, the minimum price of leadership at a time when America is diplomatically engaged more deeply than at any time, I think, in history in more places at the same time.

The scope of our engagement is absolutely essential in order to protect American interests, protect our communities, keep our citizens safe. We are confronted by perils that are as old as nationalist aggression and as new as cyber warfare; by dictators who run roughshod of global norms and some who change their constitutions at the last minute to stay in office beyond the requisite periods of time and cause violence by doing so; by violent extremists who combine modern media with medieval thinking to wage war on civilization itself.

And despite the dangers, I believe deeply that we have many, many reasons for confidence as Americans. In recent years, our economy has added more jobs than the rest of the industrialized world combined. Our Armed Forces are second to none, and it is not even close. Our alliances in Europe and Asia are vigilant and strong and growing stronger with the passage of the TPP. And our citizens are unmatched in the generosity of their commitment to humanitarian causes and civil society. We are the largest donor in

the world to the crisis of Syrian refugees, over 5.1 billion. We can be proud of that.

We see and hear a lot of handwringing today, but I have to tell you, with all of my affection and the relationships for many of my colleagues and the relationships I have built around the world and my respect for the jobs that they do, I wouldn't switch places with one foreign minister in the world. Nor would I, frankly, retreat to some illusionary sense of a golden age of the past.

There are so many things that are happening in the world that are positive and constructive, massive numbers of people brought into the middle class, diseases being defeated, on the brink of, because of our efforts, a generation being born free of AIDS in Africa. I mean, this is extraordinary. And there are great opportunities staring us in the face in terms of the energy future and other possibilities, the largest market in the world, frankly.

In the past year, we reached a historic multilateral accord with Iran that has cut off each of that country's pathways to a nuclear weapon, thereby immediately making the world safer for our allies and for us. And I will note that the general in charge of the Israeli Defense Forces, General Eisenkot, just the other day made a speech in which he said that the existential threat to Israel from Iran has been eliminated. That is the chief of the IDF in Israel saying that himself.

In Paris, in December, we joined governments from more than 190 nations. No easy task to get 190 nations to agree on something. But they approved a comprehensive agreement to curb greenhouse gas emissions and limit the most harmful consequences of climate change. Now we are determined to implement that accord and do everything possible to reduce the carbon pollution and grow economies at the same time, and we believe it is not a choice between one or the other.

Just this month we officially signed a Trans-Pacific Partnership to ensure a level playing field for American businesses and workers, to reassert U.S. leadership in a region that is vital to our interests, and it will cut over 18,000 taxes on American goods that move into that region. We are asking Congress to approve that this year so we can begin to accrue its benefits as quickly as possible.

In Europe, we are increasing support for our Security Reassurance Initiative. We are increasing it fourfold and giving Russia a clear choice between continued sanctions or meeting its obligations to a sovereign and democratic Ukraine.

In our hemisphere, we are helping Colombia to end the globe's longest-running civil conflict, and we are aiding or partners in Central America to implement reforms and reduce pressures for illegal migration. In Asia, we are standing with our allies in opposition to threats posed by belligerent North Korea, and we are on the brink of achieving a strong United Nations Security Council resolution, which is now in both in Beijing and Washington for approval.

We are working with Afghanistan and Pakistan to counter violent extremism, deepening our strategic dialogue with India, supporting democratic gains in Sri Lanka and Burma, and encouraging the peaceful resolution of competing maritime claims in the South China Sea.

And with friends in fast-growing Africa, we have embarked on initiatives to combat hunger, to increase connectivity, to empower women, to train future leaders, and fight back against such terrorist groups as Al Shabaab and Boko Haram.

Of course, we recognize that the threat posed by violent extremism extends far beyond any one region. You mentioned, Madam Chair and Ranking Member, the issue of education. And it is not going to be solved primarily by military means. So the approach we have adopted is comprehensive, and it is long term. Diplomatically, we are striving to end conflicts that fuel extremism, such as those of Libya and Yemen. We are deeply involved in trying to resolve both.

But we also work with partners more broadly to share intelligence, to tighten border security, improve governance, expand access to education, and promote job training and development. And we have forged a 66-member coalition, an international coalition to defeat the terrorist group Daesh, and I am absolutely confident we are going to do that.

Ms. GRANGER. If you could close down soon.

Secretary KERRY. Well, let me just say quickly that the most critical thing, obviously, on the table at this moment in terms of this conflict resolution is the effort with Russia and Syria. We can talk about it a little bit in our questions, I am sure. But I talked this morning, the reason I am late, I was talking with Foreign Minister Lavrov, and we have a team that will be meeting in the next day or so, the task force for the cease-fire, cessation of hostilities. I am not here to vouch that it is absolutely going to work, but I am telling you this is the one way that we can end this war.

The alternative is that the war gets worse, that Syria might be totally destroyed, not able to be put back together again. Everybody has said you have got to have a diplomatic solution at some point in time. The question will be, is it ripe, will Russia work in good faith, will Iran work in good faith to try to bring about the political transition that the Geneva Communique calls for.

I just want to close by saying to everybody that I have been profoundly privileged to have the chance to work with all of you in support of an agenda that I believe reflects not only the most fundamental values and aspirations of the American people, but also carries with it, I am absolutely confident, the hopes of the world. That is the responsibility that you all have. That is what we are going to be talking about this morning. And I thank you very much for your forbearance, Madam Chair.

[The information follows:]

Prepared Written Testimony
Secretary of State John Kerry Before House Appropriations State and Foreign Operations Subcommittee
Fiscal Year 2017 Budget Request – State Department and Related Agencies
February 24, 2016

Madam Chairman and Members of the Committee; I appreciate the chance to testify on behalf of the administration's budget request for the State Department and related agencies for Fiscal Year 2017.

Our request this year is roughly level with last year's – right around fifty billion dollars. That amount, though substantial, is equal to only about one percent of the federal budget. We seek these resources to sustain America's international engagement, which is deeper and more wide-ranging today than ever before in our history.

The unprecedented scope of our leadership is warranted by the mix of opportunities and challenges we face. We are confronted by dangers as old as excessive nationalism and as new as cyber warfare, by dictators who run roughshod over international norms, by failing and fragile states, by infectious disease and by violent extremists who combine modern media with medieval thinking to murder, enslave, and wage war on civilization itself.

In the face of such challenges, the United States and its citizens remain firmly committed to the pursuit of international peace, prosperity, and the rule of law. The administration's Fiscal Year 2017 budget request embodies every aspect of that commitment. It is a reflection of our country's wide-ranging interests, of what we are against -- and most important -- what we are for.

There's a reason why most people in most places still turn to the United States when important work needs to be done. It's not because anyone expects or wants us to shoulder the full burden – but because we can be counted on to lead in the right direction and toward the right goals.

Make no mistake, we live at a moment filled with peril and complexity, but we Americans also have ample grounds for confidence. In recent years, our economy has added more jobs than the rest of the industrialized world combined. Our armed forces are by far the world's strongest and best. Our alliances in Europe and Asia are energized. We have reached historic multilateral accords on Iran's nuclear program, climate change, and trans-Pacific trade. We have witnessed important democratic gains in, among other places, Sri Lanka, Nigeria, and Burma. We helped facilitate what we hope will be a landmark peace agreement in Colombia. We have enhanced our position throughout the hemisphere by resuming diplomatic relations with Cuba. We

marshalled a global campaign to save lives by containing the Ebola virus; and we are the leader in championing the empowerment of women and respect for the full range of internationally recognized human rights. We have also taken the lead in mobilizing international solidarity in the fight against such terrorist groups as Daesh, al-Qa'ida, Boko Haram, and al-Shabab – groups that have absolutely nothing to offer anyone except destruction and death.

From the vantage point of America's national security, we begin 2016 with a long agenda focused on key priorities but understanding the potential for emergencies to arise at any moment. We think it essential to make full use of every available foreign policy tool -- from carrots to coercion -- but with an emphasis on persuading governments overseas not just to *do* what we want, but to *want* what we want. We will act alone when we must, but with allies, partners and friends when possible on every continent and in every situation where our interests are at risk. We will respond to immediate needs, but with long term requirements in mind. And we will always be conscious that the State Department's principal responsibility is not to interpret and justify foreign perspectives to the United States, but to defend and advance America's well-being in a fast-changing world.

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I will turn now to the specifics of the administration's budget request for the coming fiscal year.

The funding we seek is in two parts; the first consists of a base amount of $35.2 billion. These resources will deepen cooperation with our allies and regional partners and bolster American leadership at the UN and other multilateral organizations. They will protect U.S. diplomatic personnel, platforms, and information, while also helping us to mitigate the harmful consequences of climate change, promote human rights, combat trafficking in persons, and continue valuable educational exchanges. Worldwide, they will furnish life-saving humanitarian assistance, foster growth, reduce poverty, increase access to education, combat disease, and promote democratic governance and the rule of law.

The Overseas Contingency Operations portion of our budget is $14.9 billion and will improve our ability to prevent, respond to, and recover from crises abroad; contribute to new and ongoing peacekeeping and UN special political missions; help allies and partners such as Afghanistan and Pakistan counter threats; step up our efforts to counter terrorist organizations; and sustain security programs and embassy construction at high risk posts.

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The number one goal of U.S. foreign policy is to keep Americans safe. To that end, this year's budget seeks resources to enhance our nation's leadership of the 65-member global coalition to degrade and destroy the terrorist group Daesh. Our strategy is to combine our power -- and the

power of our partners -- to degrade Daesh's command structure, shrink the territory under its control, curb its financing, hammer its economic assets, discredit its lies, slow its recruitment, and block any attempt to expand its networks. As President Obama has made clear, the murderous conduct that Daesh is trying to foment must be opposed with unity, strength, and a determination on our part to persist until we prevail. That determination has several dimensions:

- Militarily, we are intensifying pressure through coalition air strikes backed by local partners on the ground, a stepped-up training and supply effort, the deployment of Special Forces advisers, improved targeting, the systematic disruption of enemy supply lines, and coordinated planning of future actions.

- To consolidate the important territorial gains made thus far, we are stressing the importance of stabilizing communities freed from Daesh in Syria and Iraq.

- We are helping the government in Baghdad as it seeks to broaden and professionalize its security forces and to liberate portions of the country still occupied by Daesh.

- We continue to strengthen our regional partners, including Jordan and Lebanon, and to provide humanitarian assistance to people impacted by the conflict inside Syria, in neighboring countries, and beyond.

- We are supporting a broad-based diplomatic initiative, chaired by UN Special Envoy Staffan de Mistura, and aimed at achieving a political solution to the Syrian civil war that will de-escalate the conflict, isolate the terrorists, provide for a transition in governance, and make possible the kind of peaceful, inclusive, pluralist, and fully sovereign country that most Syrians want. To that end, on February 11, we announced a plan to ensure access to humanitarian supplies for all Syrians in need, and to arrange a cessation of hostilities that we hope will evolve into a durable and nationwide ceasefire. The full and good faith implementation of these measures – to ensure humanitarian access and end violence against civilians in Syria – is a top foreign policy priority of the United States.

- Finally, we believe it essential that America speak with a single voice in its resolve to defeat Daesh. Congressional approval of a new and more specific authorization to use military force against that terrorist organization would be welcomed by the administration and help to demonstrate our unity and commitment.

In the seventeen months since the Counter-Daesh coalition was formed, its aircraft have launched more than 10,000 air strikes. The combination of air support and ground assaults by local partners has reversed Daesh's momentum; driven the terrorists from such key cities as Kobani, Tikrit, and Ramadi; and weakened their position on the Syria-Turkish border. All told,

Daesh has been forced to abandon almost a third of the populated territory it had previously controlled in these countries, and many of their fighters -- faced by a deep cut in wages and no new towns to plunder – have either deserted or been executed trying to escape.

The threat posed by violent extremism extends far beyond the Middle East and the particular dangers spawned by Daesh. Those threats cannot effectively be addressed solely – or even primarily – by military means. Our approach, therefore, is comprehensive, long term, and designed to enhance the capacity of countries and communities to defeat terrorist groups and prevent new ones from arising. To that end, our new Center for Global Engagement is helping partner nations to promote better governance, strengthen democratic institutions, expand access to a quality education, and foster development, especially in the most vulnerable parts of the world. On the diplomatic side, we are striving with the UN and our allies to solidify a new Government of National Accord in Libya, and to bring an end to the violence and political unrest that has plagued Yemen.

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Last year, with our P5+1 partners, we negotiated the Joint Comprehensive Plan of Action, cutting off each of Iran's potential pathways to a nuclear weapons capability, requiring it to take thousands of centrifuges offline, pour concrete into the core of its heavy water reactor, and ship abroad 98 percent of its stockpile of enriched uranium. Because of these steps and the rigorous inspection and verification measures to which Tehran has also agreed, the threat of a nuclear-armed Iran has receded, our allies are safer, and so are we. In months to come, we will continue our close consultations with Congress as we monitor Iran's compliance with the Joint Plan, and as we stand with our allies and friends against Iran's destabilizing policies and actions in the region.

In part because of the challenges posed by Iran and other threats, we continue to engage in a record level of military, intelligence, and security cooperation with Israel. We remain committed to helping our ally confront its complex security environment and to ensure its qualitative military edge. Each day, we work with Israel to enforce sanctions and prevent terrorist organizations such as Hamas and Hizballah from obtaining the financing and weapons they seek. Since 2009, we have provided more than $23 billion in foreign military financing to Israel, which constitutes the majority of what we have given to nations worldwide. Diplomatically, our support for Israel also remains rock solid as we continue to oppose efforts to delegitimize the Jewish state or to pass biased resolutions against it in international bodies.

The Transatlantic partnership remains a cornerstone of American security and prosperity. We are in constant communication with our NATO and EU Allies and partners about a vast array of issues, including our steadfast backing for a democratic Ukraine, full implementation by every side of the Minsk protocols, and an increase in European Reassurance Initiative funding that will

support the persistent presence of a brigade's combat team for 12 months out of the year and allow us to preposition warfighting equipment for a division headquarters and other enablers in Europe. This year's budget includes $953 million to enhance stability, prosperity, energy independence, and good governance in Ukraine and other partner countries facing direct pressure from Russia, in addition to fighting HIV/AIDS and countering violent extremism in the region.

Closer to home, the Fiscal Year 2017 budget will continue our investment in Central America to fight corruption and crime and to attack the root economic causes of illegal migration to the United States, including by unaccompanied minors. Our Strategy for Engagement in Central America, with its whole-of-government approach, emphasis on building effective and accountable institutions and leveraging of private capital, will make it easier for our regional neighbors to live securely and with steadily increasing prosperity in their own countries.

In addition, we are supporting Colombia as it seeks to finalize an agreement that will end the world's longest ongoing civil conflict. During President Santos's visit to Washington earlier this month, President Obama announced his intention to seek support for "Peace Colombia," a successor to Plan Colombia that will spur recovery in communities ravaged by the many years of fighting. This project will highlight assistance to the victims of conflict, and aid in reinforcing security gains, clearing mines, demobilizing rebel fighters, and curbing trade in illegal narcotics. Our citizens may be proud that, in his remarks at the White House, President Santos attributed many of his country's advances "to the fact that 15 years ago, when we were in serious straits, the Colombians received a friendly hand. That friendly hand came from here in Washington, from both sides of the aisle, Democrats and Republicans."

In Cuba, we have resumed diplomatic relations after 54 years. Although we continue to have sharp differences with the government in Havana regarding human rights, political prisoners, and other issues; we remain determined to support the aspirations of the Cuban people to plug into the global economy and live in greater freedom. We call on Cuban authorities to remove obstacles to participation by their citizens online and in commercial enterprises; and we urge Congress to lift the economic embargo, which has for decades been used as an excuse by the Castro regime to dodge blame for its own ill-advised policies.

As evidenced by last week's ASEAN Summit hosted by President Obama at Sunnylands in California, the United States is an indispensable contributor to stability, prosperity, and peace in the Asia Pacific. Dangers in that region include North Korea's provocative nuclear and ballistic missile programs and tensions stemming from contested maritime claims in the South China Sea. United States policy is to encourage security cooperation and dialogue aimed at building confidence and ensuring that disputes are settled in keeping with international obligations and law. Our modernizing alliances with Japan, the Republic of Korea, Australia, and the Philippines -- in addition to our partnership with New Zealand and close ties with ASEAN --

provide a firm foundation for our strategy, as does our multi-dimensional relationship with China. Our diplomatic priorities include support for human rights and the continued evolution of an open and democratic political process in Burma, where a freely-elected parliament has been seated for the first time, and where we have called for an end to discrimination and violence directed at the Rohingya Muslim minority.

Our FY 2017 budget includes $1.25 billion in assistance to the national unity government of Afghanistan to strengthen its institutions, bolster its security capabilities, repel attacks by violent extremists, implement economic reforms, preserve gains made over the last decade (including for women and girls), and move forward with a wide range of social programs. We are requesting $742 million in aid to Pakistan to support its citizens as they seek security, build democracy and sustain economic growth and development – even as the country continues to suffer from terrorist attacks. Last October, I traveled to every state in Central Asia to reaffirm America's friendship with the people in that part of the world and to discuss shared concerns in such areas as security, energy policy, development, and human rights. Also in 2015, we strongly endorsed democratic progress in Sri Lanka, while elevating our important strategic dialogue with India to include a commercial component, reflecting the five-fold increase in bilateral trade over the last decade.

In Africa, our budget request reflects our emphasis on partnership—with civil society, with the private sector and with key allies. Our request of $7.1 billion will support democratic institutions, spur growth, promote gender equity, and protect human rights through such mechanisms as the Africa Growth and Opportunity Act, the Feed the Future initiative, Power Africa, and the President's "Stand with Civil Society Initiative." Our assistance also undergirds regional stability through the African Peacekeeping Rapid Response Partnership, the Security Governance Initiative, and strategically important international peace operations in, among other countries, the Central African Republic, the Democratic Republic of Congo, Mali, South Sudan, Sudan, and Somalia. Diplomatically, the United States continues to work closely with regional leaders to prevent crises – whether caused by outbreaks of disease, the threat of famine, or political controversy, as has recently been the cause of urgent concern in Burundi.

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American leadership is on display and making a positive difference in every part of the world including the far north, where the United States last year assumed chairmanship of the Arctic Council, a platform we are using to forge united action on the environment, fisheries conservation, and economic opportunity for local populations. But in addition to bilateral and regional issues, the United States is at the forefront of a host of efforts that address global challenges and uphold universal ideals.

For example, the administration's FY 2017 budget request reaffirms our country's premier role in the world economy. Each day, the men and women in our embassies and consulates work closely with representatives of the American private sector to identify new markets for our goods and services, ensure fair competition for foreign contracts, protect intellectual property, and advocate for U.S. interests under the law. This budget will advance U.S. engagement on global information and communications technology policy, encourage innovation, and protect the interests of our citizens in Internet freedom and digital privacy. Through our contributions to international financial institutions like the World Bank, we help to lift the economics of low-income countries and expand the global middle class.

With the Trade Representative and others in the administration, the State Department works to conclude forward-looking agreements such as the recently signed Trans-Pacific Partnership (TPP) to ensure a level playing field for American businesses and workers and raise labor and environmental standards. The TPP is a landmark twelve nation pact that will lower trade barriers and advance American leadership in the Asia Pacific region, ensuring that the rules of the road for trade in this critical region are written by the United States and our partners, rather than others who do not share our interests and values. In asking Congress to approve the agreement, President Obama has pointed out that the TPP will cut 18,000 taxes on products that are made in America, boost U.S. exports, and support high-paying jobs, and he has expressed his interest in working closely with Congress to get the agreement approved as soon as possible. We are also working with USTR to pursue a similar high-standard approach to trade with Europe in the Transatlantic Trade and Investment Partnership, whichis still being negotiated.

In Paris last December, the United States joined governments from more than 190 nations in approving a comprehensive agreement to curb greenhouse gas emissions and limit the most harmful consequences of climate change. This historic pact represents the first time the world has declared that all countries have a responsibility to join in what must truly be a global commitment – through arrangements marked by transparency, a mandatory standard of review, and the flexibility a framework for successive and ambitious nationally determined climate targets. Our budget request of $983.9 million for the Global Climate Change Initiative and includes $500 million for the Green Climate Fund, which will help low income countries leverage public and private financing to reduce carbon pollution and bolster resilience to climate change.

Our request for Fiscal Year 2017 allocates $4.7 billion for assessed dues and voluntary contributions to international organizations and peacekeeping efforts and to help other countries participate in such missions. The request includes contingency funding for new or expanded peace operations that may emerge outside the regular budget cycle. Tragically, the demand for peacekeeping assistance remains at an all-time high; and the United States neither can, nor should, take the lead in most cases. It serves both our interests and our values when UN agencies and regional organizations are able -- with our encouragement and support -- to quell violence,

shield civilians from harm, promote reconciliation among rival groups, and ensure that women are fairly represented in all aspects of peacemaking and recovery projects.

In FY 2017, we are requesting $8.6 billion for bilateral and multilateral health programs. These funds support the President's Emergency Plan for AIDS Relief (PEPFAR); the Global Fund to Fight AIDS, TB, & Malaria; Gavi, the Vaccine Alliance and other critical maternal and child health programs; the Global Health Security Agenda; and an intensified campaign, launched by the White House, to end the scourge of malaria. We have also sought emergency funding to aid in an international effort to minimize the public health threat posed by the Zika virus.

This year, we are asking for $6.2 billion to address humanitarian imperatives, including support for internally displaced persons, refugees, those affected by conflict or natural hazards and communities working to increase preparedness and resilience to disasters.

To date, with backing from Congress, the United States has provided over $4.5 billion in humanitarian assistance -- more than any other country -- to assist victims of the catastrophic civil war in Syria. In London, earlier this month, I announced a further pledge of $600 million in humanitarian aid as well as $325 million in development funds that includes support for the education of 300,000 refugee youth in Jordan and Lebanon. In September, at the UN, President Obama will host a summit on the global refugee crisis. This will be the culmination of a vigorous diplomatic effort to rally the world community to increase the global response to humanitarian funding appeals by at least 30 percent, and to add significantly to the number of countries that donate regularly to these appeals or that are willing to accept refugees for admission within their borders.

Our budget request allocates $2.7 billion for Democracy, Human Rights and Governance – a modest amount compared to the steep costs of the civil strife and political extremism that often thrive in the absence of effective and democratic governing institutions. Programs carried out by the State Department and USAID can play a pivotal role in enabling countries to make governance more accountable, electoral systems more professional, and judicial systems more independent. By supporting civil society and the rule of law, these programs contribute to a range of important goals, among them freedom of speech, religion and the press; respect for the rights of persons with disabilities; equitable treatment for members of the LGBTQ community; and an end to human trafficking.

In addition, I am pleased to announce that the administration, led by the Department of State and in cooperation with USAID, the Peace Corps, and the Millennium Challenge Corporation, will soon launch a strategy to advance the empowerment of adolescent girls. This strategy will be holistic in nature and address key issues facing adolescent girls today, including equal access to secondary education and cultural practices that deny girls a fair chance to participate in the economic and political life of their societies. Our budget also underscores the State

Department's decades-long commitment to scholarship programs and educational exchanges that help Americans to learn about the world and young leaders from around the world to learn about America. Meanwhile, our energetic and innovative activities in the field of public diplomacy are essential to convey the truth about U.S. policies and actions at a time when some – including terrorist organizations – lie continually about what Americans believe and do.

To achieve our country's international objectives, we must give State Department and USAID employees the tools and resources they need to do their jobs well. That's why our request includes a $169 million net increase for Diplomatic and Consular Programs, reflecting heightened requirements in such areas as Freedom of Information Act processing, cyber security, counterterrorism, intelligence, and research. This proposal will support increased diversity through expanded recruitment and fellowship opportunities, and will provide more competitive wages for the locally employed personnel who make up the majority of our overseas workforce. I also ask you to support the restoration of full Overseas Comparability Pay for State Department personnel who are deployed abroad. This reform is essential to our effort to retain highly-skilled individuals in a competitive international jobs market, and to ensure fair treatment for those serving our country in relatively high-risk locations. The Budget also includes a $122 million increase for USAID's Operating Expense account to maintain the Agency's workforce and sustain on-going global operations to meet foreign policy objectives, implement Presidential initiatives, and expand global engagement.

Finally, we are asking $3.7 billion to ensure the security of our diplomatic platforms, protect our IT network and infrastructure, meet special medical needs at select posts, and carry out emergency planning and preparedness. Our $2.4 billion request for diplomatic facility construction and maintenance will be used for repairs at our overseas assets, and to continue implementing the security recommendations of the Benghazi Accountability Review Board.

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My colleagues, a little more than a quarter century ago, when the Berlin Wall fell, there were those who suggested that we Americans could now relax because our core ideas had prevailed and our enemy had been defeated. But we have long since learned that although the particular demands on our leadership may vary from one decade to the next; our overall responsibilities neither vanish nor diminish.

The challenge for today's generation is to forge a new security framework that will keep our country strong and our people safe. We are under no illusions about how difficult that task is. We face determined adversaries and many governments whose priorities do not match our own. The old plagues of excessive nationalism and tribalism retain their grip in many regions. Technology is a two-edged sword, simultaneously bringing the world closer and driving it apart.

Non-state actors have arisen, often for the best, but others are at war with all we have ever stood for -- and with the modern world itself.

In this complex environment, some setbacks are inevitable. Persistent and creative engagement will be required on all fronts. But we are guided by the same values and supported by the same democratic institutions that enabled our predecessors to succeed. We are bolstered by a citizenry that is earning respect for our country every day through its contributions to technological innovation and global prosperity; through its activism on behalf of humanitarian causes and civil society; through its brave service on the battlefield, in air and on sea; and through its commitment to a system of governance that will allow our country this year to elect a president – peacefully and fairly – for the 58th time. We are sustained, as well, by one of the true touchstones of America's greatness – the willingness on the part of Congress and the Executive branch to work together for the common good.

Thank you, and now I would be pleased to respond to your questions.

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Ms. GRANGER. Thank you very much.

I am going to start the questions, and I would like to return to one of the topics I raised in my opening statement concerning the delays in delivery of the U.S. security assistance. The administration has asked our friends and allies to step up and play a greater role in the fight against ISIL, yet we need to do more to deliver our commitments to support them.

The current foreign military financing and sale processes are cumbersome and are bogged down by bureaucracy, and the problems continue. I hear complaints about equipment delays to our partners, for example, Bahrain, Kuwait, and Egypt. That is why the fiscal year 2016 appropriations bill directed the Government Accountability Office to review this process and make recommendations.

Mr. Secretary, what are you doing to expedite the delivery of important equipment to our friends and allies fighting ISIL, and what more needs to be done to this system?

Secretary KERRY. Well, the whole procurement system could be sped up, and that is a huge challenge for the appropriations committees, and, frankly, the Pentagon and procurement process itself, together with the State Department and the White House. We try to move it as fast as we can, I can assure you. Over the past year, we have seen unprecedented stress put on our security assistance mechanisms, and, frankly, we have seen them respond pretty efficiently and pretty quickly.

We are currently providing expedited assistance to Iraq, Jordan, Lebanon, Saudi Arabia, UAE, and other counter-ISIL coalition members, and I can go through a long list. We have provided the Peshmerga with more than 65 million rounds of rifle ammunition, 41,000 grenades, 115,000 mortar rounds, 60,000 antitank rounds, including 1,000 AT4s, more than 56,000 RPG rounds, 35,000 weapons, including rifles, antitank systems, heavy-caliber machine guns, counter-IED equipment, more than 150 vehicles, ambulances, mine-resistant vehicles. Additional equipment is on the way, 5 million rounds of more rifle ammunition. That is just the Kurds.

In terms of Jordan, we continue to expedite it. We have delivered over—I just want to point out that we are in a massive process of providing materials.

Now, we have created a special task force with the GCC countries, and I have met with them on three occasions now, I think, and we are going to be meeting again in the next weeks, and we have set up a special office within the State Department for the specific purposes of expediting materials to our allies and coalition partners precisely to be able to respond to any activities by other countries in the region, Iran or otherwise, but also to help them in terms of their coalition efforts.

So I just have to tell you, everybody is cranking full speed. We are doing what we can. But as you know, we do have some budget limitations.

Ms. GRANGER. You were speaking of the Kurds. The two that I hear the most from is Ukraine and their request for weapons to defend themselves, and then the Kurds. But the Kurds, the situation right now, the immediate crisis has to do with the price of oil and

the flood of refugees. And it is a crisis, from everything that we have been told.

What can we do to help them stabilize their economy and get them the equipment they need to fight ISIL? I still hear continually that the aid for the Kurds has to go through Iraq, that 17 percent that is meant for the Kurds just doesn't get there, and the small amount that does get there doesn't get there in time to be helpful. So what else can we do?

Secretary KERRY. I have heard that, Madam Chair, about the question of some siphoning off. I don't know, I don't have specific evidence of it, but I have heard these allegations. And we have a team working, the Embassy in Baghdad is working very, very closely.

It is a fact, indeed, that U.S. military assistance has to go through the central government, and that is required both by Iraqi law and by international law. And the reason for that is that part of our policy has been to try to strengthen the central government of Iraq and not to encourage a breakoff or the belief that the independent entities within the country can deal directly with the United States or other countries.

So in order to strengthen Iraq, that has been the rule. But I will tell you that massive amount of effort now is getting to the Kurds.

And the Kurds, frankly, have been quite extraordinary in their efforts to help fight ISIL.

Ms. GRANGER. They have.

Secretary KERRY. We need to say thank you to them. And we are training and working with them right now with respect to the preparations for Mosul, and that will continue.

Ms. GRANGER. Thank you.

Mrs. Lowey.

Mrs. LOWEY. Thank you, Madam Chair.

And welcome again. And with appreciation, we thank you for all your hard work.

Mr. Secretary, I know how hard you have been working and how many hours you have spent on the Israel-Palestinian peace process, and I share your deep frustration that the two sides are not sitting down face to face. Just last week, the Palestinian Authority Foreign Minister Riyad al-Malki said, quote: "We will never go back and sit again in a direct Israeli-Palestinian negotiation."

And now, once again, we see the international community attempt to step in and impose a solution on the parties, with the French proposal that includes a stipulation that if the talks fail, it will result in full recognition of a Palestinian state.

I won't repeat all the terms of Oslo. You know them inside and out. So a few quick questions. I don't know how quick, we'll see.

What is our position on the French proposal? What are you doing to oppose such one-sided actions by international actors? If the Palestinians believe that the international community will pressure Israel for them, what incentive do the Palestinians have to negotiate with Israel and engage in compromise? And what is the administration doing to convince the PA that they cannot refuse direct face-to-face negotiations and disavow them of the notion that the international community will impose a Palestinian state on

Israel? Do we have any influence with the PA leadership at this point?

Secretary KERRY. Well, I like to think some, but I think it is very difficult right now on all sides, to be honest with you.

I think that, first of all, we do oppose unilateral efforts, but what is happening now is there is a multilateral movement that is growing that is concerned about any number of things. And I was just in Amman a couple of days ago. I met with President Abbas and encouraged him, obviously, to, first of all, make sure that the incitement is being addressed most directly, and we are working very directly with him with respect to any aspects of incitement. I have called him on occasion to encourage him to condemn acts of violence. He has on occasion, but not with consistency, regrettably.

But, you know, it takes two sides to come to the table, and both sides have to really begin to offer something and begin to talk about the modality of doing that. I don't think that the situation is helped by additional settlement construction and building, and I think that we know we need to see measures taken on both sides to indicate a readiness and willingness to try to proceed forward and reduce the violence.

There is no question. I mean, the average Israeli is living with day-to-day threats on life that could come from anywhere, whether it is a scissors attack or a drive-by of somebody in an automobile. But I will call to everybody's attention that there were news reports just 2 days ago of the chief of the intelligence in Israel submitting a report to the government, and the headline of the report that I read out of the Israeli newspapers was that unless there is a peace process there will be increased violence.

So my hope is that everybody will take note of that, not as a threat, but as a sort of sense of reality about the downward spiral that comes if there isn't an active process, which is genuine, by the way. And I think that requires a slightly different formula than has existed previously.

I believe that Prime Minister Netanyahu is preparing some major initiatives with respect to economics and some changes on certain relationship components of the security relationship in the West Bank and other things.

But I have been very clear that, and I think everybody believes, there has to be some kind of political horizon that both sides can understand, a reduction and elimination of the violence and a real readiness to move forward in real ways that people can grab onto and understand with respect to the creation of a state. If that can happen, then I think it is possible to have progress. But it is not in our hands.

Now, with respect to the French proposal, we are evaluating it. We don't have all the details. We are trying to get some details about exactly what it would seek to achieve and how and what the rules of the road would be. But I think it is a reflection of the frustration that the international community feels that what is happening in the region, without blame, without pointing fingers, without anything, just what is happening, contributes to the overall instability and turmoil that you referred to earlier.

So that is why it is urgent, and that is why we remain committed to Israel, committed to Israel's security, committed also, however,

to trying to move the process forward and bring the parties to the table.

Mrs. LOWEY. Let me just say, because my time is up, I appreciate your efforts, and I know how much time you have spent on them, and I am pleased to hear your commitment that the parties have to come to the table. As a result of Oslo, that is the only way that we can have two states, two people.

And I want to express my appreciation. And I hope that means that you could not support a French proposal which would impose a solution on the parties through the United Nations.

Secretary KERRY. Yeah, I don't know what their proposal is, but we have never supported something that is unfair to Israel or out of balance. That has never been the policy of our country.

Ms. GRANGER. Chairman Rogers.

The CHAIRMAN. Ukraine. In your budget request, you would slash funding for Ukraine activities by 55 percent, from $363 million down to $295 million. In the meantime, the National Defense Authorization Act of 2016 authorized 50 million for certain defensive lethal assistance. And so far, the only equipment that we have sent them has been nonlethal, and many people say that it is used in not very effective equipment at that.

In the meantime, the government that we support in Ukraine, is teetering. The Prime Minister just survived a no-confidence vote in Parliament. A lot of political turmoil, mainly due in part, I am told, to the austerity reforms being implemented that have lowered standard of livings for the average Ukrainian.

The IMF has not disbursed funds from its loan package since August. We can't get information out of the State Department. The budget request for FY 2016 included $275 million for a third billion-dollar loan guarantee to the government of Ukraine. But the administration has not answered this subcommittee's questions about when it will be finalized.

Can you help us?

Secretary KERRY. Yes. I can't speak to the lack of an answer as to when it would be finalized, but let me just speak to—

The CHAIRMAN. Perhaps someone in the room that is with your staff could help us with that.

Secretary KERRY. As to when it is going to be finalized? I don't think the loan guarantee is currently under negotiation. It is the third loan guarantee that we have given. We put 2 billion on the table already in loan guarantees, and we are negotiating the third.

But the uncertainties in the negotiation, Mr. Chairman, frankly, I don't think they can be laid at our doorstep. The reason the IMF has not been able to make a disbursement, and if you look at what Christine Lagarde sent, a 10-point requirement to the government in Kiev requiring them to move forward on their reforms, that is partly the reason for some of the turmoil that is going on. There is a significant amount of political disquiet.

We have been addressing that very directly. Vice President Biden and I met with President Poroshenko in Switzerland a few weeks ago. We had further meetings in Munich. We have been pushing very hard to try to get the reforms in place that are, frankly, also required—some of the steps that are required as part of the Minsk Process. So we are pushing on it.

But the request of USAID assistance is 294.8 million, which is actually an increase of 103.4 million over the 2015 amount. You are right, it is less than 2016, but it is more than 2015, and it is calibrated to what can be absorbed and put to good use in the context of where they are.

But they have probably a $20 billion gap overall. What we are looking at is a situation where we need to have a significant reform effort, passage of laws, the Rada has to grab the bull by the horns here, President Poroshenko has to push these reforms through, and then there is a chance that this money will, in fact, reach the right people and do the right things.

The CHAIRMAN. Well, I hope I am wrong in this, but I judge, perceive, that we are not doing all we need to do in Ukraine. And if that is so, it makes me wonder whether or not we are taking that position as a quid pro quo for Russia's assistance to us in Syria. Is that a possible angle here?

Secretary KERRY. No, I think—look, we are very involved. We have had a series of conversations. President Obama raises the issue of Ukraine with President Putin in every conversation that he has had. I met with President Putin a few months ago. We talked significantly about Ukraine. We talked about it when we met at the U.N. last September. This has been a constant effort to try to move that process forward.

Now, it is principally negotiated in the Normandy format between the French, Germans, and the Russians, and we weigh in and we are involved in an advisory fashion in that regard. So it is not appropriate for us to suddenly try to link the two, and I think it would be a mistake to do so.

But, Mr. Chairman, let me just say to you, I am ready to defend anywhere the amount of work that our Department has done, Victoria Nuland and our team. Geoff Pyatt, our Ambassador, is superb and has done an extraordinary job working day to day to help move things forward. We actually were there present for days helping the Rada to be able to get the votes to pass some of the things that needed to be passed.

So we are deeply, I mean, involved in ways that remain appropriate and sufficiently respecting the independence and sovereignty of the country, but we are pushing them and pushing them. We have elevated the fight against corruption. We are pushing the reform of the criminal justice system. We are enhancing their energy security by getting them to rely less on Russia. We have been strengthening their civil society. We have been working on their, very frankly, corrupt and difficult health system in order to transition it to a more effective model. We have taken huge defense reforms to modernize their military and security services.

I mean, we are deeply involved in helping them—with other countries, I might add—to develop the capacity of governance necessary for the task that they face. And it is difficult. It is difficult ferreting out some of the levels of corruption that existed there previously. That is part of the challenge for President Poroshenko. That is part of the challenge that was put to, and very directly, by the IMF. And the point the IMF is making is they are not going to make a loan that is just going to be wasted and squandered by virtue of a corrupt process.

So this challenge is complex, but it is being tackled very, very directly by our very dedicated and, frankly, very invested diplomats who want this to succeed

The CHAIRMAN. Mr. Secretary, thank you for your service to your country.

Secretary KERRY. Thank you.

Ms. GRANGER. Thank you.

Ms. Lee.

Ms. LEE. Thank you. I want to thank you, Madam Chair and our ranking member, for this important hearing.

I also want to thank Secretary Kerry. I want to thank you for being here today. And as we considered the President's last budget of his tenure, I want to just take a moment of personal privilege to thank you for your phenomenal work as our Secretary of State. It has really been a pleasure to work with you on so many issues, HIV and AIDS, Cuba, Iran.

I think your leadership has really demonstrated the fact that our international affairs budget really is a reflection of our values and ideals as a country, and you have really put that forward to the entire world. So thank you very much.

Secretary KERRY. Thank you very much. Thank you.

Ms. LEE. On Cuba, I was delighted to attend the reopening of the Cuban Embassy in Havana with you. As you know, and this committee knows, I have been a strong advocate for ending the 50 years of failed policy with Cuba, and I am also pleased to co-chair our bipartisan Cuba Working Group here in the House.

How has the opening of diplomatic ties with Cuba changed the perception of the United States? And how has that impacted our ability to advance our agenda, for instance, with CARICOM and in the Western Hemisphere and throughout the world?

Also, along those lines, I just want to ask you, in terms of our democracy programs—in this committee and USAID, they know that I have been asking these questions since the incarceration of Alan Gross. How are these democracy programs now ensuring that contractors and subcontractors who work on them know what the laws are. Whether we agree or not with the country's laws, that they could be, unfortunately, arrested if, in fact, they engage in these programs, so that they know up front what risks they are taking in their participation with this, i.e., what happened with Alan Gross? And thank you for helping to make sure Alan Gross got out.

Secretary KERRY. Thank you. No, I appreciate that. Thank you very much, Congresswoman Lee. I really appreciate your support in this effort. I know that some people disagreed with it, obviously, but I have to say that it is already creating change. You can see the transformation.

There have been more than 50 delegations, congressional and Cabinet, that have traveled now to Cuba in the last year. People have seen for themselves there are regulatory changes that have taken place that have opened new opportunities for U.S. firms to export certain goods and services to Cuba.

There have been agricultural delegations that have traveled there to explore how we could eventually, if the embargo is lifted, begin to change life for the Cuban people through better agricul-

tural practices, better goods, actually sell American goods there, which we would like to do.

We signed off on a pilot program for direct transportation and mail, which ought to begin soon. We just signed a—reestablished scheduled air service between the United States and Cuba for the first time in more than 50 years.

And we have actually empowered a Cuban private sector that now employs one in four Cubans. A private sector is emerging. And people in the United States can now send unlimited remittances to support private businesses and private microfinance and entrepreneurial training activities and a broad range of tools, materials, and supplies for Cuban entrepreneurs.

I happen to believe, as does President Obama—and also the Cuban government has expressed its intent to expand development of communications in Internet on the island, to have a target of 50 percent of its households connected to the Internet by 2020, and we obviously endorse that. And the Cuban government recently opened 35 public WiFi spots, hotspots.

So things are changing. It is not going to happen overnight. We always said that. President Obama was very clear, the transition will take time.

We are not happy with the movement in some regard on areas of human rights. There have been some political challenges, obviously, and we are going to continue to press those issues. The President will speak to those things directly when he goes to Cuba.

But we feel very, very strongly that this policy was geared to address the hopes and aspirations of the people of Cuba, and that is what it is beginning, in fact, to do, to take hold. And we believe nothing would speak to the Cuban people's aspirations and needs more than lifting the embargo so that we can not have to wrestle with everything that we are trying to do, but just let it happen.

And I think what has happened in Eastern Europe is the greatest witness to what happens when you open up and allow the world to come in. And there are other places that respect that too. Myanmar and other people have been on a transition to democracy.

Our Embassy is taking great care to make sure that people understand the rules, aren't stepping over any lines. One of the things we negotiated was an ability to increase the number of diplomats in Cuba, and we are in the process of doing that with this budget. We have asked you for the additional slots and funding for that.

Ms. GRANGER. Thank you so much.

Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Madam Chairwoman.

Mr. Secretary, good to see you, sir.

Secretary KERRY. Thank you.

Mr. DIAZ-BALART. I was taken aback that you mentioned as a success the U.S. ag sales and independent business licenses, when both numbers are actually down. So it is an interesting thing that that would be the success of that story.

Today is the 20th anniversary of the murder of three Americans and one American resident in international airspace ordered, according to himself, he, himself, has said it, by Castro. Just days be-

fore that, the President announced that he could be traveling to Cuba.

Now, in December 2015, the President said that any trip of his to Cuba would be conditioned on improvement of human rights on the island. You, yourself, just said that that has been an area where things have not looked good.

Facts. Let me put some facts on the table. Last year there were 8,616 political documented arrests in Cuba, a huge increase. Several political prisoners on the Obama-Castro list of 53 have since been rearrested. Cuba remains as the only country in the Americas to be classified as not free by Freedom House.

Mr. Secretary, by any objective measure, the Castro regime has not improved its human rights records. If anything, it has gotten worse.

So, again, facts. Please reassure us and show us, give us some facts of where the human rights situation has improved to reassure us that President Obama is not breaking his word of December 2015 when he said that he would not visit Cuba if human rights conditions had not improved. Where specifically, Mr. Secretary, have the human rights conditions in Cuba on the island improved?

Secretary KERRY. Well, the agreement required a large number of people to be released, as you know, it was about fifty—

Mr. DIAZ-BALART. Fifty-three, and a number of them, Mr. Secretary, have been rearrested.

Secretary KERRY. Correct, and we believe they will be released, as is appropriate, and that signifies some listening, some movement. The fact that 50 of them were released—

Mr. DIAZ-BALART. And rearrested.

Secretary KERRY. Yes. We were disappointed that four—I think it was four or five. We have registered that. We were very disappointed in that.

Mr. DIAZ-BALART. Where specifically have human rights conditions improved?

Secretary KERRY. But the President and we always said that component is not going to change as rapidly as other components, but it is changing. And you have to look at other countries that have gone through—and are going through—these kinds of transitions.

I mean, we still, we deal with China. China is probably our biggest—I think it holds the most debt of the United States, one of the largest traders with the United States, and we disagree with China on human rights.

Mr. DIAZ-BALART. Mr. Secretary, I hate to—time is of essence. Where specifically have human rights improved? I would like you to reassure us that the President is not breaking his word when in December 2015 he said he would not go unless human rights conditions improved. I just want you to reassure me. Please, give me some facts.

Secretary KERRY. Well, I just told you, they have improved in the sense that 53 prisoners who were in jail for political reasons were released. And I believe these others will be released. And the President is going to engage in this human rights discussion. I am engaging in this discussion.

We just met with the Finance Minister of Cuba the other day. I talk to my colleague on a regular basis about this. I may be going down there before the President to have this discussion to some degree. So we are continuing to push on it.

But like many——

Mr. DIAZ-BALART. I don't hear any facts here, Mr. Secretary. You mentioned, for example, as a success, ag, but we know that the facts show that ag sales are down. Again, you keep mentioning, which I appreciate, that there were 53 prisoners released. A number of them have been rearrested. There were over, I just mentioned the number, 8,000 arrests, political arrests, not to mention 200 arrests every Sunday of the Ladies in White, along with the beatings of these women who are just trying to go to church on Sundays.

So I am just trying to see, I don't want to be argumentative, I just want to see if you can give us some facts of where——

Secretary KERRY. I gave you facts.

Mr. DIAZ-BALART. So you are telling me that with 8,000 arrests—

Secretary KERRY. And people are engaged, one in four people in the country are now engaged in the private sector.

Mr. DIAZ-BALART. And the licenses are down. The licenses are down.

Secretary KERRY. Beg your pardon?

Mr. DIAZ-BALART. The licenses of these so-called private independent businesses, the numbers have decreased.

Secretary KERRY. No, there are an increased number of private businesses. There is a capacity to provide finance. There are people who are now able to open businesses who weren't before.

Mr. DIAZ-BALART. Do you have any of those numbers, because, again, the numbers that we have—

Secretary KERRY. I will get the specific numbers for you. I don't have the—

Mr. DIAZ-BALART. Well, I just want you to reassure us, because, again, I just keep hearing in platitude.

Secretary KERRY. I am trying to reassure you, but you don't want to be reassured.

Mr. DIAZ-BALART. Mr. Secretary, you are not giving me any numbers.

Secretary KERRY. Well, I will get the numbers to you. We will get you the numbers.

Mr. DIAZ-BALART. So you have no numbers. And so, again, please reassure me. The President said he would not visit unless human rights improved. You are mentioning 53 political prisoners, out of which a number of them have been rearrested.

When there have been over 8,000 arrests, in anybody's math, fuzzy math or not, that is not a pretty good ratio when you have 8,000 arrests, 53 supposedly released, and a number of them have been rearrested. Again, please, if you could get back to us, reassure us that the President is not breaking this red line when he said he would not visit until there was a substantial increased improvement in human rights, sir. We have not yet to see it.

Secretary KERRY. I am happy to get you the details on it, Congressman.

Mr. DIAZ-BALART. Our time is up. Thank you, Mr. Secretary. I appreciate it.

Ms. GRANGER. Thank you.

Before I call on Mr. Ruppersberger, between Christmas and New Years, I traveled to Costa Rica because I kept reading the stories of the Cubans that were going from Cuba to Ecuador and then from Ecuador to Costa Rica. I went to see them and to ask them why they were leaving. And the answer that I got, personally, was that there had been such a clampdown in Cuba since the deal was made with the United States that they felt like the only time they could leave was now. That was my experience. And I am going to go back.

Mr. Ruppersberger, please.

Mr. RUPPERSBERGER. Mr. Secretary, thank you for being here. And I believe right now that this is one of the most dangerous periods for the United States throughout the world, whether the China-Russia threat, terrorism threat, Iran, all these different issues.

I want to get into the issue of Iran. We had a lot of debate, and the agreement went forward with Iran. I think the focus, the focal point of the agreement, which a lot of people didn't see it this way, was to stop Iran from having nuclear weapons. It would have changed the Middle East, the makeup of the Middle East, and it could have been very dangerous. And, as we know, Israel is one of our most important and closest allies, and their security is very important to us, and we stand behind them.

Now, I am going to ask two questions. According to the State Department, Iran continues to still be the world's leading state sponsor of terrorism in its quest to dominate the Middle East, expel our influence, that kind of thing. They are very active in Iran, in Iraq, in Bahrain, Yemen, Lebanon, Palestine, Central America. Quds Force is very active in a lot of these areas.

The two questions I am going to ask—number one is what is the status after we have the agreement as far as the focal point of, number one, the issue of nuclear weapons? Where are we? Do we feel secure that the goal has been reached? We have independent examination; we want to make sure those examinations continue to move forward.

And the second question is the issue of exporting terrorism. Can you talk about other sanctions? I think it is important that we understand that the United States still has, through the United Nations, we have a lot of sanctions on Iran as we speak now, as it relates to their exporting of terrorism. And I think it is important that you discuss those, what they are. An example: If Iran transfers money to Hezbollah, to the benefit of Hezbollah, would the U.S. immediately sanction the bank that did that? Those type of issues.

Those are the two issues: status of the agreement, where we are now; and, secondly, what we are doing as far as Iran exporting terrorism and the sanctions that exist there.

Secretary KERRY. Okay.

Well, Congressman, Iran is compliant with the requirements of the JCPOA to date. There have been a couple of issues of interpretation of one thing or another that we have worked through in the

mechanism that we set up to work it through, and it has been resolved.

And they have taken some 19,000 centrifuges and reduced them to 5,060. They have taken their 12,000 kilograms of stockpile and reduced it to the requisite 300 kilograms that cannot be enriched above 3.67 percent.

They have taken the calandria, which is the core of the plutonium reactor which was being built, not yet commissioned, they have taken it out and destroyed it, filled it with concrete. IAEA inspected—dried concrete. It is destroyed, cannot be used again.

They have ceased all fissionable enrichment process at Fordow, stored the appropriate centrifuges in the appropriate places, allowed the inspections to take place. And so, in effect, they have moved the heavy water out, and it is on the market for sale. They have moved their enriched uranium out. The ship is now in Russia. Russians took that, where the highly enriched uranium—so every aspect of what we laid out as a requirement has been, in fact, carried out, which is why implementation day took place appropriately, with the IAEA signing off on it.

Now, we will continue, obviously, very—and this was the whole purpose of the agreement. It is what we promised the Congress and the American people and the world. There will be an ongoing process of extremely intrusive but agreed-upon verification of the continued compliance with this agreement. And our intel community and Energy Department, which is responsible for our own nuclear weapons, have assured us that they believe they are capable of knowing exactly what is going on and that compliance is taking place.

Now, with respect to Iran's other activities, we purposefully left in place the regimens for other sanctions. So sanctions for support of terror, for instance, sanctions for missile tests, sanctions for arms embargo, all of those are existent—sanctions for human rights. And we continue to monitor those.

In fact, on January 17, we designated some three entities and I think eight individuals, seven or eight individuals, for violations with respect to the missile launch that had taken place previously.

So we have put Iran on notice that those compliance measures will, in fact, be utilized, and we will continue to observe.

Now, the Iranians have—we have intercepted, in fact, one dhow ship, a boat, a large boat, that was taking arms, we believe, to Yemen. And we also turned away a convoy very close to the period when we were completing the agreement, and that convoy turned back because we singled it out and said this would be a violation. So it wasn't violated because it went back, and they never did, in fact, send the arms, but the effort was attempted.

So that shows how acutely we are watching it and how we have been able to actually have an impact.

Mr. RUPPERSBERGER. Thank you.

Ms. GRANGER. Thank you.

Mr. Dent.

Mr. DENT. Thank you, Madam Chair.

Good morning, Mr. Secretary.

Secretary KERRY. Good morning.

Mr. DENT. I am not expecting an answer to this question, but maybe one of your folks after the meeting can help me with this. It has to do with Colombian truck scrapping, believe it or not.

American truck manufacturers, including some up in my district, recently welcomed the news that Colombia may be eliminating its one-for-one truck scrapping requirement, which requires an old truck to be scrapped for every new truck purchased. However, we have heard that this change may include a caveat that the requirement would only be eliminated for certain types of trucks, which would still pose a problem for many American manufacturers. And, obviously, we have a Colombian trade agreement, and this is a real source of concern for many.

So the question I have is, what specific actions does the administration intend to take if Colombia continues to restrict its market for American-made trucks? I don't expect you to have an answer at this moment, but I would like somebody to at least be able to get back to me, unless you do have an answer.

Secretary KERRY. No, Congressman, your expectation is going to be met. But I promise you we will get back to you very quickly.

Mr. DENT. And the second question deals with Syria. As this committee considers the administration's request for funding to aid in the fight against ISIS, I have to ask, what do you see as our end game in this region, as it appears now that the Russians have successfully shored up the Assad regime and simultaneously increased their own clout in the Middle East?

We have also seen Hezbollah in Iran, Iranian fighters increasingly engaged in that conflict, as well, on the side of Damascus.

Meanwhile, Turkey appears to be using the conflict as an excuse to wage war against the Kurds, many of whom are actively fighting against ISIS. And you know the whole drill there. And, of course, the Turks are more interested in taking down Assad, it seems, at the moment, than fighting ISIS.

A very complicated, convoluted situation. And, you know, I guess the issue for me is, what is our end game in Syria diplomatically? And just as importantly, is there a viable Sunni political infrastructure in Syria that is not radical and that could actually govern in the event we ever reached an agreement?

Secretary KERRY. Well, the answer to your last question is, yes, there are Sunni who are extremely capable and moderate and very qualified businesspeople, very capable potential contributors to a resolution. But we don't want to divide this thing up or talk about it in a context of Sunni, Shia, Alawite, whatever. And it is up to the Syrians. I mean, the Syrians have got to make that kind of decision, which is why we are so supportive of the political process.

Now, you ask what is the end game. The end game is actually shared—or, at least in statements and positions publicly put forward, the end game is stated by Iran, by Russia, by the United States, by the European community, and by the Arab countries. All share the notion of a Syria that is united, whole, stable, peaceful, protecting all minorities, in which you have the ability of the Syrian people through an election to choose their leadership free of coercion and of interference and free of foreign fighters and free of Daesh and so forth.

Now, how do you get there?

And, by the way, the Iranians and the Russians have signed on to that in the context of U.N. Security Council Resolution 2254. And they have also issued two communiques in the context of the Vienna meetings where they have embraced exactly what I just described—a whole, unified Syria in which the Syrian people decide the future.

Now, Russia has long supported Assad. This is not a surprise to anybody, that Russia is supporting Assad. Russia also has a very specific interest in preventing terrorists from coming back to Russian soil. There are probably more than 2,000—not "probably"—there are more than 2,000 Chechens fighting in Syria as part of the radical extremist elements, and Russia doesn't want them coming back and fighting them.

So part of the Russian—part of the Russian strategy was to shore up Assad, who they feared might have been about to fall to Daesh and to Nusrah. So their concerns were that this would be greatly destabilizing to them.

Now, they have other ulterior geographic, geostrategic, and other interests, and we understand that.

But while Russia has succeeded in shoring up Assad, that doesn't end the process for Russia, because Russia is there and on the ground, and holding territory is hard. And if you have a persistent and continued insurgency against that government—and you will if there is no peace—that is a problem for Russia.

So, in the long run, Russia has an interest, we think, in working towards a legitimate political transition that can provide stability and a change in Syria.

Mr. DENT. Without Assad? A transition without Assad?

Secretary KERRY. We believe it cannot happen except without Assad. And the reason is that if you have barrel-bombed your people and gassed your people and tortured your people and starved your people, it is very hard to envision how you can take 12 million people who have been displaced, driven out of the country, and with over 400,000 killed, and have that guy sit there and say, oh, okay, everything's fine, let's go status quo ante. It is not going to happen. And Turkey, Qatar, and Saudi and others in the opposition have made it very clear war will not end if Assad stays.

So Russia has to confront that. Iran has to confront that. And they have signed on, at least, to a structure that begins to confront that. The reality will be the test in the next few weeks and months, are they really supporting a genuine process of transition. And we will know very quickly whether that is for real or not.

But if you really want to end the war, there is no way, it seems to me, to be able to ultimately do that without some kind of negotiated outcome. And it is going to require some compromise.

So we are going to have to plow ahead. I am not vouching for the fact that this ceasefire will absolutely work and take place, but it is the one way to get to the discussion of the future of Assad and the possibility of a political transition.

And since Iran and Russia have signed on to the idea of this political transition expressed in the Geneva Communique of 2012, we have to put that to the test. And President Obama is deeply committed to exhausting the diplomatic possibilities before we have to confront, if we have to, whatever plan B might have to be.

Ms. GRANGER. Thank you.

Ms. Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair.

Mr. Secretary, it is good to see you.

I want to first just recognize that next month marks the ninth year of anguish for Robert Levinson's family. And as heartwarming as it was to see our American citizens come home from Iran earlier this year, we still have had, you know, no progress on locating his whereabouts or moving towards being able to help bring him home and end his family's pain and return him to his home in south Florida.

And so I appreciate your efforts, the efforts of President Obama and the administration, but would just underscore how important it is to continue to press Iran for their assertion, which has no credibility whatsoever, that they have absolutely no idea where he is or anything to do with his disappearance.

And sticking with Iran, obviously, following the Iran agreement, which I supported, the most important step we have to take now is to make sure that we have a strong MOU, new MOU, with Israel that I know we are in the midst of negotiating.

I had an opportunity to speak with Ambassador Shapiro at the end of last week, and we had a good conversation, but could you update us on where we are? And I know you can't go into excruciating detail here in this setting, but could you update us on the progress that we have made on finalizing that MOU with Israel?

Because, obviously, making sure that we can maintain their security and continue to make sure that, with the tumult that continues to occur all around them, that they have the ability to keep their national security interests strong and protect their people.

And, particularly, my concern is that, with the language that I am told is being included, that Congress be able to maintain our ability to continue to increase the support that is essential for Israel to keep her people safe.

Ms. GRANGER. Mr. Secretary, before you begin, we have until 12 o'clock, and I want to make sure we get around to all the members.

Secretary KERRY. Absolutely. I will try to be really quick.

All right. Just very quickly on Robert Levinson, let me just make it clear: There is a process. And, in fact, we wrote into the agreement that saw the folks come back the other day a very specific inclusion of an ongoing dialogue and process on Bob Levinson.

I met with the family just recently. I know they are disappointed. I understand that. I am very sympathetic to that. And how can you not be, when you see people come back and you are wondering what happened after all these years? But, as I told them and we have said publicly, we just have not had a proof of life since the last one—I think it was 2007? Am I correct? Around 2007 or 2008 or somewhere in there—2010, excuse me. And that was the last time.

And I am pursuing, personally, the obvious questions that flow: From the moment of that last proof, what happened? And I have raised this very directly with my counterpart. We are trying to see if we can trace that back and work on that. So there is a process in place. And we are determined, and President Obama will not

rest easy until we have exhausted every possibility. And we are going to try to get him back, if that can be done.

With respect to the MOU, we are negotiating. We have had a 10-year MOU. It doesn't expire until 2018, but we would like to get it done. You all and the United States have given $3.1 billion a year for 10 years. There will be more, there is no doubt, because of the needs and because of the increased security process.

We have done a very strong evaluation of what it is. We are taking into account all of the QME issues for Israel. I think it is fair to say that the level of cooperation with Israel, notwithstanding the disagreement over the Iran agreement, the cooperation on a day-to-day basis has really just never been higher or better. We have Iron Dome; we have constant communication. We are working very closely with Israel.

And I have no doubt that an MOU will be reached, an MOU that will have a larger amount, subject to your judgments, and we will continue to provide Israel with the security that it needs and help it to be able to defend itself by itself.

Ms. WASSERMAN SCHULTZ. And our ability, as Members of Congress, to be able to address crises and emergency provisions?

Secretary KERRY. For sure.

Ms. WASSERMAN SCHULTZ. And we have always had that, but——

Secretary KERRY. Yes.

Ms. WASSERMAN SCHULTZ. There have been discussions that our ability to do that might be restricted in the MOU. And so I want to make sure that——

Secretary KERRY. I am not aware of that detail at this point. Let me check on it, Debbie. I will get back to you.

Ms. WASSERMAN SCHULTZ. Lastly, you alluded, too, that the current MOU expires in 2018. Obviously, the situation—

Secretary KERRY. Everybody wants this ahead of time for planning purposes. I think it——

Ms. WASSERMAN SCHULTZ. Yes. Well, and also because the circumstances have dramatically shifted, given that we have entered into an Iran agreement, which, as I said, I supported and I thought it was the appropriate way from Iran getting a nuclear weapon, but we also have to address the security concerns of that.

Secretary KERRY. Sure. And they will be.

Ms. WASSERMAN SCHULTZ. Thank you.

Ms. GRANGER. Mr. Rooney.

Mr. ROONEY. Thank you, Madam Chair.

Mr. Secretary, last July, I introduced legislation with the co-chairs of the South Sudan Caucus, including Congresswoman Barbara Lee, requiring the President to submit to Congress a strategy to support the U.N. peacekeeping mission in the South Sudan, to investigate human rights abuses, and ease the intensifying humanitarian crisis.

The bill also directs the administration to pursue high-level engagement with regional and like-minded governments in order to promote a better environment for the resolution of this crisis; to halt the flow of arms from all external sources; and to support the creation, implementation, and enforcement of the U.N. Security

Council arms embargo and targeted individual sanctions on all parties to the conflict in South Sudan.

While I was cautiously hopeful about the signing of the peace agreement, I felt and still feel strongly that, in order for it to succeed, that U.S. leadership and long-term planning is obviously critical.

U.S. officials from the past and current administrations have been intimately involved and demonstrated incredible leadership to bring an end to the 17-year civil war between the north and the south. As you know, 5 years ago, the South Sudanese people finally achieved independence, and the U.S. gained a strong ally in South Sudan.

But this civil war is devastating, obviously, and it shouldn't deter the U.S. from engaging in aggressive diplomacy to prevent another generation from a lifetime of war, the impact of which we are seeing manifest itself around the world.

I commend the U.N. panel of experts for conducting what must have been an extremely harrowing investigation in South Sudan, and I am hopeful that their work will compel the international community to fully recognize the intensity in atrocities committed throughout the civil war, ranging from systematic rape and mutilation of women and girls to the recruitment and exploitation of children soldiers.

Mr. Secretary, I would like to ask you sort of a long question because I might not be able to chime back in. But I just wanted to say, as you know, this country is 5 years old, and if we can offer any words here today of optimism for their future there, specifically with regard to missed deadlines, ceasefire violations, attack on humanitarian workers, restrictive laws against the press and civil society, NGOs.

So we can assume that this peace agreement may be deemed a failure. What does the U.S. have in plans to facilitate the immediate coordination of African leaders, the EU, and other UNSC members to impose targeted sanctions on individuals who have committed violations of international humanitarian and human rights laws and to enact an arms embargo so that we can try to save the ceasefire, the peace agreement, and the future of the South Sudan?

Secretary KERRY. Well, Congressman, first of all, let me thank you for your focus on this. It is really important. And I really appreciate the detail and depth of your concern about this.

The United States is the largest donor in the world, since this conflict began, to the challenge of Sudan, South Sudan—$1.5 billion. And we have been deeply involved. President Obama has been personally involved when he went over to Ethiopia. He held meetings. He has had personal conversations. I have had personal conversations. I traveled to Juba as Secretary and had conversations with President Kiir. I can't tell you how many phone calls I have had with President Kiir and with Riek Machar. And we have pushed very, very hard towards this peace process. Ambassador Don Booth has been diligently working away as a special envoy under very difficult circumstances.

I don't think South Sudan has a better friend than the United States. And we have pushed very, very hard to have compliance with the international community's desire to end the conflict.

They are at a critical stage now. The security forces for Riek Machar have now arrived in Juba. He is supposed to go there at some point in time to try to fulfill the mission of having this unity government as part of the peace process. And we have a very real agenda—post-conflict reconstruction, criminal justice, transitional justice—as part of the conflict resolution. We have committed $5 million to accountability to try to help lead in this process, in addition to the aid and other things we are doing.

But the bottom line you raised at the end of your question—the sanctions. My message to South Sudan and to the leaders of the process is very simple: This takes leadership. If President Kiir and the people around him and Riek Machar and the people around him don't take on responsibility and deliver on this peace agreement, then the international community is absolutely prepared to put in place individual sanctions for a range of things, ranging from the corruption, to property that may be held in other places, to the crimes that may have been committed in the course of the war. And we are very serious about that.

This is a critical moment for South Sudan's survival, and it is important for people who hold themselves up to be leaders to actually lead.

Mr. ROONEY. Thank you.

Ms. GRANGER. Thank you.

Mr. Serrano.

Mr. SERRANO. Thank you, Madam Chair.

And thank you, Mr. Secretary, for your work, for your service to our country in many capacities.

For many years, we always heard about Latin American countries telling us, why do you guys have this policy with Cuba, why don't you change it?

Is it too early to notice whether they appreciate it? Is it too early to see a change in what Latin American countries are saying about that change we made?

Secretary KERRY. Not in the least. We have been amazed by the receptivity of countries throughout Latin America as a result of this. It has changed our relationship with other countries in the region. And it has changed their relationship with Cuba and even with Venezuela.

It has established creditability for the United States, in terms of our goals and hopes. And it really has opened up—there is now a dialogue that is opening up that we may be taking part in with respect to Venezuela, and the credibility we have for that has come out of this transition of Cuba.

Mr. SERRANO. That is great. That is wonderful.

And I will tell you, it was a special day in Cuba, for Barbara Lee, it was a special day for all of us in Washington to see that flag go up. I thought I would never see that happen, certainly in my time in Congress and maybe in my lifetime. So thank you. Thank you for your work.

On a more mundane-type question, you have to switch now from an interest section that used to blare messages to the Cuban people

and against the government to an embassy that behaves in a diplomatic fashion and so on. Physically and politically, is the change difficult or is it a transition——

Secretary KERRY. Well, it is not—I wouldn't call it—I wouldn't call it difficult. It has its challenges, yes, because we still have some limitations on the amount of equipment that we can bring in, but we broke through with an increase that haven't had in years so that we can refurbish the embassy, improve the equipment, have people be able to do a better job of managing the increased numbers of Americans now traveling. That is very important.

We negotiated an increase in the number of diplomats that can be there. They are now able to travel throughout Cuba in greater numbers, and this will be important to being able to ascertain the needs of the Cuban people and being able to help us to do good diplomacy.

So I think that, you know, as we have gone through this transition, we are recognizing that it is going to require additional funds from the committee. We have asked for that. But I think, over the course of time, this will evolve. And there is a natural growth.

There is also some building of trust in the process, as we go forward here. They have to see that we are, in fact, adhering to the Vienna Convention and engaged in diplomacy and not other things. And we to have see that they are, in fact, improving human rights and improving the opportunities for their people. And that is how you will build the transition over a period of time.

Mr. SERRANO. Okay.

And I will close with this. Is it true you are negotiating a Major League Baseball team in Cuba already?

Secretary KERRY. I think there has been some discussion about whether or not there might be a visit at some point in time, appropriately, of the team. But I have nothing to do with any other negotiations.

Mr. SERRANO. Thank you, Mr. Secretary.

Ms. GRANGER. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Madam Chair.

Good morning, Mr. Secretary.

Secretary KERRY. Good morning.

Mr. FORTENBERRY. Thank you for being with us.

Secretary KERRY. Thanks.

Mr. FORTENBERRY. Mr. Secretary, I had the extraordinary privilege of being in the room with Pope Francis when he, in a very powerful moment, was given a small cross, a Christian crucifix. That crucifix had belonged to a young Syrian man who had been captured by the jihadists, and he was told to choose: convert or die. And he chose his ancient faith tradition; he chose Christ. And he was beheaded. His mother was able to recovery the body, recover this cross, and bury him. And she fled to Austria, which set the stage for this moment which I witnessed.

Mr. Secretary, this is repeating itself over and over and over again against Christians, Yazidis, and other religious minorities in the region.

In 2004, Colin Powell, when he was Secretary of State, came before the Senate Foreign Relations Committee—and I believe you

served on that committee at that point—and declared what was happening in Darfur to be a genocide.

There are 200 Members of Congress—in a bipartisan fashion, we have put our names on a resolution that is forthcoming that declares this genocide. There is a growing international consensus in this regard. The European Parliament has passed something similar. The U.S Catholic Bishops; Pope Francis has spoken out; Hillary Clinton has called it such; Marco Rubio; the International Association of Genocide Scholars.

I want to note, as well, a word of thanks to you and President Obama for the quick action on Mount Sinjar that actually saved the lives of women and children, countless persons, who would have been wiped out and victimized.

And so what I am urging here today is that you use the authority and power of your office to call this genocide; to help restore the rich tapestry of the ancient faith traditions in the Middle East; to stop this assault on human dignity and civilization itself; and to set, potentially, the conditions that we are all hoping and praying for that reestablishes stability and reintegration of these ancient faith traditions into the fabric of the communities and the Middle East entirely. I think the stability, the future stability, of the entire region depends upon this.

Secretary KERRY. Well, again, Congressman, thank you for a very moving and eloquent description of the problem. And I appreciate—you were lucky to be in that room to witness that, and I certainly appreciate your reactions to it.

And I share just a huge sense of revulsion over these acts, obviously. None of us have ever seen anything like it in our lifetimes, though, obviously, if you go back to the Holocaust, the world has seen it.

We are currently doing what I have to do, which is review very carefully the legal standards and precedents for whatever judgment is made. I can tell you we are doing that. I have had some initial recommendations made to me. I have asked for some further evaluation. And I will make a decision on this, and I will make a decision on it as soon as I have that additional evaluation, and we will proceed forward from there. But I understand how compelling it is.

Christians have been moved in many parts now of the Middle East, I might add. This is not just in Syria, but in other places there has been an increased forced evacuation and displacement, which is equally disturbing, though, you know, they aren't killing them in that case, but it is a removal and a cleansing, ethnically and religiously, which is deeply disturbing.

So we are very much focused on this, and, as I say, I will make a judgment soon.

Mr. FORTENBERRY. They have taken the conditions for life, as well as life, away from Christians, Yazidis, and religious minorities.

And I bring up the declaration by former Secretary of State Colin Powell to demonstrate the power that the declaration actually has. Because, in doing so, he helped put a stop to that grim reality there in Darfur.

I know you share deep sympathies in this regard. I just urge with you, plead with you, partner with us. There is a growing con-

sensus that this is not only true and real but I think, again, it sets the condition for whatever future settlement we have to have.

Thank you, Mr. Secretary.

Secretary KERRY. Thank you. Appreciate it.

Ms. GRANGER. Mr. Stewart.

Mr. STEWART. Thank you, Madam Chair.

And, Mr. Secretary, thank you for your service.

And I have to say, I am just a little old Congressman, and I really mean that. I don't have the background that you do. But we view the world in a very different way. If men are from Mars and women are from Venus, we have kind of a whole Mars-Venus-Pluto thing going on here. And let me give you a couple examples, if I could.

You said in your opening statement that you believe our alliance with Europe is strong and getting stronger. As a Member of Congress, especially as a member of the Intel Committee, I have a chance to travel and talk with world leaders, and this is what I hear again and again: Where is the United States? We don't know if we can trust you. We don't know if you are going to stand by alliances that have been in place for generations in some cases. We don't know if you are going to stand up to your adversaries.

And the evidence of that isn't something that I see—it is not anecdotal. It is not something that I have read in newspapers. It is my own personal experience.

Another example, if I could. You said that you are confident that we would defeat—you said Daesh, but most of us refer to ISIS or ISIL. I just don't believe this administration has a plan or the will to defeat them, and I am certainly not alone in that concern.

And, with that being said, that we come from this from a different view, there are so many questions I would like to ask you. It is a target-rich environment. I would like to ask one quickly and then turn to Syria.

Your own State Department has told us that the former Secretary has kept more than 1,600 classified emails on an unsecured server, of which your State Department classified 29, at least, as Top Secret. And recognizing that the definition of "Top Secret" is that their exposure would potentially cause exceptionally grave damage to national security, Top Secret is not a trifling thing.

And so I wanted to read these emails. I wanted to know what was in them and what had potentially been exposed. And I am curious, Mr. Secretary, have you read these emails that were classified as Top Secret that were kept on the former Secretary's private server?

Secretary KERRY. So let me answer the questions there that I think are relevant to the budget and the policy.

On Daesh, yes, we have a plan. Let me be clear about that——

Mr. STEWART. Well, Mr. Secretary, I wasn't asking that question. I know that we——

Secretary KERRY. Well, you did ask a question. You said you don't think that we have a plan. And I want to make it clear we have a plan——

Mr. STEWART. OK.

Secretary KERRY. And we are going to defeat—let me just finish now.

Mr. STEWART. Well, actually, Mr. Secretary, this is my time, and I didn't ask that question.

Secretary KERRY. Well, I thought it was your time to ask a question.

Mr. STEWART. And my question was, have you read Secretary Clinton's emails that were on her server that have been classified as Top Secret?

Secretary KERRY. No. No. I have not. It is not my job to do that. It is being thoroughly vetted through another process, and I think you know that.

Mr. STEWART. Well, like me, though, it is not necessarily my job to vet that, but I was curious what was on those emails and what would be classified as Top Secret, so I went ahead and read them.

I would encourage you to, sir, because I think that there is information on there that, as the Secretary, in your position, that you would want to know, I would think, what had been potentially been exposed.

If I could in the last 2 minutes——

Secretary KERRY. We have appropriate people who are managing that through appropriate channels. And I think you know that——

Mr. STEWART. Well, I certainly do.

Secretary KERRY [continuing]. Congressman. And I don't think it is appropriate to be characterizing something that the world can't read, which is being taken care of with more than 50 investigations by 8 or 9 committees. Honestly.

Mr. STEWART. But, Mr. Secretary, I——

Secretary KERRY. So let's not fool round here. Let's talk about——

Mr. STEWART. Mr. Secretary, I didn't characterize those. It was your own department that characterized——

Secretary KERRY. No, you just characterized them without—you said, I read them and I think it is important for people to have a sense of whatever. That is a characterization.

Mr. STEWART. Well, the characterization of being Top Secret is not something that I characterized.

Secretary KERRY. Right. And things get classified after the fact. And it happens in the Senate and the House. You folks send things on your BlackBerrys, and you send them sometimes from a foreign country.

Mr. STEWART. Yes. But, having read these emails——

Secretary KERRY. Have they been classified?

Mr. STEWART. But, having read these emails, I can assure you that this isn't a case of being overclassified. Having read them, I know that.

Secretary KERRY. So let's come back to Daesh, because that is really important to the American people.

We have taken back—the Iraqis have taken back 40 percent of the territory that they held in Iraq. We have liberated Tikrit—they have liberated Tikrit. They have liberated Ramadi. They are now moving on Hit. They are going to be doing that in Mosul.

We have cut off the main road between Al-Raqqah and Mosul. The secondary roads are being cut off. There have been more than 10,000 air strikes. People have been eliminated from the battlefield. We are eliminating their money. They have cut their money

to their fighters by 50 percent, in some cases eliminated it. We are taking away their source of revenue.

And President Obama made it clear at the very beginning this was not going to happen over night, it is going to take time.

There are a lot of people in that part of the world who are happy to fight to the last American. And the fact is that we are trying do this without having the last American on the ground, but, rather, getting forces there, training them, working them.

We have special forces on the ground. Americans are in Syria; Americans are on the ground in Iraq. We are helping them to help themselves. And I think most Americans believe that is a pretty good way to get it done.

I have heard the handwringing. And I referred to the handwringing in the beginning of my comments. I hear it. But we are making a difference. We have reassured Europe. We are going up to $3.4 billion. We have redeployed troops. We rotate troops through the forward frontline countries. And, frankly, we do more than any other country in the world——

Mr. STEWART. Well, of course we do more than any other country. We are the United States.

And my time is up, so I will just conclude with this. There is no question that we have made some progress there. I wouldn't say that that isn't true. I would say—and you call it handwringing in a pejorative way, as if, you know, we are children who are just sitting with——

Secretary KERRY. Because it doesn't comport with the facts, Congressman.

Mr. STEWART. There are legitimate concerns——

Secretary KERRY. The facts are that we are getting these things done. The facts are——

Mr. STEWART. Well, Mr. Secretary——

Secretary KERRY [continuing]. That we are providing for these folks.

Mr. STEWART [continuing]. We could have an exchange about whether we are getting these things done. But it a legitimate concern on many of our part whether this administration has the will and a plan to move forward on this and to actually defeat them. Because I am not the only one who questions whether that is the case. And it is not only Americans who question that, as well. Many of our allies do.

Madam Chairman, I apologize for going over. I yield back.

Ms. GRANGER. Thank you.

Secretary KERRY. Can I just say, Madam Chairman——

Ms. GRANGER. We have one last question from Mrs. Lowey and from me.

Mrs. Lowey.

Mrs. LOWEY. Madam Chair, I just want to say I think the discussion of the emails in this forum, when we have the whole world here, seems inappropriate.

And if I am not mistaken, in all the discussions I have heard, that Secretary Colin Powell had the same system in place. And, in fact, the emails that were sent to both Secretary Powell and Secretary Clinton were not classified at the time they were sent.

Secretary KERRY. That is correct.

Mrs. LOWEY. So I think, in looking at the whole process—and I am sure you, as the Secretary of State, are looking at the whole process. But I don't think this is the appropriate forum to deal with it.

Ms. GRANGER. But I believe you had a question, didn't you?

Mrs. LOWEY. And I did have another question. Thank you so much.

What I was so concerned about, Secretary Kerry, when you were talking about arms shipments outside of the JCPOA being turned around—and isn't it wonderful that they were turned around?—my reaction was, is this a cat-and-mouse game? Or is there a real understanding with Iran that they have a responsibility to comply with the U.N. sanctions, the other sanctions in place, and they shouldn't be arming other nations in the region that are just causing one incident after another where people are dying?

So I am a little puzzled about that and why Iran is not complying with the other sanctions that are very clearly in place.

Secretary KERRY. I think, Congresswoman, what you have is—sometimes independent actions by independent entities is very hard to measure. But, as you know, the IRGC opposed the Iran agreement bitterly.

Mrs. LOWEY. Right.

Secretary KERRY. The IRGC wanted to have a nuclear umbrella, and the IRGC resented—the IRGC does certain things. And so we, in contacting the government, made it clear that we would take steps if indeed they were going to deliver anything. And since nothing was delivered, there was a response that seemed to be appropriate.

Now, it is not a cat-and-mouse game, no. If we find something happening, we are going to respond, as we did on the missile launch. But——

Mrs. LOWEY. May I ask you—because I know we are all going to be cut off and you have to leave. But, Mr. Secretary, with great respect, when you said the IRGC is independent——

Secretary KERRY. No, I said sometimes things happen. I am not saying that.

We don't know what happened. What we do know is that nothing happened; we didn't have a transfer. We don't know for sure what was on there. We didn't inspect it. So we saw a convoy, and we told them it would be better not to push the envelope here, and they didn't. Now, I didn't know specifically what was loaded in there or what—I am just saying to you that I think you need to have your facts. When we have the facts, like the missile launch, we responded, and we will in the future.

We do know, also, that there are weapons that have come out of Iran, gone through Damascus, gone to Lebanon. And we have made it very clear, very clear, that that is an invitation to response, no question about it.

Mrs. LOWEY. Because we are limited on time, I will pursue this with Secretary Lew, because I understand these sanctions are being overseen by his department. Treasury is responsible for this series of sanctions. And I think it has to be made very clear that this is unacceptable even if we don't catch you.

Thank you.

Secretary KERRY. Well, I mean——

Ms. GRANGER. Thank you.

Mrs. LOWEY. Thank you for your work.

Ms. GRANGER. Mr. Secretary, the committee has given the administration significant funding and flexibility to address local health threats, including broad authority to use funds to address public health emergency of international concern, and, of course, that is Zika, which has been declared by the World Health Organization.

Mr. Secretary, to use this authority, you have to declare it in the national interest to respond to such emergency. I am going to ask a quick question because all I need is one word, "yes" or "no." Do you intend to make this declaration so you can access existing funds immediately to fight the Zika outbreak?

Secretary KERRY. You are right, I do have that ability. And the Zika virus is still being analyzed and evaluated with respect to exactly what it is going to require, how much it is going to require.

We are concerned about it, which is why we have requested the additional money. But we are also concerned about Ebola on the other side possibly resurging. And, yes, there is some money left over in there, but we don't know how much either one is really going to demand. So we are loathe to take what has already been appropriated for Ebola, with Zika coming down the line and yet to be determined how big and how broad it is going to be. So it is premature to make that decision.

I am well aware of the authority, obviously. If it suddenly started to move more rapidly and we had a greater sense of broad threat to the public which required a more immediate response, obviously we would move in an emergency way to take from wherever. But right now that is just not the way to deal with it, in our judgment. We are trying to keep them on separate tracks.

Ms. GRANGER. As we conclude the hearing today, I wanted to raise an issue that I continue to hear about from my constituents and also from Members. So for this one, just please provide for the record an update on the refugee screening process and highlight what changes have been made to the process to better ensure that refugees admitted for resettlement in the United States do not pose a threat to our country or the community in which they are resettled. That came up about the Syrians that we were looking at.

Secretary KERRY. Yep.

Ms. GRANGER. So if you could submit that for the record.

Ms. GRANGER. I thank you again for your time, I thank you for your energy and all the effort you have given to world crises.

Secretary KERRY. Thanks so much.

Ms. GRANGER. Thank you.

Secretary KERRY. Madam Chairman, again, I just want to say to you thank you. You have been terrific. When I have needed to call you urgently, you have been available. And, likewise, the ranking member. You both have been enormously helpful, and we are very grateful for the bipartisan effort. Thank you.

Ms. GRANGER. Thank you.

This concludes today's hearing, and members may submit any additional questions for the record.

The Subcommittee on State, Foreign Operations, and Related Programs stands adjourned.

Questions for the Record Submitted by
Representative Kay Granger (1)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Section 1: Questions for the Office of the Global AIDS Coordinator

Question 1:

Provide the new treatment enrollments annually for 2013 through 2015 for HIV/AIDS programs directly supported by the bilateral PEPFAR program. Also include separate data for these years for enrollments supported by the Global Fund.

Answer:

PEPFAR and Global Fund Results by Year
Current on ARV Treatment

Year	PEPFAR	Global Fund
2013	6.7 Million	5.4 Million
2014	7.7 Million	5.9 Million
2015	9.5 Million	8.6 Million

Question 2:

Provide a chart detailing the annual costs of other core prevention, care, and vulnerable children programs annually over the 2013 through 2015 period.

Answer:

PEPFAR Annual Costs of Other Core Prevention, Care, and Vulnerable Children Programs *(report shown in dollars)*

Row Labels	CIRC	HBHC	HKID	HMBL	HMIN	HVAB	HVCT	HVOP	HVTB	IDUP	MTCT	PDCS	Grand Total
2013	$168,570,637	$253,838,741	$275,060,643	$37,980,070	$13,601,584	$47,094,437	$192,459,819	$216,527,314	$138,282,977	$25,658,095	$323,206,408	$52,264,248	$1,744,644,973
2014	$146,762,857	$284,108,894	$247,501,831	$31,967,913	$8,881,036	$20,801,907	$167,912,916	$133,698,442	$131,392,342	$17,753,391	$229,457,561	$66,674,753	$1,486,913,843
2015	$160,036,528	$344,433,328	$270,382,489	$16,852,615	$6,899,167	$6,899,167	$218,297,742	$142,189,869	$137,554,157	$14,534,576	$226,729,846	$86,024,984	$1,630,834,468
Grand Total	**$315,433,494**	**$537,947,635**	**$522,562,474**	**$69,947,983**	**$22,482,620**	**$67,896,344**	**$360,372,735**	**$350,225,756**	**$269,675,319**	**$43,411,486**	**$552,663,969**	**$118,939,001**	**$3,231,558,816**

******Please see attached acronym list for budget code description.*

Question 3:

Please provide a description of how contributions and pledges were calculated to determine the FY17 President's request for a U.S. contribution to the Global Fund. What percentage does the U.S. contribution represent with respect to the statutory 33% cap on the U.S. contribution?

Answer:

Contributions are calculated using regularly updated contribution information provided to S/GAC by the Global Fund. In FY 2016 the Global Fund will complete its three-year 4th replenishment period (2014-2016). The U.S. government is

expected to be close to 33 percent of contributions at the end of the 4th replenishment period. Donors, including the U.S. government, are expected to make a 5th replenishment pledge for 2017-2019 at the Global Fund pledging conference in September 2016. The FY 2017 request will be considered part of the fulfillment of the U.S. government pledge for the 5th replenishment period.

Question 4:

Please provide a chart describing what other donors contributed bilaterally and annually to the fight against HIV and AIDS over the 2013 to 2015 time period. Include a separate column reflecting bilateral contributions to the Global Fund.

Answer:

The Kaiser Family Foundation (KFF) releases the data in figures 1 and 2 shown below for 2013 and 2014, respectively. The table for 2015 is not expected to be released until later this summer. Bilateral contributions to the Global Fund for 2013-2015 are also included below in figure 3.

Figure 1: 2013 KFF Global Fund Report (*report shown in billions*)

Table 1: International HIV Assistance from Donor Governments (USD), 2013						
Government	Bilateral Disbursement	Global Fund Total (100%)	Global Fund Adjusted (57%)	UNITAID Total (100%)	UNITAID Adjusted (51%)	Total Disbursement
Australia	$ 90.2	$ 94.3	$ 53.7	-	-	$ 144.0
Canada	$ 42.1	$ 174.1	$ 99.2	-	-	$ 141.4
Denmark	$ 177.2	$ 25.4	$ 14.5	-	-	$ 191.7
France	$ 50.5	$ 496.7	$ 283.1	$ 149.5	$ 76.2	$ 409.8
Germany	$ 134.1	$ 265.2	$ 151.2	-	-	$ 285.3
Ireland	$ 48.9	$ 19.1	$ 10.9	-	-	$ 59.8
Italy	$ 2.4	-	-	-	-	$ 2.4
Japan	$ 31.9	$ 122.3	$ 69.7	-	-	$ 101.6
Netherlands	$ 134.9	$ 90.4	$ 51.$	-	-	$ 186.4
Norway	$ 63.6	$ 77.1	$ 43.9	$ 21.4	$ 10.9	$ 118.4
Sweden	$ 111.9	$ 106.2	$ 60.6	-	-	$ 172.5
United Kingdom	$ 680.7	$ 205.0	$ 116.9	$ 87.2	$ 44.5	$ 842.1
United States	$ 4,782.7	$ 1,470.4	$ 838.1	-	-	$ 5,620.8
European Commission	$ 19.6	$ 142.2	$ 81.1	-	-	$ 100.6
Other Governments	$ 60.5	$ 36.2	$ 20.6	$ 4.0	$ 2.0	$ 83.2
TOTAL	**$ 6,431.3**	**$ 3,324.5**	**$ 1,895.0**	**$ 262.0**	**$ 133.6**	**$ 8,459.9**

Figure 2: 2014 KFF Global Fund Report (*report shown in billions*)

Table 1: International HIV Assistance from Donor Governments (USD), 2014						
Government	Bilateral Disbursement	Global Fund Total (100%)	Global Fund Adjusted (55%)	UNITAID Total (100%)	UNITAID Adjusted (45%)	Total Disbursement
Australia	$ 84.8	$ 28.4	$ 15.6	-	-	$ 100.5
Canada	$ 27.5	$ 176.6	$ 97.1	-	-	$ 124.6
Denmark	$ 150.5	$ 30.4	$ 16.7	-	-	$ 167.2
France	$ 49.9	$ 391.5	$ 215.3	$ 105.3	$ 51.7	$ 316.9
Germany	$ 103.7	$ 317.6	$ 174.7	-	-	$ 278.3
Ireland	$ 44.4	$ 16.6	$ 9.1	-	-	$ 53.6
Italy	$ 3.2	$ 40.9	$ 22.5	-	-	$ 25.6
Japan	$ 16.9	$ 289.0	$ 159.0	-	-	$ 175.9
Netherlands	$ 168.9	$ 90.5	$ 49.8	-	-	$ 218.7
Norway	$ 74.9	$ 71.4	$ 39.3	$ 19.2	$ 9.4	$ 123.5
Sweden	$ 90.6	$ 116.1	$ 63.8		-	$ 154.4
United Kingdom	$ 730.8	$ 640.3	$ 352.2	$ 63.2	$ 31.0	$ 1,114.0
United States	$ 4,718.3	$ 1,551.9	$ 853.5	-	-	$ 5,571.9
European Commission	$ 12.7	$ 142.7	$ 78.5	-	-	$ 91.1
Other DAC	$ 56.3	$ 56.6	$ 31.1	$ 4.0	$ 2.0	$ 89.4
Other Non-DAC	$ -	$ 16.3	$ 8.9	$ 47.1	$ 23.1	$ 32.1
TOTAL	**$ 6,333.3**	**$ 3,976.7**	**$ 2,187.2**	**$ 238.8**	**$ 117.2**	**$ 8,637.6**

[1] https://kaiserfamilyfoundation.files.wordpress.com/2014/07/7347-10-financing-the-response-to-hiv-in-low-and-middle-income-countries.pdf
[1] http://kff.org/global-health-policy/report/financing-the-response-to-aids-in-low-and-middle-income-countries-international-assistance-from-donor-governments-in-2014/

Figure 3: Bilateral contributions to the Global Fund for 2013-2015 (*report shown in dollars*)

DONORS	2013 (USD) AMOUNT CONTRIBUTED	Source Currency	2014 (Source Currency) AMOUNT CONTRIBUTED	2015 (Source Currency) AMOUNT CONTRIBUTED
Countries				
Australia[2]	94,275,000	AUD	40,000,000	60,000,000
Belgium	15,602,895	EUR	19,000,000	19,000,000
Brunei Darussalam		USD		
Canada	174,086,583	CAD	216,700,000	216,633,334
China	5,000,000	USD	5,000,000	5,000,000
Denmark	25,358,960	DKK	165,000,000	100,000,000
Estonia		EUR	3,000	
European Commission	142,240,150	EUR	101,893,980	
Finland	2,621,400	EUR		
France[2,3]	454,672,242	EUR	334,000,000	302,000,000
Georgia	20,000	USD		
Germany	265,190,000	EUR	245,000,000	210,000,000
Greece		EUR		
Hungary		USD		
Iceland		USD	50,000	
India	3,000,000	USD	4,500,000	4,500,000
Ireland		EUR	10,000,000	10,000,000
Italy		EUR	30,000,000	30,000,000
Japan	122,273,670	USD	289,024,391	190,232,812
Kenya		USD	500,000	750,000
Korea (Republic of)	4,099,981	USD	4,067,893	3,723,849
Kuwait	499,965	USD	500,000	
Latvia		USD		
Liechtenstein	110,748	CHF	100,000	100,000
Luxembourg	3,217,750	EUR	3,000,000	2,500,000
Malawi		USD		
Malaysia		USD		
Monaco	131,119	EUR		
Namibia	250,000	USD	250,000	750,000
Netherlands[2]	90,403,100	EUR	73,300,000	53,000,000
New Zealand		NZD		
Nigeria		USD		
Norway	77,073,657	NOK	500,000,000	600,000,000
Poland		USD		
Portugal		EUR	50,000	
Romania		EUR		
Russia	20,000,000	USD		
Rwanda	325,000	USD		
Saudi Arabia	16,700,000	USD	9,000,000	8,000,000
Singapore		USD		
Slovenia		EUR		
South Africa	1,524,855	USD		
Spain		EUR		
Gen.Catalunya/ Spain		EUR		
Sweden	106,230,484	SEK	800,000,000	850,000,000
Switzerland	10,624,734	CHF	20,000,000	20,000,000
Thailand		USD	1,499,950	1,500,000
Tunisia		USD		
United Kingdom[3]	205,013,136	GBP	415,000,000	385,000,000
United States[4]	1,470,437,469	USD	1,551,876,012	400,000,000
Zimbabwe		USD	400,000	300,000
Other Countries[5]				

Question 5:

Please provide a chart describing what recipient countries are contributing bilaterally and annually to the fight against HIV and AIDS within their borders over the 2013 to 2015 time period. Please provide the data by country and year.

Answer:

Please see the chart on the following page.

PEPFAR Recipient Countries' Annual Contribution to HIV/AIDS *(report shown in dollars)*

PEPFAR Operating Unit (OU)	Domestic Funding		
	2013	2014	2015
Angola	no data	no data	no data
Asia Regional	$970,765,258.00	$977,788,274.00	no data
Botswana	no data	no data	no data
Burundi	$1,841,735.00	$289,800.00	no data
Burma	$4,131,753.00	no data	no data
Cambodia	no data	no data	no data
Cameroon	$14,805,716.00	no data	no data
Caribbean Regional	$6,074,131.00	no data	no data
Central America Regional	$95,171,217.00	$45,120,439.00	no data
Central Asia Regional	$50,352,634.00	$52,299,095.00	no data
Côte d'Ivoire	$14,025,624.00	no data	no data
Democratic Republic of the Congo	no data	no data	no data
Dominican Republic	no data	no data	no data
Ethiopia	no data	no data	no data
Ghana	$6,830,808.00	no data	no data
Guyana	no data	no data	no data
Haiti	$352,174.00	no data	no data
India	$144,554,317.00	$164,330,065.00	no data
Indonesia	no data	no data	no data
Kenya	$153,454,537.00	no data	no data
Lesotho	$25,900,622.00	no data	no data
Malawi	no data	no data	no data
Mozambique	$16,870,748.00	$12,217,622.00	no data
Namibia	$136,620,606.00	no data	no data
Nigeria	no data	no data	no data
Papua New Guinea	no data	no data	no data
Rwanda	no data	no data	no data
South Africa	no data	$1,492,672,908.00	no data
South Sudan	no data	no data	no data
Swaziland	$33,155,127.00	no data	no data
Tanzania	no data	no data	no data
Uganda	no data	no data	no data
Ukraine	no data	no data	no data
Vietnam	no data	no data	no data
Zambia	no data	no data	no data
Zimbabwe	$34,347,820.00	no data	no data

Source/Notes:

1) Source: UNAIDS http://aidsinfo.unaids.org/

2) Notably 2015 data is not yet available for all countries. For 2013/4, data is provided for all countries that provided it.

3) Asia Regional's data is the sum of: China and Thailand in 2013, as data for Laos was not available; China in 2014, as data for Laos and Thailand was not available.

4) Caribbean Regional's data is the sum of: Antigua & Barbuda, Barbados, Grenada, and St. Kitts & Nevis in 2013, as data for Bahamas, Dominica, Jamaica, St. Lucia, St. Vincent, Suriname, and Trinidad & Tobago was not available. No 2014 data was available for any of the countries in the region.

5) Central America Regional's data is the sum of: El Salvador, Guatemala, and Honduras in 2013, as data was not available for Belize, Costa Rica, Nicaragua, and Panama. El Salvador in 2014, as data was not available for Belize, Costa Rica, Guatemala, Honduras, Nicaragua, and Panama.

6) Central Asia Regional's data is the sum of: Kazakhstan, Kyrgzstan, Tajikistan, and Uzbekistan in 2013, as data for Turkmenistan was not available. Kazakhstan and Uzbekistan in 2014, as data for Kyrgyz Republic, Tajikistan, and Turkmenistan was not available.

Question 6:

Please provide a chart of the top 10 direct government-to-government recipient countries of PEPFAR funds by U.S. Government agency and annually over the FY13-15 period.

Answer:

Top 10 Government to Government Recipient Countries of PEPFAR Funds *(report shown in dollars)*

2013 Top 10 G2G Recipient Countries	HHS/CDC	USAID	Grand Total	2014 Top 10 G2G Recipient Countries	HHS/CDC	USAID	Grand Total	2015 Top 10 G2G Recipient Countries	HHS/CDC	State	USAID	Grand Total
Haiti	$34,060,595		$34,060,595	Ethiopia	$41,615,102	$231,000	$41,846,102	Ethiopia	$55,859,842		$0	$55,859,842
Rwanda	$33,470,710		$33,470,710	Rwanda	$37,471,711		$37,471,711	Zambia	$36,714,875	$150,000	$2,066,794	$38,931,669
Zambia	$28,767,399		$28,767,399	Kenya	$23,728,666	$11,478,596	$35,207,262	Uganda	$23,790,425			$23,790,425
Uganda	$28,136,562		$28,136,562	Uganda	$27,725,603		$27,725,603	Kenya	$16,976,459		$150,000	$17,126,459
Tanzania	$18,346,929	$390,000	$18,736,929	Haiti	$22,836,184		$22,836,184	Tanzania	$11,636,979		$0	$11,636,979
Ethiopia	$16,912,821	$1,250,000	$18,162,821	Zambia	$22,310,257		$22,310,257	Vietnam	$9,459,888			$9,459,888
South Africa	$14,797,961	$2,000,000	$16,797,961	Vietnam	$12,624,529		$12,624,529	Mozambique	$7,775,501			$7,775,501
Kenya	$16,630,808		$16,630,808	Tanzania	$7,059,057	$436,760	$7,495,817	Malawi	$6,556,317			$6,556,317
Vietnam	$15,429,193		$15,429,193	Malawi	$6,676,411		$6,676,411	South Africa	$5,050,000			$5,050,000
Nigeria	$12,125,667		$12,125,667	Mozambique	$6,183,410		$6,183,410	Caribbean Region	$0		$2,600,000	$2,600,000

Question 7:

Please provide a detailed chart showing the administrative expenses of the Office of the Global AIDS Coordinator in FY15, estimated for FY16, and projected for FY17.

Answer: Please see chart below.

Administrative Expenses for OGAC

			FY 2015	FY 2016	FY 2017
(report shown in dollars)			Actuals	Estimated	Planned
S/GAC Administrative Budget					
			Obligated	Estimated	Planned
1000	Personnel Salaries & Benefits		$5,043,681	$6,101,162	$6,284,197
2100	Travel & Transportation		$1,212,046	$1,700,000	$1,751,000
2300	Rent, Communication, & Utilities		$2,281,866	$2,330,297	$2,400,206
2400	Printing & Reproductions		$55,014	$90,000	$92,700
2500	Other Services		$9,331,206	$9,209,738	$7,486,030
2600	Supplies & Materials		$174,858	$171,000	$176,130
3100	Equipment		$73,274	$40,000	$41,200
	Total Admin		$18,171,946	$19,642,197	$18,231,463

Note: The above figures include carryover from prior years' funding.

Questions for the Record Submitted by
Representative Kay Granger (8)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question 8:

Please provide a detailed chart describing the administrative expenses for the Office of Global Health Diplomacy for FY15, estimated for FY16, and projected for FY17.

Answer: Please see chart on the following page.

Administrative Expenses for GHD

(report shown in dollars)		FY 2015 Actuals	FY 2016 Estimated	FY 2017 Planned
S/GHD Administrative Budget				
		Obligated	Estimated	Planned
1000	Personnel Salaries & Benefits	$84,205	$86,731	$89,333
2100	Travel & Transportation	$98,623	$86,731	$89,333
2300	Rent, Communication, & Utilities	$51,891	$173,473	$178,677
2400	Printing & Reproductions	$8,269	$8,517	$8,773
2500	Other Services	$235,088	$252,881	$260,467
2600	Supplies & Materials	$18,522	$19,078	$19,650
3100	Equipment	$0	$0	$0
	Sub-Total Admin	**$496,598**	**$627,410**	**$646,233**

Note: S/GHD's annual allocation of $519,000 and we included 6% cost for a portion of the rent.

Question 9:

Please provide a detailed chart for any non-administrative expenses of the Office of Global Health Diplomacy for FY15, estimated for FY16, and projected for FY17.

Answer:

S/GAC/GHD does not manage or administer programs and does not receive program funds.

Question 10:

Please provide the total number of Federal employees currently detailed from other agencies to the Office of Global Health Diplomacy and the total per agency for FY15.

Answer:

The Office of Global Health Diplomacy (S/GHD) was merged with the Office of the Global AIDS Coordinator (S/GAC) to create the Office of the Global AIDS Coordinator and Health Diplomacy (which maintains the S/GAC acronym) on January 5, 2015. Personnel and resources are in the process of being transferred as part of the merger. The Global Health Diplomacy team will remain an operating unit within S/GAC (S/GAC/GHD) and currently maintains eleven staff members:

- 4 Foreign Service Officers
- 1 Civil Service direct hire
- 1 Centrally-funded AAAS Fellow
- 1 full-time contractor
- 1 60%-time consultant
- 1 Pathways intern
- 2 Detailees from S/GAC

S/GHD has detailed one Foreign Service Officer to S/GAC in support of multilateral efforts.

Questions for the Record Submitted by
Representative Kay Granger (11a-e)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Section 3: Diplomatic Operations

On December 22, 2015 the cost-benefit analysis of three potential locations for a consolidated Foreign Affairs Security Training Center (FASTC) was submitted to the Committee. Following that submission, the Committee received a notification on January 6, 2016 that the Department intended to obligate $99.113 million appropriated in the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016 for construction at Fort Pickett for FASTC.

Question 11(a):

What is the current cost estimate for construction of the Foreign Affairs Security Training Center (FASTC)?

Answer:

The current estimate for construction of the Foreign Affairs Security Training Center is approximately $416 million. However, the General Services Administration (GSA) is still assessing the impact of the construction delays, following the July 2015 project pause, which could increase total project costs. GSA will have a revised project estimate in late May 2016.

Question 11(b):

What is the current estimate of when FASTC will become operational?

Answer:

It is currently estimated that FASTC will become fully operational in the spring of 2019.

Question 11(c):

Does the FY17 budget include funding for completion of FASTC? If so, how much? Will there be additional costs in the out years?

Answer:

There is no funding in the FY 2017 President's Budget request for FASTC construction.

Question 11(d):

What is the funding plan, by year and source of funds, to meet the estimated cost of construction?

Answer:

At this time, the Department plans to use recoveries to cover the balance of the construction costs in the out years. There is no plan to request additional appropriations for construction.

	ARRA	FY 2009 WSP	FY 2010 WSP	WSP 2015 Carryover	FY 2016 WSP	FY 2016 Carryover and Recoveries	TBD	Total	Anticipated Construction Start	Anticipated Construction Finish
Construction Phase 1	36,962	24,643	-	-	-	-	-	61,605	Jan-16	Feb-17
Construction Phase 2	-	23,408	17,551	50,000	99,113	29,928	-	220,000	Jul-16	Jul-18
Construction Phase 3	-	-	-	-	-	20,072	114,943	135,015	Jul-17	Feb-19
								-		
Total	**36,962**	**48,051**	**17,551**	**50,000**	**99,113**	**50,000**	**114,943**	**416,620**		

Question 11(e):

Will the Department maintain security training at existing sites for Foreign Service and Diplomatic Security personnel at or above the current level of training until FASTC is operational?

Answer:

As each construction phase is completed, there will be a gradual reduction in the number of courses and course iterations presented at the existing training sites. Simultaneous to the reduction, there will be a corresponding increase in the number of courses and course iterations at FASTC. This migration of courses will culminate after the completion of Construction Phase 3 (estimated for February 2019), and will result providing all key courses at FASTC. It is estimated that Foreign Affairs Counter Threat Training will continue at the Interim Training Facility in West Virginia until FASTC is fully operational.

Questions for the Record Submitted by
Representative Kay Granger (12a-b)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question 12:

Please detail the justification for the proposed $320 million increase for Worldwide Security Protection in the FY17 budget request.

Answer:

The proposed $320 million increase for Worldwide Security Protection (WSP) is comprised of the following net increases, decreases, and shifts to Diplomatic Security (DS) funding within the WSP Enduring (END) and Overseas Contingency Operations (OCO) accounts. None of the increases for WSP END or WSP OCO are specifically tied to any specific Accountability Review Board (ARB) recommendations as there are no DS-specific WSP END increases. The OCO increases are specific to guards and aviation in Iraq and Afghanistan.

The FY 2017 WSP END Request for DS is $1.402 billion, a $467.7 million net increase from the FY 2016 Estimate. This net increase is comprised of the following:

- $90.3 million increase in DS American salary funding from the Diplomatic and Consular Programs (D&CP) account to WSP.
- $2.8 million increase from the Embassy Security, Construction, and Maintenance account (ESCM) to WSP for residential non-rent operating costs associated with overseas housing leases for WSP funded personnel. These costs will be paid from WSP rather than ESCM beginning in FY 2017.
- $529.1 million increase from the DS WSP OCO account to the DS WSP END account, in support of world-wide DS ICASS invoice payments. This is to restore the END funds moved to OCO by Congress in FY 2016.
- $2.3 million for American Salaries pay increase.
- $99.1 million decrease for the FASTC non-recurral.
- $50 million decrease for the non-recurral of Libya Security Transition costs within the WSP account.
- $3.7 million shifted from WSP END to WSP OCO Pakistan.
- $4.0 million decrease for ICASS efficiencies.

The other OCO FY 2017 Request is $145.4 million, a $529.1 million decrease from OCO to WSP END, in support of world-wide DS ICASS invoice payments.

The Iraq WSP OCO FY 2017 Request is $966.6 million, a net increase of $271.8 million above the FY 2016 Estimate. This net increase is comprised of the following:

- $170 million for the replacement of Camp Condor;
- $58.2 million funding for Countermeasures equipment lifecycle replacement costs;
- $43.6 million for the increase to the Worldwide Protective Services contract costs.

The FY 2017 Afghanistan WSP OCO Request is $672.1 million, a net increase of $115.7 million above the FY 2016 Estimate. This net increase is comprised of the following:

- $26 million for the annualization of the Camp Alvarado guard force;
- $10 million funding for Countermeasures equipment lifecycle replacement;
- $16 million for the increase to the Worldwide Protective Services II contract costs;
- $80 million increase necessary to support aviation security operations;
- $12.8 million reduction to OCO-funded ICASS, of which $11.1 million is shifted to WSP enduring;
- $2 million decrease to Physical Security Upgrades Project Coordination;

- $1.5 million non-recurral for costs associated with the Camp Eggers move.

The FY 2017 DS WSP OCO Pakistan Request is $31.6 million, a net decrease of $6.1 million from the FY 2016 Estimate, which reflects a reduction in countermeasure requirements.

The request for the Foreign Service Institute is $132,000 for increased FACT and Diplomacy at High Threat Posts (DHTP) training and $1.04 million for expanded language training for DS agents.

The request for the Bureau of Medical Services is $3.0 million and 10 positions for Operational Medicine operations.

From the Office of Foreign Missions, $3.194 million is shifted to D&CP.

Account	FY 2015	FY 2016	FY 2017	Notes - CBJ, Appendix 1	Increase/Decrease
Enduring	$2,128,115	$1,428,468	$1,428,468	Starting page 386	
			$ 467,750	DS Net Increase	
			$ 1,800	Regional Bureuas	
			$ 31	A	
			$ 1,200	FSI	
			$ 3	HR	
			$ 22	IRM	
			$ 5	INR	
			$ 3,000	MED	
			$ (3,200)	OFM	
			$ 400	Other	
Total Enduring	$2,128,115	$1,428,468	$1,899,479		$ 471,011
OCO	$ 989,706	$1,966,632	$1,966,632		
			$ (529,160)	Shift back to END, page 386	
			$ 115,700	DS Afghanistan page 700	
			$ (6,100)	DS Pakistan 702	
			$ 271,800	DS Iraq page 705	
			$ (3,662)	Other	
Total OCO	$ 989,706	$1,966,632	$1,815,210		$ (151,422)
Total Funds	$3,117,821	$3,395,100	$3,714,689		$ 319,589

Question 12(a):

What progress has been made in implementing the recommendations of the Benghazi Accountability Review Board (ARB)?

Answer:

The Department has closed 26 of 29 Benghazi ARB recommendations and has made significant progress in implementing the remaining three. As we move to close the final three recommendations, we remain focused on the enduring implementation and impact of all closed Benghazi ARB recommendations.

We expect to close Recommendation 7 shortly. Recommendation 7 is as follows: "All State Department and other government agencies' facilities should be collocated when they are in the same metropolitan area, unless a waiver has been approved." The Department can further brief you on the specifics of implementing this recommendation in an appropriate setting.

The implementation of Recommendation 20 is still in progress. Recommendation 20 is as follows: "Diplomatic Security (DS) should upgrade surveillance cameras at high threat, high risk (HTHR) posts for greater resolution, nighttime visibility, and monitoring capability beyond post." The newest generation of low-light, enhanced resolution cameras have been installed at all but two high-threat, high-risk posts. These posts are not currently accessible due to host nation visa issues and personnel caps.

The third recommendation still in progress is classified and requires a thorough review of classified systems. The Department can further brief you on this recommendation in an appropriate setting.

Question 12(b):

What elements of the proposed increase in the FY17 budget request align with the ARB recommendations?

Answer:

Although there are no increases in the FY2017 request for DS that are specific to the Benghazi ARB, significant portions of the DS budget are dedicated to issues such as increased training and High Threat Programs that are related to ARB recommendations.

Questions for the Record Submitted by
Representative Kay Granger (13a-b)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question 13a:

Please provide the Committee with updated funding levels for fiscal years 2013, 2014, and 2015, and 2016, plus request for FY 2017 for the office, or offices, that respond to FOIA requests.

Answer:

Funding levels by fiscal year for the FOIA program, including the Bureau of Administration Office of Global Information Services (A/GIS) and other Department bureau offices, are as follows:

FOIA COSTS (UPDATED)

	(in thousands)				
Unit	**FY2013**	**FY2014**	**FY2015**	**FY2016 request**	**FY2017 request**
A/GIS	$15,151	$13,965	$26,292	$34,532	$51,262
Diplomatic Security (DS)	$689	$1,175	$1,571	$1,571	
Consular Affairs (CA)	$491	$630	$1,049	$1,049	
Human Resources (HR)	$168	$177	$151	$151	
Medication Services (MED)	$10	$20	$16	$16	
Legal Advisor/Management (L/M)	$21	$33	$41	$41	
Subtotal	**$16,530**	**$16,000**	**$29,120**	**$37,360**	**$51,262**
Litigation	$884	$2,075	$3,991	$3,991	
Total State	**$17,414**	**$18,075**	**$33,111**	**$41,351**	**$51,262**
OIG	$238	$292	$248	$248	
Grand Total	**$17,652**	**$18,367**	**$33,359**	**$41,599**	**$51,262**

[Note: Beginning FY15, the A/GIS costs include American salaries. The FY17 request includes $17,384k for IT infrastructure upgrades to the Department's FOIA FREEDOMS and State Archiving (SAS) systems.]

Question 13 b:

Please provide the relevant staffing levels for each fiscal year.

Answer:

Staffing levels by fiscal year for the FOIA program, including A/GIS and other Department offices, are as follows:

FOIA FTE CHART

Unit	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2017**
A/GIS	139.41	103.2	132	182	182
DS	8.36	14.5	15.5	15.5	15.5
CA	5.15	4.1	13.3	13.3	13.3
HR	2.3	2.3	1.8	1.8	1.8
MED	0.1	0.2	0.2	0.2	0.2
L/M	0.2	0.35	0.4	0.4	0.4
Subtotal	**155.52**	**124.65**	**163.2**	**213.2**	**213.2**
Litigation	0.6	1.3	4.46	4.46	4.46
Total State	**156.12**	**125.95**	**167.66**	**217.66**	**217.66**
OIG	1.5	1.5	1.5	1.5	1.5
Grand Total	**157.62**	**127.45**	**169.16**	**219.16**	**219.16**

[Note: The A/GIS numbers include FTE and FTE equivalent. A/GIS FY16 staffing level includes normalization of the FOIA 50.]

Questions for the Record Submitted by
Representative Kay Granger (14)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question 14:

Please provide a detailed chart on all funding by agency, account, and program in the FY17 request that partially or fully fulfills a commitment made at the Paris climate conference (COP21) in December 2015 or previous climate conferences.

Answer:

As recognized in the 2015 National Security Strategy, climate change is an urgent and growing threat to our national security. Assistance to countries through the Global Climate Change Initiative (GCCI) pre-dates COP-21 and benefits U.S. security by helping countries achieve their climate and development goals by growing their economies in a way that reduces emissions of greenhouse gases, builds resilience to climate-related impacts and disasters, and mobilizes investments in the climate and clean energy solutions of the future. The FY 2017 State/USAID GCCI request will go toward supporting these goals, which are also reflected in the Paris Agreement.

The GCCI is comprised of three pillars: adaptation, clean energy, and sustainable landscapes. The FY 2017 request is summarized below:

FY 2017 State/USAID Global Climate Change Request (Development Assistance (DA), Economic Support Fund (ESF), International Organizations & Programs (IO&P))

($ in thousands)	Adaptation	Clean Energy	Sustainable Landscape	FY 2017 Total
State/USAID GCCI Programs (excl. GCF) (DA, ESF, IO&P)	181,323	196,631	105,946	483,900
DA	141,800	93,000	75,500	310,300
ESF (non-GCF)	35,023	66,631	26,446	128,100
IO&P	4,500	37,000	4,000	45,500
Green Climate Fund (GCF)/ESF *	N/A	N/A	N/A	500,000
Total State/USAID GCCI Funding (DA, ESF, IO&P)	N/A	N/A	N/A	983,900

* GCF funding is not currently factored into the GCCI pillar allocations because GCF programming – including decisions about support to mitigation and adaptation activities – will be determined by the GCF Board, of which the United States is a member.

Questions for the Record Submitted by
Representative Harold Rogers (1)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 25, 2016

Question 1:

Please provide additional information on efforts by the Department of State to consolidate many of its training courses at a Foreign Affairs Security Training Center (FASTC).

Question 1(a):

What is the projected date for completing each construction phase of FASTC and for the transfer of security training courses from their existing locations to FASTC?

Answer:

The construction of the FASTC facilities began earlier this year, with the process comprised of three separate construction phases. Construction Phase 1 is scheduled for completion in February 2017 and includes completion of the following structures (among others): live-fire shoot house, rappel tower, tactical maze, and smoke house.

The scheduled completion date of Construction Phase 2 is August 2018 and includes the bulk of instructional facilities; among those are the mock embassy, two of the three high speed driving tracks, and post-blast explosives range. The

main administrative and classroom buildings are also included, as well as site infrastructure and utilities-related projects.

Construction Phase 3 currently has an estimated completion date of February 2019. A portion of the facilities included in this phase includes the fitness center, off road driving tracks, explosives training venues, the third high speed driving track, the central warehouse, and the public works buildings. The end of Construction Phase 3 will allow for the implementation of all key courses, to include the initiation of the Foreign Affairs Counter Threat (FACT) course.

Question 1(b):

What is the projected date for the transition of the Foreign Affairs Counter Threat (FACT) course? Please confirm whether the relocation of the FACT course will occur after the new FASTC facility becomes fully operational.

Answer:

The FACT course will be the final program to transition to FASTC. The resources needed for this course require DS to ensure that all necessary support infrastructure is in place before FACT transitions to FASTC. The course is expected to move to FASTC after the completion of Construction Phase 3, estimated for February 2019, at which point the FASTC facility will be considered fully operational.

Question 1(c):

The Committee expects to receive a detailed transition plan and schedule that includes projected dates for facility completion and the transfer of training programs. What is the current estimate of when the Committee will receive this detailed transition plan? Will the Department provide semi-annual updates to the Committee detailing the transition of training courses to FASTC?

Answer:

The DS FASTC transition planning team has commenced work on designing an efficient and effective transition plan from the current training locations to Fort Pickett. This will be a phased transition over the next several years. This transition planning team is currently in the process of validating previously gathered transition data. DS expects that it will take several months before a formal transition plan is complete, with a goal of the first draft of this plan to be presented to DS leadership in September 2016, with the Department delivering the plan in October 2016. The Department will brief Congressional staff frequently during the construction and transition phase of FASTC.

Questions for the Record Submitted by
Representative Harold Rogers (2)
Secretary of State John F. Kerry
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 25, 2016

Question 2:

The Explanatory Statement accompanying the Department of State, Foreign Operations, and Related Appropriations, 2016 directed the Secretary of State to pursue options to reduce the impact of any job losses that may result at existing training sites when FASTC becomes operational.

Question 2(a):

How many sites currently support training and how many jobs are associated with each site?

Answer:

Diplomatic Security (DS) currently utilizes 11 hard skills training sites. The majority of these sites are covered by DS personnel deploying to support the necessary training as it occurs.

For example, when DS students go to Quantico for weapons training, personnel from the DS/T Firearms Training Unit deploy to support this training. They are not, however, permanently assigned to Quantico. When DS agents deploy to the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) training site in Huntsville, Alabama, DS trainers accompany them. These trainers are not permanently assigned to Huntsville.

The majority of DS trainers are assigned to the Interim Training Facility (ITF) at Summit Point, West Virginia. It is envisioned that these positions will move to FASTC once construction at Fort Pickett is completed. As part of the FASTC transition plan scheduled to be delivered in October 2016, DS will have a workforce breakdown structure more specifically outlining the positions transitioning to FASTC.

Question 2(b):

Please describe the Department's plans to comply with this directive, specifically as it relates to the Interim Training Facility that currently provides FACT training.

Answer:

DS has slightly more than 150 personnel at the ITF, and the Department has begun discussions with those who might be affected. BSR retains a number of critical advantages for the Department as well as other customers. The Department is currently working to determine what other operations could be moved to the leased 27-acre ITF site. DS' Supply Chain Management contract, which provides warehousing and logistical operations for technical security equipment supporting 275 posts around the world, might be well-suited to the area. Although the Department is bound by Federal regulations on procurements, moving this contract and the need for approximately 250-300 employees to ITF is a possibility.

Question 2(c):

Will there be termination costs associated with phasing out current training sites? If so, please provide an estimate of such costs.

Answer:

The Congressionally mandated CBA completed in December 2015 indicated that no termination costs would result from the cancelation of a contract with any existing facility currently used for DS training.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#1)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

The war for influence is extremely important. Yet, I see little evidence that we are successfully using the tools of public diplomacy to get our message out. The FY 2017 request includes a 5% increase for public diplomacy, for a total of $1.204 billion. This includes 1555 positions worldwide through Embassies, at the State Department and the BBG. This is no small effort, and it concerns me a great deal that it is still not clear whether these efforts are effective. With all this amassed talent, why are we losing the public relations war? What are the biggest challenges preventing us from being more effective? Are there examples of where we have been successful? Even with the requested FY'17 increase, does the State Department have the resources and the ability to serve as the lead?

Answer:

Creating and sustaining international public support for U.S. foreign policy goals is more complex than ever before. Empowered by new digital technologies, non-state actors and distinct, segmented audiences – each with individual concerns, ideas, problems, and potential solutions – play an increasingly important role in shaping the international system.

Forming relationships with influential foreign audiences – such as civil society leaders, journalists, youth, and religious leaders – is vital to the conduct of U.S. foreign relations. More than public relations, the Department's public

diplomacy strategies, approaches, and tools enable the United States to engage key foreign individuals and groups in ways that allow us to understand each other's perspectives and find ways to advance U.S. policy objectives.

Rising demand for our public diplomacy programs and the increasing reach of our messaging point to the success of this effort, not failure. Public diplomacy funding supports the Department's regular outreach to a vast and growing foreign social media following, currently numbering close to 60 million people, on priority issues. The Regional Media Hubs and foreign-language spokespeople successfully amplify U.S. foreign policy messages in local languages to upwards of 650 unique media outlets worldwide with millions of viewers and readers, ensuring accurate coverage of U.S. policy messages in influential foreign news coverage. Our global network of 700+ American Spaces hosts nearly 37 million visits annually, building and strengthening relationships with foreign audiences by showcasing American culture and values and providing accurate information about the United States. And our exchange programs annually bring more than 55,000 promising future foreign leaders to the United States, and send more than 10,000 U.S. citizens abroad, to create enduring networks of personal relationships that promote U.S. values and national security interests.

These programs have an immediate effect, but they also have a generational impact because they create connections – with our country, with the American

people – that last far into the future. For instance, 395 alumni of our exchange programs are current or former heads of foreign governments, 77 are Nobel Prize winners, and thousands more are leaders of industry, academia, business, science, and the arts – the vast majority of whom have indicated they came away from their program with a greater understanding of the United States.

Informing, engaging, and influencing foreign publics requires a long-term commitment and strategic investments of limited resources, but with the requested FY 2017 increase, the State Department would have the funding and ability to continue to serve as the lead on this issue. As part of this effort, the Department is making increased public diplomacy investments in analytics and evaluations to help us better identify key audiences, measure the impact of our engagement, and stay in front of an ever-changing world. Restrictions on data collection imposed by the Privacy Act of 1974 do, however, limit our ability to understand our audiences and to evaluate the effectiveness of our messaging.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#2)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question :

If the goal is to change the behavior of extremists and their supporters and turn them away from ISIS's message, are we enlisting behavioral experts in additional to those with technological expertise?

Answer:

The Global Engagement Center employs a wide range of analytics, including behavioral analysis, to understand terrorist adversaries and to gauge audience susceptibilities and vulnerabilities. The Center collects, develops and assesses measures of performance and of effectiveness of its online efforts through data analytics systems. The Center also engages with academics and NGOs to understand the state-of-the-art techniques that could be employed, with appropriate authorities in place, to assess directly the impact of our messaging and that of partners.

In accordance with Section 5(c) of Executive Order 13721, the Center incorporates the Intelligence Community's strategic and current analysis, drawn from a variety of academic disciplines, of the adversary and of our target audiences. Many of these information sources incorporate behavioral science,

such as behavioral economics and forensic psychology, as a basic principle of analysis. The Center is developing a more intensive data analytics program to support its core responsibility under EO 13721 to coordinate, integrate and synchronize all U.S. Government public communications directed toward foreign audiences abroad for the purpose of countering and diminishing the messaging and narratives of international terrorist organizations, such as al-Qa'ida and ISIL, and other violent extremists. In the interest of enhancing the efficiency of the Government, the Center is considering what capabilities can be drawn most effectively under the authority granted by Section 5 of EO 13721 and what capabilities should be brought in-house, resources permitting. The high relevance of behavioral analysis to the Center's work will be a key element of that process.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#3)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

The request is seeking $1.5 million to counter Russian propaganda. How specifically would such funding be spent, and can we better use the assets of Radio Free Europe and Voice of America to get our message across?

Answer:

The funds will be used to establish desperately needed LES positions in key EUR posts in order to engage audiences through social media, for programs to counter violent extremism, and for promoting youth engagement and entrepreneurship.

As an independent agency, the BBG works in close coordination with the White House, the National Security Council, and the State Department in formulating efforts to counter Russian propaganda, for which the BBG doubled its budget last year from $11.2 million to $22.7 million.

New BBG programs, including a range of new digital content activities (web, social media, video, mobile), have been developed in coordination with the State Department and within the framework of the Administration's policy response to Russia, in which the BBG was an active participant.

Voice of America (VOA) and Radio Free Europe/Radio Liberty (RFE/RL) are making powerful strides on this front. The two networks worked together to create Current Time, a popular daily 30-minute Russian-language television news program that is now available in nine European countries of the former Soviet Union via 25 media outlets, and worldwide via digital platforms. In Russia, where placement on domestic stations is not possible, Current Time is available on NewsTube.ru, Russia's largest news site. Our new research shows that nearly 5 percent of Russians (more than 7 million people) watch Current Time weekly online and that the program is most popular among 15-24 year olds. This reflects a two-hundred-sixty-five percent increase in viewership over the past two years.

The RFE/RL Ukrainian Service's anti-corruption project "Schemes: Corruption in Details" gave investigative materials tied to their 15 most important stories to the head of Ukraine's National Anti-Corruption Bureau, who pledged to assign detectives to review those materials for possible further action.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#4)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question :

How can we better utilize the BBG to counter the messages of ISIS and other terrorists?

Answer:

- BBG and U.S. international media (USIM) response to the Islamic State (ISIL) has been significantly increased over the last two years.

- Much work has been done by BBG to help create and distribute counter-ISIL over the past year – and more needs to be done. There have been successful projects in recent months that can form the basis for larger programs moving forward.

- One example of BBG CEO Lansing's efforts is the Middle East Broadcasting Networks' (MBN) "Raise Your Voice" campaign, which encourages citizens across the Middle East to speak out and be a part of the discussion about the fight against violent extremism.

- Over just the past few months more than 590,000 votes have been cast on daily "Raise Your Voice" polls, and MBN now has 12.3 million followers on Facebook.

- MBN's successful program uses multiple and modern platforms – such as Google Hangout discussions, infographics, short videos, and other social media – to engage in discussion about the fight against extremism and terrorism across Iraq. The FY 2017 request from BBG proposes to expand "Raise Your Voice" to Egypt, Central Asia, and the Balkans.

- The cooperation between the grantee networks has increased strategic planning and amplification– in turn leading to more efficient and engaging programming, including *Delusional Paradise.*

- *Delusional Paradise* is a weekly 30-minute documentary series comprised of firsthand accounts of families who have suffered at the hands of ISIL. The program includes compelling interviews with families who have lost loved ones to ISIL recruitment or attacks, including an interview with Jordanian pilot Muath al-Kasasbeh's family after he was burned to death by ISIL.

- Utilizing recent funding enhancements, VOA established an *Extremism Watch Desk* in October 2015 that serves as a BBG-wide media monitoring and translation hub designed to amplify content that exposes ISIL's true nature and debunks its propaganda. The unit will unlock high-quality content by monitoring USIM's ISIL-related content across language services, repurposing and translating the content into English and the appropriate foreign language, and redistributing the content using the full spectrum of BBG platforms to reach both global and target audiences. In addition, the Desk is developing its own independent social media presence, expecting to establish its Twitter account soon.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#5)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

If the current conditions of rampant criminal violence, domestic and sexual violence, a debilitating drought, and a lack of economic opportunity do not change, parents in Central America will continue to send their children on the dangerous trek north. What is the Administration doing to establish additional avenues for safe, legal, and orderly migration?

Answer:

The U.S. Strategy for Engagement in Central America is focused on addressing the underlying security, governance, and economic conditions driving migration from the region. We are committed to supporting efforts of the Northern Triangle governments of El Salvador, Guatemala, and Honduras to reverse endemic violence and poverty, promote economic prosperity, crack down on criminal networks, and strengthen good governance and the rule of law. As these reforms and programs will take time to take root and achieve results, our Strategy calls for a multi-year investment in the region.

Expanding resettlement opportunities is an important part of our diplomatic and programmatic efforts in the region. In December 2014, in partnership with the

Department of Homeland Security, we established the Central American Minors (CAM) program, an in-country refugee and parole initiative to provide Northern Triangle migrants with a safe, legal, and orderly way to reunify with their parents in the United States. We have received more than 7,600 applications and over 140 children have arrived to the United States through the CAM program.

In January, I announced plans to further expand refugee processing in the region to protect vulnerable Northern Triangle individuals and families by offering them a safe and legal alternative to the dangerous and irregular journey many are currently taking in the hands of human smugglers. We will collaborate with the UN Office of the High Commissioner for Refugees (UNHCR) to identify persons in need of refugee protection. As is the case with all U.S. refugee resettlement candidates, the U.S. government will make the final decision about who will be resettled to the United States.

In addition, we provide funding to the International Organization for Migration to train Mexican and Central American migration officials and civil society actors to identify, protect, and assist asylum seekers, human trafficking victims, and other vulnerable migrants. We also support UNHCR efforts to strengthen asylum systems in the region and address forced displacement in Central America, with a focus on child protection needs.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#6)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

How do you reconcile the Administration's decision to expand the number of Central American refugees permitted in the country, recognizing the dire conditions in the Northern Triangle countries, while at the same time increasing deportations of families back to these countries?

Answer:

Consistent with U.S. immigration laws and policies, if U.S. officials determine Central American migrants to be ineligible for asylum or any other form of U.S. immigration relief, the migrants are subject to removal to their countries of origin.

As U.S. Department of Homeland Security (DHS) Secretary Jeh Johnson has consistently said, our border is not open to illegal immigration, and if individuals come here illegally, do not qualify for asylum or other relief, and have final orders of removal, they will be sent back consistent with our laws. For more information on asylum and deportations, please contact DHS.

The Central American Minors (CAM) program provides a safe, legal, and orderly alternative to the dangerous journey that some children take to join their parents in the United States. The in-country program allows parents who are lawfully present in the United States to request that their children in El Salvador, Guatemala, and Honduras be considered for refugee or parole status to allow them to be reunited with their parents in the United States. To date, more than 160 CAM applicants have been reunited with their parents in the United States.

In addition to the CAM program, Secretary Kerry announced on January 13 plans to expand the U.S. Refugee Admissions Program to help vulnerable families and individuals from El Salvador, Guatemala, and Honduras, and offer them a safe and legal alternative to the dangerous journey many migrants take, making them easy targets for human smugglers who have no interest but their own profits. For the new program, applicants will need to qualify based on their eligibility for refugee status under U.S. law, regardless of whether they have family in the United States.

We are also partnering with governments in the region to address the underlying security, governance, and prosperity conditions that drive migration. As you know, with funding identified in the Fiscal Year 2016 appropriation, the United States will invest up to $750 million in Central America to support the

efforts of the governments of El Salvador, Guatemala, and Honduras to reverse endemic violence and poverty, promote economic prosperity, crack down on criminal networks, and strengthen good governance and the rule of law.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#7)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

With regards to the Central American Minors (CAM) program, what does the screening process entail, and which agencies are involved? In particular, what measures are in place to prevent potential terrorists or extremists from taking advantage of the program? What additional legal pathways is the Administration considering to protect children who may not be eligible for the Unaccompanied Minors Program, such as Temporary Protected Status?

Answer:

All refugees of all nationalities, including those in the Central American Minors (CAM) program, considered for admission to the United States undergo the most intensive level of security screening of any category of traveler to the United States. This recurrent screening involves multiple federal intelligence, security and law enforcement agencies, including the Department of Homeland Security, National Counterterrorism Center, the FBI's Terrorist Screening Center, and the Departments of State and Defense, in order to ensure that those admitted are not known to pose a threat to our country.

Law enforcement and intelligence community holdings are regularly updated and enhanced to ensure we have the most up to date and accurate information possible.

These safeguards include biometric (fingerprint) and biographic checks, and a lengthy in-person overseas interview by specially trained DHS officers who scrutinize the applicant's explanation of individual circumstances to ensure the applicant has a bona fide refugee claim and is not known to present security concerns to the United States. (The classified details of the refugee security screening process are regularly shared with relevant Congressional Committees.)

Secretary Kerry announced plans on January 13 to expand the U.S. Refugee Admissions Program to help vulnerable families and individuals from El Salvador, Guatemala, and Honduras, and offer them a safe and legal alternative to the dangerous journey many migrants take, making them easy targets for human smugglers who have no interest but their own profits. Unlike our existing CAM program, individuals and families without relatives in the United States will be eligible.

We anticipate this program will be operated in partnership with the United Nations High Commissioner for Refugees (UNHCR), the International Organization for Migration (IOM), and nongovernmental organizations (NGOs).

We are also working with the Department of Homeland Security (DHS), the U.S. Agency for International Development (USAID), countries in the region, UNHCR, IOM and NGOs to protect internally displaced people and assist returnees and to build the capacity to protect migrants in other countries in the region to which some have fled to seek protection.

For information on Temporary Protected Status, we refer you to DHS.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#8)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

In the six years after the devastating earthquake, U.S. efforts have made notable strides in housing, health, agriculture, police training, and electricity. However, governance and local capacity remain tremendous challenges and threaten all of our progress. Given the prolonged political crisis, how can the U.S. play a role in restoring some level of faith in the democratic process for the Haitian people?

Answer:

The U.S. role has been to support and strengthen Haitian democratic institutions and processes that allow the Haitian people a voice in their government. The U.S. government, through USAID, is supporting the democratic electoral process in Haiti through long-term technical assistance to Haitian electoral institutions, support for international and domestic election observation, capacity building for political parties and civic education, and security and logistical support.

So far, we have donated a total of $9.7 million to the United Nations Development Program (UNDP)-managed donor basket fund to provide elections materials and technical assistance and provided $7.6 million to the United Nations

Office for Project Services (UNOPS) for elections logistics support. We are working to improve the outreach and communications capacity of the Provisional Electoral Council (CEP), to develop civic and voter education materials, and to work with the CEP to ensure that women and persons with disabilities are fully integrated into the electoral process through an award of more than $5 million to the Consortium for Elections and Political Process Strengthening (CEPPS)/International Foundation for Electoral Systems (IFES). Through a $7 million award to the CEPPS/National Democratic Institute (NDI), we are building the capacity of a coalition of Haitian civil society organizations to conduct local elections observation and hold issue-based candidate debates. Finally, we made a $1 million donation to the Organization of American States (OAS) international electoral observation mission.

In addition, we called on the CEP to quickly implement the technical recommendations of the Independent Electoral Evaluation Commission, which were designed to improve the transparency and fairness of the final round. We also urged all political actors to find consensual solutions for the expeditious completion of the electoral process.

All of the actions described above are designed to support the ability of the government of Haiti to hold fair and credible democratic elections, which will enhance public confidence in the election process.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#9)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

Following highly controversial and discriminatory steps by the government of the Dominican Republic, there are an estimated 200,000 Dominicans of Haitian decent who are now 'state-less,' or stripped of Dominican citizenship, and face possible deportation to Haiti, which as we all know is ill-equipped to take displaced people. How is the Administration working to resolve this humanitarian crisis and apply pressure on the Dominican Republic to protect all Dominicans regardless of their ethnicity?

Answer:

The United Nations High Commissioner for Refugees (UNHCR) estimates there were approximately 134,000 individuals rendered stateless by the 2013 Constitutional Tribunal ruling. The Dominican Republic has taken steps to address the most immediate humanitarian concerns created by the 2013 Constitutional Tribunal ruling and to improve the overall humanitarian situation. Nonetheless, we remain concerned about the risk of statelessness facing Dominican-born people of Haitian descent.

In 2014, the Dominican government passed a law that, on paper, put all those de-nationalized by the 2013 ruling on a path to restored Dominican

citizenship. This law provides immediate reinstatement of citizenship for the estimated 55,000 de-nationalized individuals who registered their births before 2007, and allows all other de-nationalized individuals to apply for a two-year path to "naturalized" citizenship.

The government is still in the process of implementing the law. The government claims it has provided new citizenship papers to approximately 35 percent of those who previously held Dominican birth certificates, though neither our Embassy nor other third-party observers have confirmed those numbers. Local NGOs reported the Dominican government has accelerated issuance of new identity documents to this group in recent months after the Embassy raised directly with the civil registry the delays in adjudicating applications.

Of the remaining population affected by the 2013 ruling – an estimated 55,000 to 80,000 individuals whose births in the Dominican Republic had not been previously registered with the government – fewer than 9,000 have applied for the path to "naturalized" citizenship.

The U.S. government has taken a number of steps to address the humanitarian concerns involved in the citizenship and migration issue in the Dominican Republic, including:

- Pressing the government to adjudicate citizenship claims transparently and expeditiously and to implement a humane, rules-based deportation process with safeguards to prevent the removal of DR-born individuals.
- Providing $1.7 million to support the International Organization for Migration's efforts in FY 2016 to help the DR government manage migration in a humane and orderly manner, assist vulnerable Haitian migrants in applying for Temporary Migrant work authorization in the DR, and help those migrants that wish to return to Haiti to reintegrate successfully.
- Providing nearly $3.5 million to the UN High Commissioner for Refugees (UNHCR) and $9.3 million to the International Committee of the Red Cross (ICRC) for their 2016 regional appeals in the Western Hemisphere, including the Dominican Republic. In the Dominican Republic, UNHCR is actively engaging with the Dominican government to find a solution for stateless populations and ensure respect for human rights.

Our efforts have yielded significant progress toward the preservation of citizenship rights for Dominicans of Haitian descent and reduced the humanitarian risks faced by this community and migrant populations on both sides of the border, including:

- A 60 percent increase in the issuance rate of new birth certificates to individuals whose documents were nullified by the 2013 ruling.
- The opening in January 2016 of talks (brokered by our Embassy) between civil society groups and the government on citizenship and migration.
- Substantial improvement to the humanitarian aspects of the government's deportation process, including new safeguards to prevent the deportation of Dominican-born individuals and vulnerable populations.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#10)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

In June 2015 following a meeting with Pakistan Prime Minister Nawaz Sharif, Secretary Kerry stated that he had "enormous" concerns over the tensions between Pakistan and India. In January, the Pakistani-based terrorist group Jaish-e-Mohammed was believed to be behind the attack on India's Pathankot Air Force base. Pakistan has been slow to help India in prosecuting the terrorist organization; in fact, Pakistan has given safe haven to this terrorist organization within its borders. Does the State Department still have "enormous" concerns over the tensions between the two countries? Is the United States pressing Pakistan to cooperate in the investigation and increase its counterterrorism commitments?

Answer:

India and Pakistan stand to benefit from practical cooperation and we have long advocated that they work together to create the space for continued dialogue and peaceful relations. We are encouraged by the signs of recent cooperation between India and Pakistan, including a just-concluded visit by the Pakistan Joint Investigation Team to investigate the January 2 attack on the Pathankot airbase, during which India gave Pakistani investigators access to the base. Actions like this, and recent high-level engagements between the two governments, including the December 2015 meeting between Prime Ministers Modi and Sharif in Lahore,

are positive steps. We continue to be concerned about terrorist groups that seek to derail any type of India-Pakistan rapprochement and regularly press Islamabad to take action against these groups, including Jaish-e-Mohammad, believed responsible for the Pathankot airbase attack, and Lashkar-e-Tayyiba. The United States strongly supports bringing the perpetrators of the January 2 attack on the Pathankot air base to justice, via a credible investigation and judicial process. Such an investigation is an opportunity for Pakistan to demonstrate its commitment to delegitimizing, disrupting, and dismantling terrorist networks that threaten regional stability and we have communicated this to Pakistani officials. A cooperative relationship between India and Pakistan will benefit the people of both nations and ensure a more secure and prosperous future for the broader region.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#11)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

The crackdown on the press in Turkey under President Erdogan is a disturbing trend. According to the State Department Human Rights Report, "Observers reported government officials used defamation laws to stop political opponents from voicing criticism." The Report further states that "hundreds of journalists faced criminal charges, many of them multiple counts, for violations of criminal code including denigrating Turkishness' or influencing the outcome of a trial as well as offense related to the antiterror law." I understand Turkey's importance from a national security perspective but this trend toward cracking down on the press is unacceptable. What steps are being taken by the State Department to press President Erdogan to end these abuses and uphold the internationally recognized standards of freedom of speech? Does the issue of free speech come up in our discussions with senior Turkish officials?

Answer:

We have expressed our deep concerns about the erosion of media freedom in Turkey at the highest levels, including in discussions with senior Turkish officials and public statements. President Obama publicly noted April 1 that he was troubled by trends in Turkey involving "repression of information and shutting down democratic debate." During Vice President Biden's trip to Istanbul in late January, he called on Turkey to uphold democratic principles and protect freedom of expression. Deputy Secretary Blinken raised media freedom with officials

during his trip to Ankara on March 23, and Secretary Kerry discussed our concerns with Foreign Minister Cavusoglu in his meeting on March 28.

We have called on Turkish authorities to ensure that all individuals and organizations, including but not limited to journalists and media outlets, are free to voice a full range of opinions. We continue to encourage the Turkish government to uphold the universal democratic values enshrined in Turkey's constitution, including freedom of speech, freedom of the press, judicial independence, due process and equal treatment under law.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#12)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

In a February 2015 report on U.S. assistance to Egypt (GAO-15-259), GAO noted that USAID did not obligate over $280 million in fiscal years 2012 and 2013 ESF funding for Egypt until the last 2 months of fiscal year 2014 and had approximately $460 million in unobligated balances, as of the end of fiscal year 2014. What is the current amount and status of unobligated ESF funds allocated for Egypt?

Answer:

The current amount of unobligated ESF funds allocated for Egypt is $329 million. The FY 2016 Appropriations Act provided up to $150 million of ESF funds for Egypt, which is unobligated. In FY 2015, Egypt was allocated $150 million of ESF funds, of which $5.5 million was withheld consistent with Sec. 7041(a)(2)(C)(i) in the FY 2015 Appropriations Act that called for the withholding of assistance equivalent to the amount the U.S. paid related to the "NGO trials". The remaining $144.5 million of FY 2015 ESF funds remains unobligated. Additionally, $34.2 million of FY 2012 ESF funds earmarked for Egypt allocated to the extended-life cash transfer account has not been obligated. We are currently

reviewing our economic assistance portfolio for Egypt, and hope to consult more with Congress on our discussions with the GOE on implementation challenges.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#13)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Foreign Affairs
February 24, 2016

Question:

In the same February 2015 report (GAO-15-259), GAO found that State had not completed a required evaluation of the more than $1.3 billion in security assistance provided to Egypt annually. As of March 2015, State reported that it was working to develop a template that could be used to evaluate security assistance in Egypt and elsewhere. What is the status of this effort? Has State completed the required evaluation of U.S. security assistance to Egypt? If not, why has the evaluation not been completed?

Answer:

The Department's evaluation policy provides broad guidance about the conduct of and standards for evaluations of assistance and establishes minimum Bureau evaluation requirements. The policy also provides considerable flexibility in the implementation of evaluation activities within the Department. This flexibility is necessary due to the number and scope of foreign assistance programs implemented by the U.S. government around the world.

State's Bureau of Political-Military Affairs (PM) has initiated a program for developing and implementing a monitoring and evaluation (M&E) activity

designed to improve the overall effectiveness of the foreign military financing (FMF) and international military and education (IMET) programs. Since November 2015, PM has had a team in place working on M&E issues in support of these programs, including the development of an implementation framework and logic models that will inform FMF and IMET evaluations at the country level. The team is presently working to identify a narrow set of countries to begin pilot testing for targeted performance evaluations, in order to assess the feasibility and usability of the evaluation frameworks and their ability to produce useful analysis. Given the size and diversity of our security assistance programs in Egypt, the country will not likely meet the selection criteria for pilot testing. However, the Department recognizes that our security assistance program in Egypt warrants a careful and objective review, and we are endeavoring to conduct an evaluation as soon as practicable.

Questions for the Record Submitted to
Secretary of State John F, Kerry by
Representative Nita M. Lowey (#14)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

The Administration and the Government of Israel are in the final stages of discussions on a new 10-year Memorandum of Understanding agreement, which I hope will generously take into account the growing needs that Israel faces today and into the future. What update can you provide on the status of these discussions? Is there discussion on changing longstanding offshore procurement and ability to use FMF as a strategic fuel reserve for Israel in the new MOU? Can you elaborate?

Answer:

Our commitment to Israel's security is steadfast, and our close cooperation with the Israeli government on military and security issues continues. As Prime Minister Netanyahu recognized during his 2015 speech to the UN General Assembly, "we never forget that the most important partner that Israel has, has always been, and will always be, the United States of America."

Israel remains the leading recipient worldwide of U.S. Foreign Military Financing (FMF). The current ten-year $30 billion Memorandum of Understanding between the U.S. and Israel, under which Israel currently receives

$3.1 billion per year, is just one example of our strong, enduring partnership and the U.S. commitment to Israel's security.

During their meeting on November 9, the President and Prime Minister Netanyahu agreed to resume formal talks on a new MOU to succeed the current one, which expires at the end of 2018. Several rounds of talks with the Israelis have been held since then. We hope to reach a new MOU that will build on the United States' historic and enduring commitment to Israel's security, provide maximum benefit to both Israel and the United States and serve as the foundation for the bilateral security relationship well through the next decade.

We believe that it is increasingly important to ensure that all American taxpayer funds, including the funding we provide to Israel, is used as efficiently as possible and provides maximum benefit in terms of safeguarding Israel's QME. We are exploring with the Israelis a variety of FMF implementation options to ensure assistance is maximized and appropriately addresses Israel's security needs. Even as we grapple with a particularly challenging budget environment, this Administration's commitment to Israel's security is such that we are prepared to sign an MOU with Israel that would constitute the largest single pledge of military assistance to any country in U.S. history.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita Lowey (#15)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

With unprecedented levels of turmoil and violence across the region, how will the new MOU ensure that Israel maintains its qualitative military edge (QME)? Does Israel's QME factor into the sale of sophisticated weaponry to Arab nations as part of the anti-ISIS campaign? What are we doing to prevent Iran from transferring advanced weaponry to non-state actors in the region who might use those weapons against our allies?

Answer:

The United States is committed to ensuring Israel maintains its Qualitative Military Edge (QME), defined as Israel's ability to counter and defeat credible military threats from any individual state, coalition of states or non-state actors, while sustaining minimal damage or casualties.

U.S. security assistance plays a critical role in ensuring Israel has the legitimate defense capabilities it needs to protect its security. In August 2007, the United States and Israel entered into a $30 billion, 10-year Memorandum of Understanding (MOU) on Foreign Military Financing (FMF). The agreement called for incremental annual increases in FMF, reaching $3.1 billion a year in FY2013 through FY2018. The current MOU expires at the end of FY2018, and we

are in discussions with Israel on a new agreement. We are prepared to finalize a MOU with Israel that would constitute the largest single pledge of military assistance to any country in U.S. history, and would serve as the foundation for the bilateral security relationship well through the next decade.

The United States also works with Israel to ensure that it is equipped with highly advanced weapons systems in line with QME goals. Through both our government-to-government Foreign Military Sales program and Direct Commercial Sales, we are able to provide Israel with advanced products and systems that are restricted to our closest allies and partners. We also have an open dialogue with our Israeli partners to discuss regional threats and the rapidly changing environment in the Middle East to ensure Israel's security is protected. On an ongoing basis, the U.S. and Israel participate in joint military planning, collaborate on military research and weapons development and discuss diplomatic developments that may present security challenges in the future.

We review all arms sales to the Middle East in light of Israel's QME and, as required by law, would not approve any sale or transfer that might threaten Israel's security. This has not prevented us from approving significant capabilities to partners in the fight against ISIL, including Iraq, Jordan, Lebanon, and the Gulf States.

On Iran, we have a broad set of unilateral and multilateral tools, including robust sanctions authorities, to continue to address Iranian conventional arms and missile-related transfers. We have strong support from the international community on these issues. The size of the U.S. economy, the power of our financial system and the reach of U.S. unilateral measures gives us enormous leverage to work with third-party countries to enforce restrictions on Iranian missile and arms activity. A series of other U.S.-supported UNSCRs levy arms embargoes against key areas of concern. Iranian arms transfers to the Houthis in Yemen, Shia militants in Iraq and Hizballah in Lebanon, Libya and North Korea would thus still violate UNSCRs and for that reason could be susceptible to interdiction. We work with the 100+ countries around the world that have signed the Proliferation Security Initiative (PSI) to help limit Iranian missile-related imports or exports. The Missile Technology Control Regime (MTCR) also plays a critical role in preventing the spread of critical missile technology. The MTCR Guidelines maintain a strong presumption of denial for the transfer of Category I systems, which includes ballistic missiles. We will continue to rely on countries' adherence to the MTCR Guidelines for transports in support of Iran's missile program. In conjunction with existing UNSCRs and other multilateral authorities, we will also utilize bilateral cooperation with countries in the region to block

Iranian access to their territory for activities related to the illicit shipping of arms or missiles.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita Lowey (#16)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

How is the administration confronting destabilizing Iranian actions in Lebanon, Syria, Yemen, and Iraq?

Answer:

Iran's destabilizing activities in the region are a threat to us and our allies, and they are a top concern of the Administration. We work intensively with our partners in the region, including the Gulf Cooperation Council (GCC) and Israel, to deter and disrupt Iranian threats.

Examples of such cooperation include diplomatic and sanctions pressure on Mahan Air, ongoing security cooperation with the GCC following the Camp David summit, sanctions on a range of Iranian entities for actions in Syria, Israel's seizure of the Klos C vessel carrying weapons bound for Gaza in 2014, military and diplomatic efforts to prevent an Islamic Revolutionary Guard Corps (IRGC) naval flotilla from docking in Yemen in April 2015, and the September 25, 2015 seizure of the Nasir dhow carrying weapons from Iran that we assess were bound for Yemen.

We also have numerous domestic authorities – including sanctions – to counter Iran's support for terrorism or other destabilizing activities. We will continue to enforce our sanctions vigorously against Iran's support for terrorism, destabilizing activities in the region, ballistic missile development, and human rights abuses.

Questions for the Record Submitted to
Secretary of State John Kerry by
Representative Nita M. Lowey (#17)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

In Iraq, ISIS took control of weapons the U.S. military had transferred to the Iraqis when the Iraqi army retreated. What assurances do we have that any new sales of sophisticated capabilities will not fall into enemy hands and be used against us or our close allies in the future?

Answer:

Since the fall of Mosul nearly two years ago, when a significant number of weapons fell into Da'esh's hands, the Government of Iraq has significantly improved its internal controls to safeguard U.S.-provided defense articles. Through Embassy Baghdad and its Office of Security Cooperation-Iraq (OSC-I), we continue to monitor the control of these articles and ensure that the weapons are used in accordance with their intended purpose. With the assistance of our U.S. trainers on the ground, OSC-I has implemented end-use monitoring checks at the Build Partner Capacity sites, which supplement our regular end-use monitoring programs such as Golden Sentry. It is the Iraqis who have ultimately suffered the consequences of weapons' falling into the hands of Da'esh. We are confident that

the Government of Iraq understands the gravity of the issue and is committed to preserving its ongoing security relationship with the United States.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita Lowey (#18)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations,
February 24, 2016

Question 18:

The President's FY 2017 budget requests over $4.3 billion for political, economic, public diplomacy, and military support to build resilience and reduce vulnerabilities to Russian aggression among NATO allies and partner states in Europe, Eurasia, and Central Asia. For what activities, specifically, does the Administration plan to use these funds and to what extent are these activities guided by a national strategy to counter Russian aggression? What are the specific goals of this strategy and has the State Department developed its own strategy to guide its efforts? To what extent does such strategy fit into the national strategy?

Answer:

U.S. foreign assistance supports our vision of a Europe whole, free, and at peace. Russian has threatened this vision through its ongoing occupation of Crimea, aggression in eastern Ukraine, efforts to destabilize Moldova, occupation of Abkhazia and South Ossetia in Georgia, and use of economic and political threats against countries on its periphery. Department of State efforts align with the overall U.S. government strategy for Russia. Components of the strategy counter Russia's malign influence, coercion, and aggression, build resilience among Allies and partners, and reduce vulnerability to Russian actions/coercion.

The State Department is leading a coordinated inter-agency effort to support the free flow of information, expand independent media, root out corruption, and refute Russian government disinformation throughout Europe, Eurasia and Central Asia. The Department is also leading inter-agency efforts to increase the economic resiliency of countries that are heavily dependent on Russian trade, energy supplies or remittances from migrant laborers.

For fiscal year 2017 the Department of State's foreign assistance request included $787.4 million for Europe and Eurasia and $164.1 million for Central Asia. In addition to funds for countering Russian pressure, the FY 2017 foreign assistance request includes approximately $148 million (approximately $100 million for Europe and Eurasia, and approximately $48 million for Central Asia) to support enduring commitments in areas such as health and education, as well as the multilateral effort to secure the damaged Chornobyl nuclear reactor.

Funding at the requested level prioritizes support for Ukraine, Moldova, and Georgia to advance ongoing reforms of political, economic, media, justice, and other sectors that are essential to boosting resilience, fighting corruption, and advancing implementation of European Union (EU) Association Agreements and free trade agreements. The request will allow the United States to help other vulnerable countries in Eurasia and Central Asia resist Russian pressure; to bolster civil society and the rule of law, including respect for human rights; to tackle

corruption; to strengthen the private sector and increase trade with the West to improve economic independence; to boost the capacity and professionalism of independent media outlets; and to improve energy independence.

In the Western Balkans, the FY 2017 request will allow the Department to focus on the reforms needed to advance accession to the EU despite Russian pressure, implement normalization agreements between Serbia and Kosovo, and support the EU reform initiative and deeper political and constitutional reform for Bosnia and Herzegovina. Russian influence in the Western Balkans has notably escalated in recent years, involving the public, private, financial/economic, energy-security, media, and political sectors in a number of Western Balkan states still receiving U.S. transitional assistance. Our request will also maintain support for the efforts of our partners in the Western Balkans to diversify their energy sources, advance the rule of law and combat corruption, boost independent media, and increase the access of small and medium businesses to European markets.

Finally, as part of the FY 2017 request, the Department will continue to support defense reform and security in Ukraine, Georgia, Moldova, Poland, Romania, Bulgaria, and the Baltic states, among others. The Department's FY 2017 proposal includes security assistance aimed at improving defense capacity in Ukraine, Georgia, and Moldova; increasing their interoperability with NATO and other Western forces; and enhancing their ability to monitor and secure their

borders. Proposed funding will further efforts to strengthen peacekeeping and other critical capabilities for key NATO partners and help Baltic Allies improve their resilience and capacity to counter hybrid security threats.

In addition to U.S. foreign assistance, U.S. public diplomacy efforts utilize a range of tools as we proactively amplify key U.S. Government messages, correct disinformation, engage opinion leaders, encourage and train independent voices, and forge and maintain people-to-people ties. U.S. assistance programs throughout the region complement our public diplomacy efforts in the region to strengthen independent media, civil society, and government capacity to counter Russian disinformation.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita Lowey (#19)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question :

Of the President's $4.3 billion request to counter Russian aggression, $953 million—or roughly one quarter—is for State Department foreign assistance, public diplomacy, and other programs. How is State coordinating with other agencies requesting funds to counter Russian aggression?

Answer:

Activities that counter Russian aggression have required close interagency coordination in order to meet assistance and public diplomacy goals. The Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE), given her legal mandate, plays a key role in coordinating foreign assistance across the interagency. EUR/ACE has been intimately involved in NSC meetings and processes on formulating, implementing, and coordinating U.S. policy on assistance to counter Russian aggression. EUR/ACE works directly with all federal agencies to ensure that program plans closely reflect U.S. policy priorities.

EUR/ACE is in constant communication with USAID, the Department of Defense (DoD) and other implementing agencies and partners to discuss program plans and implementation, adjust budget mixes, and trade views on what is working and what needs fixing. In order to assess program performance and build

annual budgets that support our assistance strategies, each fall EUR/ACE holds annual budget reviews (ABRs) with each office and agency that manages and/or implements non-security-related assistance programs. In 2015, ABRs were conducted with 36 agencies/offices/bureaus, including the Departments of the Treasury, Commerce, and Agriculture. EUR/ACE also holds reviews with two nongovernmental recipients of U.S. assistance funding—the National Endowment for Democracy (NED) and the Civilian Research and Development Foundation (CRDF Global).

On security assistance and on military assistance in particular, the State Department closely coordinates with the DoD, EUCOM, and CENTCOM to develop the requirements for supporting foreign policy and assistance objectives in the region. During their strategic overview, State and DoD review various authorities and funding levels in order to create a security assistance program mix for the region and its countries. This discussion includes account- and region-specific priorities, objectives and associated capabilities proposed for FMF, IMET and PKO, as well as coordination about DoD programming under section 2282 and other authorities. In addition to coordination on foreign assistance, State and DoD officers speak and meet regularly in Washington and at missions overseas to discuss developments and coordinate public diplomacy projects. The Bureaus of European and Eurasian Affairs (EUR) and South and Central Asian Affairs (SCA),

as well as the Under Secretary for Public Diplomacy and Public Affairs, maintain DoD liaisons to help promote communication with the Office of the Secretary of Defense (OSD) and other DoD entities, including the relevant combatant commanders.

On public diplomacy, the State coordinates programming within the Department and across the interagency in a number of ways. In addition to working closely with the NSC on USG public diplomacy priorities, EUR's Deputy Assistant Secretary for Public Diplomacy leads a State-hosted interagency working group that includes DOD and Broadcasting Board of Governors (BBG) representation. The group consults constantly to coordinate Russia-related public diplomacy programming and messaging amongst Department and interagency stakeholders, including the South Central Asia Affairs bureau and overseas missions. EUR's Public Diplomacy office hosts a detailee from DOD to further forge State-DOD coordination on messaging and programming to counter Russian misinformation. Overseas, Public Affairs Officers collaborate across each Mission's interagency country team to engage, inform and influence foreign publics. Such collaboration ranges from supporting Department of Defense public outreach to reassure European allies of security commitments and deter Russian aggression to supporting independent media in key countries.

The State Department also works closely with the Broadcasting Board of Governors (BBG). The Department's Under Secretary for Public Diplomacy and Public Affairs serves as the Secretary's representative on the BBG. Under the leadership of BBG's CEO, and with State Department guidance and support, BBG has re-energized Radio Free Europe/Radio Liberty to increase and better target Russian-language programming to counter Russian disinformation in key markets more effectively. For example, the BBG has launched new programs such as *Current Time*, which provides clear reporting and cogent analysis of Russian activities to Lithuania, Ukraine, Moldova and Georgia, with a planned expansion to Kyrgyzstan. This program, as well as a range of new digital content activities (including web, social media, video and mobile), has been developed in coordination with the State Department and within the framework of the Administration's policy response to Russia, in which the BBG is an active participant.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#20)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

The State Department's Budget Justification places a particular focus on Ukraine, Georgia, and Moldova when discussing efforts to counter Russian aggression. What is the rationale for this focus, given the numerous countries in the Russian periphery?

Answer:

The people of Ukraine, Moldova, and Georgia have made clear their choice to be a part of a free and democratic Europe and have been at the forefront of countries in the region in seeking closer ties with the West. Russia, however, adheres to an outmoded notion of spheres of influence and does not recognize these countries' sovereign right to seek membership in organization of their choosing. Russia disregards the sovereignty and territorial integrity of Ukraine, Moldova, and Georgia and actively seeks to prevent them from further integrating with Western institutions. There is much evidence of Russian interference, including Russia's illegal occupation of Crimea and intervention in eastern Ukraine, as well as Russia's inciting and propping up the breakaway regions of Transnistria in

Moldova and Abkhazia and South Ossetia in Georgia. U.S. support to the people of Ukraine, Moldova, and Georgia is critical to helping them resist Russian aggression, exercise their right to self-determination, and move closer to being part of a free and democratic Europe.

While these three countries are seen as the most vulnerable, we do not ignore the vulnerabilities of other countries in the region. Our FY 2017 request includes significant funding increases for these countries to counter Russian pressure and propaganda and make meaningful progress on anti-corruption, democratic development and sustainable economic growth. For example, increased assistance levels for Armenia and Azerbaijan included in this request will allow us to increase our support for civil society and the rule of law, and enhance efforts to fight corruption, increase private sector competitiveness, and improve economic independence. In Central Asia, increased assistance levels will support efforts to strengthen the economic resiliency of countries heavily dependent on remittances from migrant laborers in Russia. Our foreign assistance request for Belarus will allow us to bolster support for democracy, human rights, and private enterprise. And in the Western Balkans, the higher funding levels will allow us to support the reforms needed to advance accession to the EU, implement normalization agreements between Serbia and Kosovo, and support the EU reform initiative and deeper political and constitutional reform in Bosnia and Herzegovina.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Nita M. Lowey (#21)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

Additionally, the budget justification seeks $550.4 million for public diplomacy personnel and programs and specifically notes that the request includes resources for continued support of the program to counter Russian propaganda. How much of the public diplomacy request does State plan to spend on countering Russian propaganda? What specific public diplomacy activities support State Department's efforts to counter Russian propaganda?

Answer:

Public Diplomacy efforts to counter propaganda are supported primarily through our work with Washington-based offices of Public Affairs and Public Diplomacy, the Brussels media hub, and all the other activities that our embassies and Washington-based staff do to address Russian messaging. In addition to approximately $3M in anticipated spending from public diplomacy's base budget, we have specifically requested $1.5M in programming to support our work in this space.

A broad range of Public Diplomacy activities currently support USG efforts in this area, including: communicating with foreign publics (both in Russia and in countries within its informational crosshairs) to get the West's message out;

building capacity among independent journalists and civil society leaders; and supporting individuals, organizations, and systems that can identify, analyze, and debunk Russian information aggression as necessary.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#1)
House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

We have been told that a key advantage of establishing a U.S. embassy in Havana is that there would be fewer restrictions on the number of U.S. personnel permitted at post. I am informed that there was a personnel cap of 51 for the U.S. Interests Section in Havana, but that the staff cap has been raised to 76 for the embassy. However, a recurring response still received by caseworkers in my district office to urgent cases is, "Officer staffing at the U.S. Embassy in Cuba is limited and, as a result, only a very limited number of expedited appointments are available."

- How many of the 25 new positions have actually gone to the post in Havana to date?
- How many of the new U.S. personnel are (or, if not yet in position, will be) consular staff?
- Will there be more consular staff in the U.S. Embassy in Havana than there were in the U.S. Interests Section and if so, how many additional consular staff are or will there be?
- What is State doing to ensure that urgent humanitarian, medical, and other time sensitive consular needs are being met at the post in Havana?
- Will all the new hires be U.S. nationals? If not, how many will be Cuban nationals?

Answer:

Our current staffing in Havana is inadequate to support the President's objectives in Cuba while keeping our personnel safe and secure. We successfully negotiated a 50-percent increase in U.S. Direct Hire staffing with the Cuban government. Prior to the re-establishment of diplomatic relations with Cuba, our

U.S. Direct Hire personnel cap at the former U.S. Interests Section Havana was 51; we successfully raised that number to 76 during negotiations. All additional staff under this cap will be U.S. Direct Hire.

We have not increased U.S. direct hire staff since December 17, 2014, despite the growing demands on Embassy Havana. We look forward to working with Congress to secure the necessary funding and congressional consent to increase staff. Our priority is to add desperately needed State Department staff in order to eventually support staff from other agencies.

Our FY 2017 budget request includes funding for six American positions in Cuba. These positions will fill critical gaps, oversee important maintenance upgrades, monitor political conditions throughout Cuba, and support our foreign policy goals of empowering the Cuban people and promoting the emergence of a peaceful, prosperous, and democratic Cuba. Our diplomats, for the first time in decades, are able to travel freely outside of Havana and meet ordinary Cubans. Doing so is vital to our support of the Cuban people. We need additional personnel to take advantage of this newfound access.

We also anticipate adding five U.S. Direct Hire consular officers. These positions are not part of the Diplomatic and Consular Program (D&CP) request as they are funded separately using Machine Readable Visa (MRV) funds. These

staff will support the Department's highest priority of protecting American citizens abroad.

U.S. Embassy consular staff diligently prioritize consular needs, meeting the urgent requests while managing regular workload. We appreciate the work your office does to highlight urgent consular requests, and we look forward to continue working with you in this regard.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#2)
House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

The Castro regime refused to return a U.S. hellfire missile for a year and a half, and only returned it when exposed by the Wall Street Journal.

a. Why did the Obama administration continue to pursue negotiations with the Castro regime while it refused to return a U.S. hellfire missile?
b. Who was responsible for this "mistake"? Was anyone held accountable?

Answer:

The inert training missile was returned February 13 with the cooperation of the Cuban government. The private parties involved traveled to Havana to retrieve the item with assistance from the State Department and U.S. Embassy on the ground.

This item was misrouted by a commercial shipper acting under a commercial export authorization. The foreign government from whose territory the item was exported to Cuba did not authorize export to Cuba. That government and the private parties involved in the shipment immediately initiated efforts to retrieve the misrouted article, and informed the U.S. government of their efforts.

The Department assessed that the issue was best addressed through normal bilateral diplomatic channels and not as a part of negotiations for re-establishment

of relations. We needed to put the proper diplomatic channels in place in order to request the item's return, as those channels did not exist prior to July 20, 2015.

Following the re-establishment of diplomatic relations with the Cuban government, the Department directly requested the article's return at the inaugural Bilateral Commission meeting September 11, 2015. The Department discussed the matter with the Cuban government on numerous occasions and, prior to the press reports on this issue, had already made preliminary arrangements to retrieve the article from the Cuban government.

Under the Arms Export Control Act and its implementing regulation, the International Traffic in Arms Regulations, the Department of State regulates both permanent and temporary exports by U.S. companies of defense articles and is responsible for civil enforcement of these regulations. In cases involving or potentially involving criminal activity, the State Department coordinates with the Department of Homeland Security, which conducts law enforcement investigations. U.S. companies are responsible for documenting their proposed shipping logistics in export license applications and shipping defense articles consistent with the Department's authorization. U.S. companies are also responsible for reporting any shipping deviations to the Department.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#3)
House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

In 2014, a U.N. panel of experts determined that the Castro regime's smuggling of weapons to North Korea was the largest violation of international sanctions against that country to date. This administration sanctioned two North Korean companies and 18 North Korean cargo ships for their role in receiving those weapons, but it did not sanction the Castro regime for providing them.

Why did this administration sanction North Korean companies and ships, but imposed no sanctions on the Castro regime or entities that provided them?

Answer:

The United States government regards the willful violations of United Nations Security Council (UNSC) resolutions as a matter of the utmost concern. Since Panama's interdiction of the Chong Chon Gang in July 2013, the Administration has been working to ensure that all those responsible for the violation are accountable for their wrongdoing.

We have worked to maximize the diplomatic cost Cuba has suffered for its role in the Chong Chon Gang incident. To underscore Cuba's role in this violation, the United States has repeatedly condemned Cuba's role in this violation in meetings of the UNSC and the Security Council's North Korea Sanctions Committee.

To further emphasize this point, the Sanctions Committee's designation of North Korean company Ocean Maritime Management helps ensure that this entity will be unable to conduct business internationally and its vessels will be subject to impoundment under the asset freeze provision.

This is a step forward to effectively shut down this proliferator. We also pushed for the Committee to adopt an Implementation Assistance Notice on this incident to make clear to the world the facts of the case and convey the clear and unanimous conclusion of the UN Sanctions Committee, which we share, that this transaction violated sanctions.

Through this Notice, the international community has also refuted Cuba's erroneous and misleading claim that this arms shipment was allowed under UNSC resolutions.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#4)
House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

It was recently unveiled from your predecessors' emails that the Castro regime has permitted the terrorist organization Hezbollah to establish a base in Cuba. Yet even knowing this, the Obama administration decided to remove Cuba from the state sponsor of terrorism list.

a. Is the Castro regime's invitation to the foreign terrorist organization Hezbollah to establish a base evidence of the Castro regime's support of terrorist activity?

b. Is the continued presence of a Hezbollah base in Cuba consistent with the President's certification last year that the Castro regime "has not provided any support for international terrorism during the previous six-months"?

Answer:

In December 2014, the President instructed the Secretary of State to initiate a review of Cuba's designation. That review was guided by facts and the statutory standard. Consistent with the statutory standard for rescission, our review focused on the questions of whether Cuba provided any support for international terrorism during the previous six months, and whether Cuba has provided assurances that it will not support acts of international terrorism in the future.

During the Department's review, we had no credible information that Cuba provided support to international terrorism within the previous six months. There was no credible evidence that the Government of Cuba had, within the previous six months, provided material support, services, or resources to members of Hizballah. In addition, the Cuban government has provided us with assurances that it will not support acts of international terrorism in the future.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#5)
House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

Last year, there were a documented 8,616 political arrests in Cuba, while political activists such as Danilo Maldonado Machado, Vladimir Morera Bacallao, Jorge Ramirez Calderon, and Misael Canet Velazquez languished near death in inhumane prison conditions; several political prisoners on the Obama-Castro "list of 53" have since been re-arrested; Cuba remains the only country in the Americas to be classified as "Not Free" by Freedom House; and groups such as Human Rights Watch provide details on the myriad of ways that basic rights and liberties are still not respected in Cuba. By any objective measure, the Castro regime has not improved its human rights record.

In light of the abysmal human rights situation in Cuba, why would the President request a 25% cut to democracy assistance for the Cuban people for FY2017?

Answer:

The U.S. government has serious concerns about the human rights situation in Cuba. We regularly convey our concerns to the Cuban government, with whom we are rebuilding a relationship after more than 50 years of isolation. We also consult with our allies in the region, and raise the human rights situation in Cuba at international fora.

Our policy change has brought a much greater focus and more public discourse on human rights, both in Cuba and the United States. We speak to many democracy and human rights activists on the island and with those who travel to

Washington, D.C. They regularly tell us that since the policy change they feel more emboldened to express their views, and they are doing so.

We continue to see demonstrations on the island; many march peacefully – some on a weekly basis – to advocate for fundamental freedoms. We commend these activists and in no way defend the Cuban government's human rights record or its response to these demonstrations.

The U.S. government remains concerned about respect for human rights and fundamental freedoms in Cuba. It's true that short-term detentions – typically of one or two hours in duration – increased in recent years. It is unacceptable; we are engaging with the Cuban government and commit to continue doing so.

As in prior years, the promotion of democratic principles and human rights remains the core goal of U.S. assistance to Cuba. U.S. assistance will continue to support civil society initiatives that promote democracy, human rights, and fundamental freedoms, particularly freedoms of expression and association, similar to programs we conduct in 95 countries around the world. These programs will provide humanitarian assistance to victims of political repression and their families, strengthen independent civil society, support the Cuban people's desire to freely determine their future and reduce their dependence on the Cuban state, and promote the flow of uncensored information to, from, and within the island.

We agree that support to civil society in Cuba remains critical and the re-establishment of diplomatic relations has not changed that. The overall Foreign Assistance budget is constrained, however; and we, in this instance, have made a request consistent with overall budget priorities and the Administration's budget request levels in FY 2014 and previous years.

As we move toward normalized relations, other tools are available that enable the United States to engage with the Cuban people. U.S. educational, religious, and humanitarian groups are connecting directly with the Cuban people, conveying U.S. values. U.S. Embassy officials may now travel around the island and interact directly with Cuban civil society. Direct U.S. assistance for human rights and fundamental freedoms remains a key component of our engagement in Cuba. The FY 2017 request provides a sustainable level of democracy support.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#6)
House Committee on Appropriations
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

In the Civil Aviation MOU signed in February 2016, section 4, number 2, states in regard to private claims: "With respect to any attachment litigation that is brought in the United States involving parties other than the United States and that affects services provided pursuant to this Memorandum, the U.S. Department of Justice, in consultation with other U.S. government agencies, would consider whether under the particular circumstances it would be appropriate for the United States to participate in any such litigation."

a. Why was this provision included?

b. Under what circumstances would the administration "participate" in attachment proceedings in opposition to the American judgment holder?

Answer:

This provision was included in response to concerns that air transportation services between Cuba and the United States could be affected by individuals holding judgments against the Government of Cuba. Those individuals could initiate proceedings in U.S. courts to attempt to attach what they may consider to be Cuban assets, including aircraft that may be owned by the Government of Cuba.

Consistent with past practice, the U.S. Government would closely monitor any such litigation, but is not in a position to say at this point what action, if any, it might take. Decisions concerning any potential participation by the United States in litigation are made by the U.S. Department of Justice in close consultation with the other U.S. Government agencies.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#7)
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

Why does the President seek to abolish the Office of Cuba Broadcasting?

Answer:

The Administration is seeking the authority to reorganize the Office of Cuba Broadcasting into a non-profit grantee. The authority would allow the Broadcasting Board of Governors (BBG) to establish a Spanish language, non-federal media organization that would receive a BBG grant and perform the functions of the current Office of Cuba Broadcasting. The Marti brand would not be affected; the Cuba-focused mission is the same, whether managed by a federal or non-profit organization.

Within the BBG model, both federal and grantee entities exist. The Administration considers the pros and cons of each model for each entity; and like a business, whether potential future cost savings or efficiencies may exist for one model over another.

Any proposed change would not be automatic and would go through the normal legislative process. BBG CEO John Lansing and his team look forward to engaging with you and your staff on the issue in the months and weeks ahead.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#8)
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

I understand that the Department is moving ahead with plans to implement a civil society training program in the Western Sahara that is in compliance with the FY 2016 Omnibus Appropriations bill. When do you expect to announce the start of the program?

Answer:

The Department will implement a $1 million program in the Western Sahara using FY 2015 funds from the regional Middle East Partnership Initiative. The program will focus on strengthening civil society in the Western Sahara. We anticipate program activities will begin this spring.

The Department has not made final allocations on FY 2016 funds. The Department looks forward to consulting with Congress regarding plans for FY 2016 assistance for the Western Sahara.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#9)
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

James Clapper, the Director of the National Intelligence, recently testified that the nation of Georgia, despite all its progress on western integration and domestic reforms, is increasingly at risk from Russian aggression and pressure. The DNI reported that, in part, Russia is capitalizing on increasing frustration in Georgia about the slow pace of western integration. Georgia is one of America's most steadfast allies around the world. Georgia's leaders have consistently driven Georgia down a path to bring it closer to the EU and NATO. They need America's help now to keep the momentum going in the face of significant regional challenges, including Russia's aggression and continued illegal occupation of Georgia's territory. President Obama's budget set to provide additional assistance to Georgia to combat Russian aggression, but what is the Administration doing to increase efforts to support Georgia's Western integration? For example, what more can be done to bring Georgia into NATO and demonstrate the strong U.S. political and security commitment to Georgia that is not just about Russia? I hope that the U.S. will also engage our EU allies in doing more to support Georgia's EU integration.

Answer:

The U.S. government stands by the commitment Allies made in Bucharest that Georgia will become a member of NATO, and we continue to provide tangible support to move Georgia towards membership. Our bilateral security assistance enhances Georgia's NATO interoperability, enabling Georgia to deploy with NATO and EU missions and further its integration with Euro-Atlantic institutions. U.S. support for Georgia within NATO includes sponsoring Georgia's certification

for participation in the NATO Response Force, contributing to a NATO Trust Fund to clear landmines and explosive remnants of war in Georgia, and advocating for NATO visits to and exercises in Georgia. We are significant contributors to the Substantial NATO-Georgia Package approved in 2014 and are leading the effort at NATO to ensure full support for the Package among Allies and partners. An American serves as Deputy on the Core Team charged with implementing the Substantial Package and an American also currently heads the NATO Liaison Office in Tbilisi.

To speed Georgia's integration with the EU, U.S. technical assistance helps Georgia achieve the reforms necessary to implement its Deep and Comprehensive Free Trade Area with the EU as part of the Association Agreement it signed in 2014. Priorities include accelerating integration with EU energy markets and increasing generation of hydropower and other alternative energy sources, as well as promoting sustainable economic growth in the areas of agriculture, small and medium enterprises, and workforce development. The United States strongly supports visa-free travel for Georgian citizens within the Schengen travel zone and has encouraged our European partners to grant political approval now that Georgia has met all the technical requirements for visa liberalization.

In addition, more than $75 million in annual bilateral assistance goes to support Georgia's reforms and Euro-Atlantic trajectory: $37.5 million in foreign

military financing and other security initiatives, $20.5 million to support democracy and governance, and $15.8 million in economic assistance that helps accelerate Georgia's integration and competitiveness with EU markets. U.S. assistance to Georgia increased two percent from FY2015 to FY2016.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#10)
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

Will you support intensifying discussions related to a U.S.-Georgia Free Trade Agreement?

Answer:

The United States is committed to maximizing economic cooperation with Georgia, including by strengthening our bilateral trade relationship and encouraging reforms that create a welcoming investment environment for American businesses. We also advocate vigorously for U.S. businesses at every opportunity. We will continue to engage with Georgia and discuss ways to strengthen trade and investment between our countries, including the possibility of a free trade agreement. A successful U.S.-Georgia High-Level Dialogue on Trade and Investment was held in Washington in October 2015, and the Strategic Partnership Commission's Economic Working Group will convene in Tbilisi in April this year.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Mario Díaz-Balart (#11)
Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

With the occupation of Georgia's territories in 2008, annexation of Crimea, and further military aggression by Russia against Ukraine we see that our allies are facing growing security threats. Which supportive steps do you think the U.S. needs to take in order to help our partners and allies tackle these challenges?

Answer:

Russia continues to undermine the sovereignty and territorial integrity of Ukraine and Georgia. Given Russia's occupation of Crimea, and its destabilizing actions in eastern Ukraine and the region, the U.S. and NATO cannot return to business as usual with Russia. While NATO remains open to high-level political dialogue in the NATO-Russia Council (NRC), the Alliance is simultaneously taking steps to bolster its security.

The best response to Russian aggression is through fulfilling the commitments all NATO Allies made at the 2014 Wales Summit on defense spending and the Readiness Action Plan (RAP), which Allies are doing. Already, NATO's persistent, rotational air, land, and sea presence in NATO's East sends a powerful message of deterrence.

All Allies – 28 for 28 – are contributing to the mission in some way, but Allies are reviewing what more we can do. The United States is doing its part through the European Reassurance Initiative (ERI), which not only sustains the persistent, rotational presence under Operation Atlantic Resolve, but also improves Allies' military training and defense infrastructure. The U.S. is planning to do even more in the coming months and looks forward to the continued contribution of our Allies.

In addition to working with our NATO Allies and supporting NATO partnerships with Georgia and Ukraine, the United States is providing bilateral security assistance to both countries to help enhance their resilience and territorial defense capabilities. U.S. assistance focuses on increasing NATO interoperability, bolstering capacity, strengthening border security, and reforming defense institutions. U.S. personnel also fill billets in support of the NATO-Georgia Substantial Package—including a leadership role on the team charged with implementing this NATO initiative. First created by Allies at the 2014 Summit, full implementation of the Package is a goal as a deliverable at this year's Summit in Warsaw.

Questions for the Record Submitted to
Secretary John F. Kerry by
Congressman Charles W. Dent (#1)
Appropriations Subcommittee on State, Foreign Operations, and Related Programs
February 24, 2016

Question:

Secretary Kerry, the Colombian government's economically dubious truck scrapping program, which requires an old truck to be taken off the road for every new heavy truck registered, has been a source of considerable irritation for American manufacturers. Since the vast majority of Colombia's new trucks are imported, many from the United States, this policy represents a serious barrier to trade. What specific actions does the Administration intend to take if the truck scrapping program and other policies that limit the Colombian market for American manufacturers are continued or replaced by new policies of a similar nature? If the Colombian government persists in this policy, will the Administration oppose their accession to the OECD?

Answer:

Colombia's truck scrappage regulations are one of the Administration's top bilateral trade concerns and we continue to raise the matter at the highest levels in both Washington and Bogota. President Santos and I discussed truck scrappage during our February 5 working lunch at the Department. He acknowledged our concerns and reaffirmed Colombia's intent to address them. At President Santos' request, the Colombian government is working on a new decree to revise its truck scrappage regulations. We continue to raise with the Colombian

government the concerns of the Administration, the Congress, and U.S. industry to inform Colombia's decree-drafting process.

Our message to Colombia on its accession to the OECD has been similarly clear and consistent. We support Colombia's accession to the OECD, but continue to remind them the accession process is technical, not political. Colombia must undertake the necessary reforms to meet the high standards for OECD accession.

Truck scrappage is one of the key trade issues the OECD Trade Committee noted in its Market Openness Review and subsequent letters to the Colombian government. We will continue to advise the Colombian government that its failure to undertake necessary reforms—including on truck scrappage—will affect its OECD accession timeline.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Ander Crenshaw (#1)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

Secretary Kerry, last October, the Caucus for Effective Foreign Assistance, which I co-chair with my friend Adam Smith from Washington, wrote you a letter encouraging the Department of State to work towards meeting its commitment to the International Aid Transparency Initiative, or IATI. The US joined this initiative in 2011 and made pledges to fulfill the commitments by December 2015. Unfortunately, Publish What You Fund rated the State Department as "off-track" in meeting these commitments, and State was not able to fulfill them by the deadline. USAID was lagging behind but was able to make progress by publishing a cost-management plan to assess the actions it needs to take to improve. In your response to our letter, you discussed State and USAID's progress toward compliance, including some specific plans for the current year.

Since the Department of State was not able to fulfill this commitment by the deadline, what is State currently doing to accelerate progress towards implementing this pledge? What has been accomplished specifically for the Department of State in the past four months since our correspondence? Is fulfilling our commitment to be IATI compliant an achievable goal while you are Secretary? If not, how will you ensure more progress is made so that the next Secretary can fulfill this commitment?

Answer:

The Department of State (Department) has been reporting core data fields to the International Aid Transparency Initiative (IATI) standard since 2012. While we are not reporting every one of the IATI fields, the Department has made great

progress in opening up and publishing its foreign assistance financial records, performance data, evaluations, and budget planning data over the last few years.

To improve its IATI data reporting, the Department chartered a Foreign Assistance Data Review (FADR) working group to understand and document issues related to managing and tracking foreign assistance within the Department. The first phase of the FADR produced a report that examines the current foreign assistance data environment and recommends a path forward. The full report is available online at: http://www.state.gov/documents/organization/250931.pdf.

In the last four months, the FADR group has been working to carry out these recommendations and will be publishing an update in the next few months that outlines the policy, training, and IT solutions needed and already underway to fulfill IATI requirements. Fulfilling the IATI commitments will require thoughtful and careful IT system and policy changes that will take many months to execute. The Department is working to ensure the commitment to transparency and open data is evident in our processes, guidance materials, Foreign Affairs Manual, training, and culture, and will live on after my tenure as Secretary.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Ander Crenshaw (2)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations
February 24, 2016

Question:

The unprecedented turmoil across the globe, especially in the Middle East, has led to a historic number of displaced people—about 60 million—in need of support. Last year this Subcommittee and Congress funded a substantial increase to our humanitarian accounts to meet the growing needs, but this year, the budget request proposes to cut humanitarian assistance by almost $1.5 billion. As you most certainly know, no other part of the International Affairs Budget has experienced a more dramatic surge in demand in recent years than humanitarian assistance. The US is the largest donor of humanitarian assistance worldwide, and this is an effective role we play while showing the world we are committed to US values. Not only do we save families from violence, sickness, and starvation, but we also improve the impressions of the US worldwide by donating this aid.

a. Secretary Kerry, can you please explain this large cut, when there is already not enough funding to support the current 60 million people in need? How do we balance the growing needs for humanitarian assistance with the need to fund sustainable development programs that may mitigate the next crisis?

Answer:

The Administration remains dedicated to providing strong support for humanitarian programs worldwide. The President's FY 2017 request reflects the Administration's ongoing commitment to these programs. The FY 2017 request level includes $1.957 billion for the International Disaster Assistance Account, $1.35 billion for Food for Peace Title II, $2.799 billion for the Migration and Refugee Assistance Account, and $50 million for the Emergency Refugee and

Migration Assistance Fund. The overall FY 2017 request for humanitarian assistance is $511 million higher than the FY 2016 request. In concert with FY 2016 resources, the request will enable the U.S. government to respond to the dire humanitarian situation resulting from the conflicts in Syria, South Sudan, Iraq, Ukraine, Yemen, among others, as well as the humanitarian needs resulting from El Nino.

Thanks to generous support from the U.S. Congress, the U.S. government is the largest humanitarian donor in the world. We plan to continue our robust support in FY 2016 and FY 2017 while urging other donors to contribute to these ongoing emergencies. We will continue to ensure that we are using funds as efficiently as possible in order to meet current and unforeseen needs.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Dutch Ruppersberger (#1)
House Committee on Appropriations
February 24, 2016

Question: Fighting ISIS on Social Media

Thank you for coming. We know that ISIS is using social media to radicalize and recruit Americans in order to incite violence. Look at the lone wolf attacks happening in the US and abroad. The fight against ISIS is fought on many battlefields including in cyberspace and we have to take them on.

We have tried in the past to take on ISIS via social media and those attempts met with limited success. A 2014 Time magazine articled mentioned one program called the "Think Again Turn Away" campaign. The articles finishes, "I would much rather see the State Department's online ventures involved in projects that explain the great things American policies have achieved—not arguing with jihadi fighters on who killed more innocent Muslims."

I'd like to learn more about the revamped efforts and new Center for Global Engagement.

a. What have we learned from past efforts to counter violence extremism messaging that will make this new center better stronger and ultimately successful?

b. For example, in social media, to be successful, you need authentic people delivering authentic messages, how can the federal government accomplish that goal? The federal government isn't social media savvy?

c. Also, are we leveraging our tech sector to help with this new effort, how would you characterize their views on this mission and have they been helpful or are they ignoring efforts to stop terrorists?

Answer:

The Global Engagement Center's predecessor, the Center for Strategic Counterterrorism Communications (CSCC), created digital content and disseminated it through official U.S. government channels. However, we learned that this approach is not always effective with our target audience: those vulnerable to Da'esh's online and social media recruitment.

With this in mind, GEC is pursuing a strategy focused on providing high-quality, unbranded content for credible voices to use against Da'esh. We are focused on creating a global network of third party messengers to expose the true nature of Da'esh. GEC is also tapping the American technology sector, using cutting-edge data analytics to assesses our effectiveness and improve our efforts. Instead of using broad brush content, we use messages tailored to the people who are the most susceptible to Da'esh's recruitment efforts.

Our biggest challenge is that we have been operating in a 19th century bureaucracy, using 20th century tools, against a 21st century adversary. However, today, using new authorities granted under an Executive Order from President Obama (E.O. 13721), we are positioning the GEC to be an agile, innovative organization, focused on breaking Da'esh's brand.

"Authentic people delivering authentic messages" is precisely our new approach. The GEC is cultivating and empowering credible voices across the Middle East, Europe, Africa, and Asia, including NGOs and civil society groups. These credible voices include people who have first-hand knowledge and experience with Da'esh's violence. Our partners possess the regional and cultural knowledge needed to effectively counter-message target audiences and provide positive, alternative narratives through the social media environment.

The GEC is working with these credible voices to run thematic messaging campaigns built on powerful narratives about the reality of Da'esh (e.g. poor governance, abuse of women, and stories of defectors). The GEC enables these campaigns by providing our partners with both training and high-quality, unbranded digital content for dissemination.

There is little evidence that U.S.-branded, overt messaging (specifically on social media) is effective in changing behavior. Ultimately, cultivating, and sustaining these local, credible voices is paramount to our success.

The GEC is leveraging the tech sector and using cutting-edge data analytics technologies to identify and mitigate radicalization online, and measure the impact of our messaging. The GEC is using these analytics

programs to precisely characterize the drivers and conditions of radicalization, and develop effective messaging against target audiences, the so-called "fence sitters."

This new analytical approach includes using advanced tools such as the Department of Defense Advanced Research Project Agency's (DARPA) new Quantitative Crisis Response system and Silicon Valley technologies like Crimson Hexagon.

It should also be noted that the tech sector is making strong efforts to police their platforms. For example, Twitter has suspended at least 200,000 accounts that violated their terms of service, and Facebook has a large, dedicated staff reducing the amount of radicalizing content on their site.

Finally, using the new hiring authorities granted by Executive Order 13721, the GEC is actively recruiting the best human talent within the tech and marketing sectors. Ultimately, the best human capital and technology, coupled with a more agile, innovative organization, will diminish Da'esh's influence and ultimately break their brand.

Questions for the Record Submitted to
Secretary of State John F. Kerry by
Representative Dutch Ruppersberger (#2)
House Committee on Appropriations
February 24, 2016

Question:

Has the State Department started to look at insider threats?

Do you have a mechanism to monitor and look for these threats, both within the Department and with contractors?

Answer:

The Department has implemented an active Insider Threat Program, established to meet the call of E.O. 13587, Structural Reforms to Improve the Security of Classified Networks and the Responsible Sharing and Safeguarding of Classified Information, dated October 7, 2011. The parameters of the program were published in 12 FAM 513, Insider Threat Program. Managed under the auspices of the Assistant Secretary of State for Diplomatic Security, the program enjoys the support of key stakeholder bureaus in the Department, to include Intelligence and Research, Information Resources Management, Human Resources, and Administration. Together, these bureaus supply the information and analytical expertise to prevent, detect, deter, and mitigate potential insider threats. The Department's Insider Threat Program recently achieved "Full

Operational Capability" (FOC), based on an assessment made by the National Insider Threat Task Force (NITTF) using the Executive Branch Minimum Standards as a benchmark.

The program is built upon the pillars of employee security awareness and training, and user activity monitoring, which is the ability to see user activity on all of our classified computer networks. We define an insider as, "Any person with authorized access to any United States government resource to include personnel, information, networks, facilities, equipment or systems." This includes employees, employed by, detailed or assigned to the Department, including members of the Armed Forces; an expert or consultant to the Department; an industrial or commercial contractor, licensee, certificate holder, or grantee of the Department, including all subcontractors; a personal services contractor; or any other category of person who acts for or on behalf of the Department as determined by the Secretary of State. The terms "insider" and "employee" are interchangeable in the context of the Department's Insider Threat Program.

TUESDAY, MARCH 15, 2016.

DEPARTMENT OF THE TREASURY INTERNATIONAL PROGRAMS

WITNESS

HON. JACK LEW, SECRETARY, DEPARTMENT OF THE TREASURY

OPENING STATEMENT OF CHAIRWOMAN GRANGER

Ms. GRANGER. The Subcommittee on State, Foreign Operations, and Related Programs will come to order. I would like to welcome Secretary Lew to discuss the fiscal year 2017 budget request for the Treasury Department's International Affairs programs.

The funding under review today supports contributions to international financial institutions, such as the World Bank and regional banks, other contributions to multilateral funds and technical assistance programs.

The budget request totals $2.3 billion, a $5 million increase above fiscal year 2016. While this may seem like the budget is virtually straight lined from last year, the budget includes a number of new requests.

Turning to the World Bank and the regional development banks, I remain concerned about the funds this subcommittee provides. I would like to hear from you today about the efforts these institutions are making to publicly track funds and provide independent evaluations of program effectiveness.

Additionally, I have been following the growth and contributions by USAID and the Department of State to trust funds managed by the World Bank and other financial institutions. I am concerned about the lack of oversight of these taxpayer dollars.

The 2016 omnibus included a shift in U.S. resources at the IMF from emergency fund to the general quota and required a number of reforms. I hope you can discuss any recent developments.

Also included in the administration's request is $250 million for the Green Climate Fund. Mr. Secretary, I don't have to remind you of the strong opposition by many members of Congress to any funding for this purpose.

Finally, the United States government is providing an increasing number of loan guarantees to foreign governments. I will ask you about loans and loan guarantees later. I know you have taken a personal interest in boosting economies of our allies and partners.

Secretary Lew, thank you for being here today. You have many important topics to discuss.

And I will now turn to my ranking member, Mrs. Lowey, for her opening statement.

FOR IMMEDIATE RELEASE
March 15, 2016
Contact: Jim Specht (202) 225-5071

CONGRESSWOMAN KAY GRANGER OPENING STATEMENT: STATE AND FOREIGN OPERATIONS APPROPRIATIONS SUBCOMMITTEE HEARING ON DEPARTMENT OF TREASURY INTERNATIONAL PROGRAMS

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OPENING STATEMENT OF MRS. LOWEY

Mrs. LOWEY. Secretary Lew, I join Chairwoman Granger in welcoming you here today. I thank you for your service to our country.

The President's 2017 budget request reflects the importance of our continued investments in international financial institutions, such as the IMF and the World Bank, which offer a cost-effective way to leverage taxpayer dollars and promote our own economic and national security interests.

Additionally, the Treasury Department leads the world in disrupting terrorist financing networks, enforcing sanctions against violators of international norms and providing technical assistance to countries serious about strengthening their own financial management and accountability systems.

Your department plays an essential role in these vital efforts, and I look forward to hearing from you on how the request would further these important undertakings.

First, with regard to Ukraine, a U.N. panel reported last week that more than 9,000 civilians have been killed since the conflict started in April 2014. Given Russia's ongoing aggression, I would like to know what effect U.S. and E.U. sanctions have had on Putin. Specifically, I would like to know if Russia has retaliated economically against us or our allies, and if there are additional punitive economic measures we should be considering.

Second, Iran recently gained access to billions of dollars in unfrozen assets following implementation of the Joint Comprehensive Plan of Action. Please update this subcommittee on how the regime has used the money so far and the effectiveness of U.S. sanctions on Iran for its financial support of terrorism, human rights abuses, export of weapons, and ballistic missile testing.

Third, we should all applaud the climate change commitments reached last year in Paris, as well as the announcement last week by President Obama and Canadian Prime Minister Trudeau on reducing methane emissions.

Failure to provide the adequate resources to address an impending environmental catastrophe risks creating conditions for even greater dangers, including failed states and populations more vulnerable to conflict and radicalization.

Instead, U.S. efforts to combat climate change helps developing countries increase their own resiliency, mitigate instability caused by population displacement, and address declines in the global food and water supply.

That is why it would be very useful to hear specifically how the administration's request of $409 million in Treasury programs to address climate change, including the Green Climate Fund and the Global Environmental Facility, would help protect the environment, U.S. national security interests, and job creation at home.

Fourth, faced with limited resources, members of our subcommittee constantly weigh funding for bilateral versus multilateral programs.

Unfortunately, last year the House mark eliminated funding for several international financial institutions, which would have jeopardized the interests of the United States and harmed struggling communities abroad.

I hope we can avoid such divisive and counterproductive proposals this year, and instead recognize that U.S. confidence in these institutions is paramount.

I look forward to hearing from you on the administration's oversight of the operations of the World Bank and other international financial institutions, including for example, the ongoing review of the World Bank's environmental and social safeguards.

Finally, Congress approved last year the long-overdue IMF quota and governance reforms. I would appreciate hearing how these reforms have helped advance U.S. interests in the institution and bolster equitable participation in global economic decisions.

And thank you very much for being with us today.

Ms. GRANGER. Secretary Lew, please proceed with your opening remarks. There are many issues that members want to discuss during our time with you today, so I would encourage you to summarize your remarks so that we have time for you to address questions. The yellow light on your timer will appear when you have 2 minutes left.

OPENING STATEMENT OF SECRETARY LEW

Secretary LEW. Thank you, Chairman Granger, Ranking Member Lowey. It is good to be here to discuss the 2017 Treasury budget request.

Since my testimony last year, our economy has continued its record-breaking streak of private sector job creation, which has reached 6 consecutive years and more than 14 million jobs. Over the last 2 years, we have experienced the strongest job creation since the 1990s, and at 4.9 percent, the unemployment rate is half its peak in 2009.

We continue on a sound fiscal path, with the deficit from fiscal year 2009 to 2015 falling by almost three-quarters, to 2.5 percent of Gross Domestic Product.

With the passage of the omnibus spending bill in December, we helped to build on this momentum. It will contribute to our economic growth and it will help to rebuild our international leadership. As you both noted, the agreement included critical IMF quota and governance reforms that have helped to preserve the central role of the United States in the international economic system and to advance our economic and national security objectives.

The budget agreement also demonstrated that we have the capacity to find common ground on difficult issues. It lays the foundation for addressing some of our long-term challenges, but a lot of work remains. That is why this year's budget includes critical investments in our domestic and national security priorities.

Treasury's 2017 budget request builds on a significant year for international development, which in addition to IMF quota reform, saw the adoption of the Addis Ababa action agenda and the 2030 agenda for sustainable development, and culminated in a successful Paris climate agreement.

Our fiscal year 2017 request makes investments in some of the most cost-effective ways to reinforce economic growth at home and respond to critical international challenges like poverty, environmental degradation, and food insecurity. For example, the World Bank's International Development Association provides a cost-effec-

tive means to support the world's poorest countries. Every dollar contribution from the United States leverages almost $13 in contributions from other donors and the World Bank's internal resources.

Our request also begins to address some of our prior unmet commitments to the international community and provides additional funding for Treasury's Office of Technical Assistance (OTA), to broaden its efforts to build effective public financial institutions by advising and training government officials in developing countries.

These investments in multilateral development banks (MDBs) like the World Bank and the regional development banks help to support our national security objectives, increase economic growth, and reduce poverty. The assistance and technical know-how of the MDBs has nurtured the economic reforms, infrastructure and social investments that have driven the growth of some of our most strategic trade partners.

They play an important role in building sustainable and transparent economic growth in emerging and developing countries, and more and more we have come to see the MDBs as vital partners in helping to address national security threats.

In addition to meeting our current commitments to the MDBs, it is urgent that we work with Congress to address our prior unmet commitments, which now approach $1.6 billion. At the World Bank, this is particularly urgent because failure to meet our commitments this year will result in a loss of U.S. shareholding that could impact our veto power, damage our credibility, and weaken our ability to shape policy priorities.

When it comes to global challenges like climate change, food insecurity and gender imbalances, the world continues to rely on multilateral institutions, and strong U.S. leadership within them, to help developing countries make concrete investments.

And U.S. contributions to specialized multilateral funds leverage resources from other donor countries and the private sector, significantly multiplying the impact of American taxpayer dollars.

In particular, I want to focus on two such funds: the Global Environmental Facility (GEF) and the Green Climate Fund (GCF). The GEF delivers benefits to the United States and global community by protecting the environment, including preserving the ozone layer, supporting fisheries, combating wildlife trafficking, and reducing mercury pollution that can contaminate our food supply. As you know, the President pledged $3 billion to the GCF, which our budget request supports in part.

The GCF is designed to be a key element of the collective global effort to build resilience and reduce carbon pollution. The fiscal year 2017 budget request also includes important funding for a variety of other programs, including the Central American & Caribbean Catastrophe Risk Insurance Program, the Global Agriculture and Food Security Program, the International Fund for Agricultural Development, and the World Bank Global Infrastructure Facility.

Finally, Treasury is seeking $33.5 million for OTA, an increase of $10 million over the fiscal year 2016 enacted level. Our request reflects a strong and increasing demand for OTA to support U.S.

foreign policy, national security, and economic priorities in Central America, Africa, Asia, Ukraine and other regions.

The request also supports my commitment at the 2015 Financing for Development Conference to double OTA's assistance and significantly increase U.S. Government support for domestic resource mobilization by 2020, helping countries to better raise and manage their own financial resources.

Treasury's international programs are some of the most cost-effective ways to reinforce economic growth at home and to respond to critical challenges abroad. Specifically, U.S. leadership in international financial institutions enables us to influence how and where resources are deployed, often on a scale that we cannot achieve through our bilateral programs alone.

It is crucial that we continue to have bipartisan support for these institutions to ensure that our influence remains as strong today as it has been over the past several decades.

And with that, I look forward to answering your questions.

[The information follows:]

Testimony of Secretary Lew before the House Committee on Appropriations Subcommittee on State, Foreign Operations, and Related Programs on the Fiscal Year 2017 Treasury International Programs Budget Request
3/15/2016

Chairwoman Granger, Ranking Member Lowey, and Members of the subcommittee, thank you for the opportunity to discuss the President's Fiscal Year 2017 Budget Request for the Department of the Treasury's International Programs.

I want to begin by acknowledging the bipartisan passage of the omnibus spending bill in December, which is already contributing to our economic growth and rebuilding our leadership internationally. This agreement demonstrates that we have the capacity to find common ground on difficult issues and lays a foundation for addressing some of our long-term challenges. Over the past seven years under the President's leadership, we have seen a sustained economic recovery and an unprecedented decline in the federal budget deficit. But more work remains to make sure we are upholding the basic American belief that everyone who works hard gets a fair shot at success. In recognition of this, the FY 2017 President's Budget puts forward the building blocks of a social compact for the 21st century and creates the conditions for sustained economic growth. The budget also makes critical investments in our domestic and national security priorities while adhering to the bipartisan budget agreement signed into law last fall, and it lifts sequestration in future years so that we continue to invest in our future.

I would also like to thank Congress for passing the International Monetary Fund (IMF) quota and governance reforms last December. The IMF has promoted stability, jobs, and growth for the past 70 years. The reforms we put in place in reinforce the central leadership role of the United States in the global economic system and demonstrate our commitment to maintaining that position. Moreover, our commitment to the IMF as demonstrated by the passage of quota reform legislation better enables us to further our international policy objectives, such as multilateral support for Ukraine, through IMF engagement.

Treasury's FY 2017 request builds on the landmark year for international development, which, in addition to IMF quota reform, saw the adoption of the Addis Ababa Action Agenda and the 2030 Agenda for Sustainable Development, and culminated with the successful adoption of the Paris Agreement on climate change. Our request affirms the U.S. commitment to the international financial architecture and to maintaining our global leadership.

The international financial institutions—the IMF and multilateral development banks (MDBs), including related multilateral trust funds—are a critical part of the President's approach to bolstering national security and driving long term prosperity. Our investments in these institutions promote our strategic interests and international stability. They help unlock the next generation of export markets for America's businesses and workers, while fostering private sector development and entrepreneurship.

That is why our FY 2017 request of $2.3 billion is so important. These investments are some of the most cost-effective ways to reinforce economic growth at home and respond to critical challenges abroad, like financial instability, poverty, environmental degradation, and food

insecurity. Contributions from other donors and internal resources further leverage our investments. For example, the World Bank's International Development Association (IDA) provides a cost-effective means to support the world's poorest countries; every $1 contribution from the United States leverages almost $13 in contributions from other donors and the World Bank's internal resources.

Multilateral Development Banks (MDBs) Promote National Security, Economic Growth, and Poverty Reduction

In FY 2017 we are requesting $1.8 billion to fulfill our commitments to the MDBs. Our investments in the World Bank and the regional development banks promote national security, economic growth, and poverty reduction. The MDBs finance investments in developing and emerging economies, including in infrastructure, health, education, governance, and business climate reform.

The MDBs' assistance and technical know-how has nurtured the economic reforms, infrastructure, and social investments that have driven the growth of some of our most strategic trade partners, and they also play an important role in building sustainable and transparent economic growth in emerging and developing countries. Additionally,the MDBs are vital partners in containing national security threats, especially at a time when we are asking the MDBs to do more to address the root causes of refugee and other forced displacement crises, to better integrate refugees into host countries, to support pandemic responses, and to invest in sustainable infrastructure that contributes to global growth and creates jobs. As an example, the Inter-American Development Bank (IDB) has taken a leading role in helping El Salvador, Guatemala, and Honduras implement reforms to spur economic growth, which will help address the root causes of the flow of vulnerable migrants to our border.

In addition to meeting our current commitments, it is urgent that Congress address our prior unmet commitments, which are approaching $1.6 billion. Doing so with respect to the World Bank is particularly urgent, as failure to meet unmet commitments to the Bank this year will result in a loss of U.S. shareholding, which would not only impact our veto power, but also damage our credibility and weaken our ability to shape policy priorities. The World Bank provides critical support for strategic U.S. priorities such as responding to the Syrian refugee crisis, delivering financing to Ukraine, and financing infrastructure in the poorest countries in Asia.

Addressing Complex Global Challenges

When it comes to global challenges such as the environment, food insecurity, and gender imbalances, the world continues to rely on multilateral institutions and strong U.S. leadership within them to help developing countries make concrete investments. U.S. support for specialized multilateral funds leverages resources from other donor countries and the private sector, significantly multiplying the impact of American taxpayer dollars.

In particular, the Global Environmental Facility (GEF)—for which we are requesting $147 million—helps countries safely dispose of dangerous chemicals that can damage human health and contaminate global food and water supplies. By protecting the environment—including preserving the ozone layer, protecting fisheries, combating wildlife trafficking, and reducing

mercury pollution that can contaminate our food supply—the GEF delivers benefits to the United States and global community.

This year we are also requesting $250 million toward the U.S. pledge to the Green Climate Fund (GCF). The State Department has requested $500 million this year, for a total FY 2017 request of $750 million. As you know, this is part of a $3 billion pledge the President made to the GCF, not to exceed 30 percent of total signed contribution agreements. The GCF is designed to be a key element of the collective global effort to build climate resilience and reduce carbon pollution by enabling developing countries to invest in those goals and transition to a more sustainable development path through national planning.

The FY 2017 request includes $12.5 million for an expansion of the Central America and Caribbean Catastrophe Risk Insurance Program through an existing multi-country risk pooling facility. This request will support the provision of affordable insurance against natural disasters in the region, which is highly vulnerable to natural disasters that – when combined with other factors—can result in security challenges for the region and for the United States, including the displacement of people and mass migrations.

The United States is a leader in the fight against global hunger and poverty through two key multilateral programs - the Global Agriculture and Food Security Program (GAFSP) and the International Fund for Agricultural Development (IFAD). GAFSP funding has proven to be effective and has already reached about 2.15 million beneficiaries and has rehabilitated over 19,200 hectares of land with improved irrigation and drainage infrastructure. Treasury's FY 2017 request includes $23 million for GAFSP. IFAD is a leader in helping to increase the productivity of smallholder farmers, improving nutritional outcomes, and expanding access to rural employment and marketing opportunities, and it is important to note that women represent 50 percent of project beneficiaries. For FY 2017, we are requesting $30 million for the second of three installments for IFAD's 10th replenishment.

Treasury's FY 2017 request also includes $20 million to join the World Bank Global Infrastructure Facility (GIF) as a Funding Partner. The GIF will catalyze private capital for public infrastructure projects by addressing constraints arising from countries' legal and regulatory regimes, project design and implementation, and project financing structures.

Successful development also depends on good governance and a well-functioning state. For the last 25 years, Treasury's Office of Technical Assistance (OTA) has provided advice and training to government officials in developing and transitional countries so they can build effective public financial institutions. OTA helps countries improve government operations across several areas, including planning and executing budgets, managing debt, collecting revenue, developing sound banking systems, and combating corruption. Our request reflects the strong and increasing demand for OTA assistance and supports U.S. foreign policy, security and economic priorities in Central America, Africa, Asia, Ukraine, and other regions. Treasury is seeking $33.5 million for OTA—an increase of $10 million over the FY 2016 enacted level. The request supports my commitment at the 2015 Financing for Development conference to double OTA's assistance and significantly increase U.S. Government support for Domestic Resource Mobilization by 2020, helping countries to better raise and manage their own financial resources. This significant and

critical investment will enable OTA to respond more quickly to the growing demand for financial technical assistance in support of U.S. foreign policy, economic development, and national security priorities.

Conclusion

U.S. leadership in international financial institutions enables us to influence how and where resources are deployed—often on a scale that we cannot achieve through our bilateral programs alone. However, bipartisan support is required to ensure that our influence remains as strong today as it has been over the past several decades.

Meeting our commitments to the MDBs is a cornerstone of U.S. credibility and leadership. The partnership we have with the MDBs has endured across parties because these institutions have continually provided a significant return for the United States. They allow us to promote U.S. national security, and global economic growth and poverty reduction. No other institutions so effectively leverage our limited resources in service of our national and global interests.

I look forward to working with you on these critical issues and welcome your questions.

Thank you.

Ms. GRANGER. We will begin with the questions. I want to remind members and the witness that you have 5 minutes for questions and the responses. The yellow light on your timer will appear when you have 2 minutes remaining, and it will be followed by a red light which means you get thrown out of here, I think—is that what happens? If time permits, we will have a second round of questions.

I will begin. The fiscal year 2016 appropriations bill included funding and authority for a third loan guarantee for the government of Ukraine, but this agreement has not been finalized by the administration.

Loan guarantees from the United States have helped boost Ukraine's sovereign rating, which was raised last fall. However, in fiscal year 2017, there are no funds requested for another loan guarantee.

Mr. Secretary, I am concerned about Ukraine. I know that you are concerned. The administration is also concerned about Ukraine.

I know from the press that there has been a lot going on with their government. I know they need the U.S. loan guarantee, but I think all of us are concerned that we ensure that reforms are being implemented by that government. How can the United States use its leverage?

Secretary LEW. Chairman Granger, I think we agree completely on the importance of Ukraine, and we have had a great working relationship with you and with the subcommittee to show united bipartisan support for Ukraine.

The two loan guarantees that we have put in place have been essential as part of an international package to give Ukraine the chance to rebuild its economy in the face of terrible aggression and to get itself into a place where it has the possibility of a successful future. In fact, they have turned the corner sooner than expected and had a period of economic growth earlier than expected.

We are working with them on the third loan guarantee. The details are still being worked out. One of the conditions of each of our loan guarantees is that they meet their fiscal commitments and they also meet the commitments to government reform. We have been very clear, as has the IMF, that both of those commitments are critical, not just to keep the support flowing, but for Ukraine to have a viable future.

I know this is a period of turmoil in Ukraine politically; we continue to work with the finance ministry on the terms of the loan guarantee.

Obviously, the situation has to settle down politically for them to either form a new government or not. The test will not change; the test will be, do they stick to their fiscal reforms, both on the spending and the tax side? And do they stick to their anti-corruption reforms, which are just as critical.

We have made that, at the highest level, an issue. I invest a lot of time personally with the government of Ukraine. They value the role that we play; frankly, they value the fact that we keep reminding them what they need to do to have a stronger future for their country.

Ms. GRANGER. I know you and I have discussed that and how important it is. I have been there three times, and we all agree we

would like to help, but they have to help themselves, and I appreciate your staying with that.

The second question I have, Iraq has faced declining revenues because of low oil prices, we all know that. The government of Iraq has stated that they may raise funds on the international capital markets later in the year.

In the fiscal year 2016 omnibus, authority was included for up to $2.7 billion in direct loans for Iraq for military purchases. In the fiscal year 2017 budget request, the administration is requesting a second loan for Iraq for military assistance, as well as a sovereign loan guarantee for economic assistance.

First, what is the timeline for issuing the loan that was authorized in fiscal year 2016, and how much funding will be needed to subsidize that loan?

And second, what actions will the government of Iraq need to take to receive the second loan for military assistance and the new loan guarantee requested in fiscal year 2017?

Secretary LEW. Chairman Granger, the support for Iraq, we believe is critical. Iraq needs to have economic stability if it is going to have political stability. We are urging Iraq to take very tough actions to counter ISIL and to be a partner in that effort. But with the lower price of oil, they are under a great deal of economic pressure.

I think the Foreign Military Financing (FMF) action was an important way to make sure that they have the resources they need to build their defense, but also to create the cash flow for them to manage towards a more stable, economic future.

We are probably several weeks away from finalizing the details of the first FMF loan. The State Department takes a lead on that; we are consulting with them. The exact cost of it will depend on the terms. I believe that the outer limit is $250 million, but it could be less than that, depending on the duration and the tenor of it.

We look forward to working together with you on additional provisions for 2017. One of the things that Iraq will have to do, not unlike the conversation we just had about Ukraine, is put some economic reforms in place. They are in the midst of working with the IMF on a standby agreement. That would put in place the architecture for reforms that we could build on with our loan guarantees.

I think they understand that it is a package and that they need to have those reforms in place.

It has been a challenge, but that is something that I think, again, they need to do it for their own future. And it will be something that our ability to enter into the loan guarantees is connected to.

Ms. GRANGER. Thank you. Just one part about the loan guarantees. The dispute between the Kurds, and their regional government and Iraqis over oil revenues, the U.S. must use its influence to try to resolve this matter.

I think we have all watched the Kurds and what they have tried to do, and the real risks they have taken. So, finding a solution to this issue, I think, and I believe it should be a condition of Iraq receiving loans and loan guarantees. Do you agree with that?

Secretary LEW. Treasury has consistently encouraged the government of Iraq and the Kurdistan Regional Government (KRG) to work together to implement the revenue sharing agreement. My understanding is that their 2016 budget contains provisions for the resumption of the 2015 oil deal. We will continue to work with them, because having an orderly resolution of that internally would be the best outcome.

Ms. GRANGER. Thank you. Mrs. Lowey.

Mrs. LOWEY. Thank you.

Mr. Secretary, I remain very concerned with how Iran will spend billions of dollars of unfrozen assets, which has been valued between $50 billion and $150 billion. Just 2 weeks ago, Iran's ambassador to Lebanon pledged $7,000 to each of the families of Palestinian terrorists who committed acts against Israelis.

In your estimate, exactly how much money has Iran acquired since implementation of the JCPOA? What is the administration's strategy to combat Iran's funding of terrorist groups and supply of weapons, and do you have numbers for how much money Iran provides Hezbollah, Hamas, Palestinian, Islamic, jihad and Shia militias in Iraq?

And do you believe these figures are likely to increase as a result of sanctions relief?

Secretary LEW. Congresswoman Lowey, let me answer that question as best I can in this room, and we can have a conversation in a different setting where we possibly could go into some more detail.

Iran's nuclear commitments have been capped. That is very important; it means that Iran is backing out of its pathway to a nuclear weapon. We have, pursuant to the agreement, lifted only the nuclear sanctions, but we have lifted the nuclear sanctions, as we have to—if there is an agreement—that is the purpose of sanctions to get the policy changed, and the sanctions have to accordingly be reduced.

We have not lifted sanctions on terrorism, we have not lifted sanctions on regional destabilization, we have not lifted sanctions on human rights violations. We continue to work, as we always do, to identify targets where there are actions taken that require designation; we have made a number of designations since the agreement was reached, we will continue to do so.

In terms of the total amount of money, it has not changed from where we were when we were presenting the agreement over the summer. There is roughly $100 billion of resources out there, of which only about $50 billion could actually go back to Iran, because the others are tied up for reasons that make them unavailable. Iran's own estimate is they have, theoretically, access to maybe $30 billion.

We have actually seen a very slow return of those monies to Iran. They are having a challenging time dealing with the international financial system, but that money will begin to flow.

One of the things that we know is that the backlog of needs in Iran is tremendous. The domestic pressure is for spending on domestic needs, both human and infrastructure. As I said in July, I wish I could say not a penny would go to malign purposes, but money is fungible and I cannot say that.

What I do believe, and what we continue to see, is that the activities that Iran funds that we very much want to stop, things like the funding of terrorism, are being stressed, which means they are not accessing the kinds of sums that would give you reason to believe that there is a significant change in the shape of what they are doing.

But I am happy in a different setting to go into whatever detail we have.

Mrs. LOWEY. I would like to do that, because I am very concerned, obviously, about where the money is going and how much more money Iran might receive.

If you can share with me the status, which has been raised here before, of multilateral bank loans to Iran and what steps is the department taking to ensure international financial institutions are complying with United Nations sanctions on Iran?

And can you assure this subcommittee that the U.S. will continue to oppose any World Bank loans to Iran until they are in compliance with all bilateral, multilateral sanctions, human rights, missile testings, supporting terrorism, et cetera?

Secretary LEW. We do continue to oppose them. There have not been new loans to Iran, there are some old loans out there, I believe. I am happy to get back to you with the details. But we have made clear that we will continue with the position that we have had.

Mrs. LOWEY. I see my yellow—I have a couple more minutes.

The administration has pledged to strictly enforce existing sanctions in Iran, other than those relaxed under the JCPOA, and that is why the SFOPS bill last year included a reporting requirement on the status of implementation and enforcement of bilateral multilateral sanctions against Iran, and actions taken by the U.S. and international community to enforce such actions.

Now, if you could quickly—otherwise, we will continue—what is the status of the report? Beyond the 11 entities supporting Iran's missile programs, has the administration imposed any sanctions targeting Iran's non-nuclear activities since the JCPOA was reached?

For instance, sanctions for supporting terrorism, supporting the Assad regime, human rights violations, and supporting Shiite militias in Iraq?

Secretary LEW. In terms of the report, my understanding is the report is due in June or July, and the work is being done on it. I am happy to get back to you with details on that. In terms of the sanctioning or the designation of entities, we have continued; 11 Hezbollah-related targets were sanctioned under terrorism authorities for terrorism-related activities and a number for missile activities.

I am happy to get a list to you.

Mrs. LOWEY. Thank you, and I know that the chair and I, and this committee are very concerned. We understand that is separate from the nuclear agreement.

Secretary LEW. Yes.

Mrs. LOWEY. But I think it is important that we get specifics and the administration is aggressive in making it clear to Iran that this is serious and we are going to stop it.

Secretary LEW. We have been very clear, throughout the negotiations and since, that the lifting of nuclear sanctions does not take away the sanctions on terrorism, regional destabilization or human rights.

The designation process, as you know, is a very time-consuming and cumbersome one. We will continue to go through it, as we have information, as we have the ability to make designations, and it is something that I pay a lot of attention to.

Mrs. LOWEY. Thank you very much, Madam Chair.

And just one other comment, when you are preparing this report, I am very interested in the transfer of that $7,000 to the Palestinians who are committing terrorist acts.

Thank you.

Ms. GRANGER. Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you, Madam Chairwoman.

I want to first thank Mrs. Lowey for that line of questioning, and I think we all share your concerns. And I would like to be there if you are going to have a classified on that.

Mrs. LOWEY. Thank you.

Mr. DIAZ-BALART. Mr. Secretary, good to see you sir. Let me stay on the sanctions issue, but in a different part of the world.

You now have more sanctions relief to the Castro regime, but we are asking nothing in return. Your new regulations effectively authorized the Castro dictatorship to use the U.S. financial system as a flow through for their international transactions.

Mr. Secretary, let's be very clear. The Cuban people aren't shuffling dollars through Europeans banks or through Panama. It is only the Castro regime. Let me give you an opportunity to correct me. Do you know what percentage of non-regime players, Cubans, are using the international system to—you know, for financial ways, how many are using it?

Is it only the regime, which is 100 percent according to the numbers that I have. Do you have different numbers or is it 100 percent, just the regime that you are facilitating this for.

Secretary LEW. Congressman, I know that we disagree on the——

Mr. DIAZ-BALART. I am just trying to get some facts. I am trying to get the facts from you.

Secretary LEW. I am happy to ask for the technical staff to come back.

Mr. DIAZ-BALART. Well, you have a number of—you have a dozen people here with you.

Secretary LEW. Well, the purpose of our relief of the Cuban sanctions is within the law, not go outside of the bounds of the law, but within the law, to try and increase contact between the United States and Cuba because the policy of the last 50 years has not worked.

Mr. DIAZ-BALART. Mr. Secretary, again, there are a couple of things here. It is not Cuba. What you are doing is helping and only helping the regime. I want to help Cuba. But you are helping—what you are doing is only helping the regime, unless you can correct me. That is well—another area, where you are only helping the regime.

Secretary LEW. I am happy to go through the elements of what we have done, but we have——

Mr. DIAZ-BALART. Well, I am trying to get some facts from you sir.

Secretary LEW. The facts are what we have tried to do is increase people to people contact. We have tried to increase the availability of communications for the Cuban people.

Mr. DIAZ-BALART. I am asking you very specifically about the financial transactions.

Secretary LEW. I—the bank accounts——

Mr. DIAZ-BALART. Right. I am hoping that you can prove me wrong, but I will bet that you are not going to be able to. Moreover sir, this isn't for telecom or ad sales—which, by the way, are exempted by law. It is a blanket authorization for all of the regime's activities.

Now, what statutory authority do you perceive to have to authorize such transactions which are clearly inconsistent with federal law?

Secretary LEW. Well Congressman, we have complied with all of the prohibitions, both in the embargo and in the specifically, prohibited financial activities. What we have done is we have addressed the sanctions that were put in place by executive action, removing those executive actions.

We have been very careful to stay within the bounds of what is not an open space. We have made clear that we would do otherwise if we did not have those constraints, but we have acted within those constraints.

Mr. DIAZ-BALART. Mr. Secretary, again, what I am asking is what statutory authority do you have? Do you perceive that you have? Because federal law is very clear that there are exemptions for three areas and what this does is way beyond that. So, what statutory authority—where is that statutory authority?

Secretary LEW. Well, there are regulations that were put in place under the Trading with the Enemy Act by executive action. Those are being changed by executive action. None of the activities prohibited by the Libertad Act are addressed by the changes made. We have obviously made the changes, very cognizant of the legal landscape.

We have worked, within that, to relieve what we can relieve, but not that which we cannot.

Mr. DIAZ-BALART. Mr. Secretary, you are aware that General Clapper said that when it comes to threats from foreign intelligence entities, he said, Russia and China pose the greatest threat, followed by Iran and Cuba. You are aware of that?

Secretary LEW. I have not seen that comment, but——

Mr. DIAZ-BALART. All right. Well, you should be aware of that. So, again, in this particular area, how are you going to—what are you going do to help, make sure that you are not helping to finance—since again, these—this part of the new reg that I am talking to you about, deals which allow the regime access to U.S. financial institutions?

What steps are you going to take to make sure that it is not used in a way to go against our national security interests, which again,

according to General Clapper, after China and Russia, Iran and Cuba are the next greatest threats?

Secretary LEW. As you know, the embargo still limits very, very significantly, what the amount of activity between the U.S. and Cuba can be. We have taken the actions we have taken in order to open up the ability for commerce, and people-to-people contact and the financing necessary to support that, but not in violation of the provisions that prohibit certain kinds of financial activity.

We have worked in that space because we think the policy of the last 50 years has failed. That this is a way to advance the cause of change in Cuba and to get to a result which is a—benefit to the Cuban people.

Mr. DIAZ-BALART. Mr. Secretary, my time is up. Hopefully, we will be able to continue the conversation.

Thank you madam.

Ms. GRANGER. Mr. Ruppersberger.

Mr. RUPPERSBERGER. Secretary, I am going to not leave the issue of these sanctions, but I want to get into Iran. First, in response to Iran's illegal missile tests, the U.S. imposed sanctions on 11 entities and individuals for the provision of missile related technology to Iran.

The Iranians paid for that technology, but no financial institution was sanctioned for the transaction. And the technology arrived in Iran by either boat or plane and yet no shipping line or airline was sanctioned.

Now my questions are, shouldn't we be going after the infrastructure that allows Iran to continue its missile program? And, did any financial institution or transportation company facilitate a transaction that supported Iran's missile program?

Also, can you commit to sanctioning companies that facilitate the provision of support to Iran's illicit activities?

Now, on the recent missile sanctions, Congress was notified of the sanctions. And then the administration pulled back the sanctions till after implementation day and that was the release of American prisoners.

During the period of delay, were the sanction companies able to move assets, such that when the sanctions were issued, there were no assets to freeze. And where—were any assets belonging to these entities actually frozen? Now, that is a lot out there if you want me to resay it, but basically, where are we as it relates to the sanctions with Iran?

Secretary LEW. So Congressman, we have, as you indicated, designated the entities that we identified that were involved in supporting the missile program in Iran. We continue to investigate other entities and can only bring an action when we have a fully developed foundation for a designation. We are continuing to build additional actions.

I think that it is premature to talk about entities until we reach the stage of designation, but we are looking at a wide range of entities involved in supporting the missile program.

Mr. RUPPERSBERGER. Another issue. I think the public is confused about the appeal with Iran as it relates to nuclear. And no question, that that did stop Iran from moving forward, which really, probably solidified some very serious issues that could have oc-

curred with other countries buying nuclear weapons if that was not done. And I think it is also important to note, that we have still sanctions as it relates to terrorism and other issues that you talked about.

But this is very important we continue moving ahead because, in my opinion, Iran is still exporting terrorism and that type of thing. I see I still have a green lignt—so I want to get into another area very quickly. And that is the issue of the China's new Asian infrastructure investment bank. Those of us who have been in numerous countries—and I know that I would see in Kenya and in Libya and—well, not Libya, but I saw in other different countries—what? Yemen, is an example. A lot of Chinese buildings. Like I remember having a conversation with the former President of Libya, I mean—Yemen.

I think it is such a tough place now, forget it. In saying, the Chinese give us a lot, but we just still don't like them. So, I was glad to hear that, but when we are talking about the Chinese—going forward with this new infrastructure bank, this could have impact on us. How do you think we should deal with that?

Secretary LEW. So our position on the Asian Infrastructure Bank (AIB) has been, on the one hand, we think it is a good thing that there is more support for international infrastructure investment in Asia. But it is very important that it be done in a way that is consistent with standards, like the standards that we pursue in our multilateral development banks that we are involved in.

We have made that case to all the participants, we have made that case to the Chinese, and I think we have had a lot of success. They have now adopted operating rules that are very much leaning towards observing the kinds of norms that we support in the multilateral institutions that we contribute to.

We are not part of the AIB, so we are not in the inside making those rules, but I think our effort on the outside to put a bright light on that——

Mr. RUPPERSBERGER. But my issue there is that could be dangerous. A lot of our European allies, a lot of our allies are using this fund, which is really buying relationships and influence.

Secretary LEW. But it is an international fund, they will have to work on a multilateral basis, not just a bilateral basis. I think what you have described is a fair description of their bilateral economic activities.

What we have made clear is that for a multilateral institution, they are going to have to operate in a different way, where it violates norms that a lot of the countries that have signed up to the bank would have to object to.

The jury is out, they have not made their first loans yet. I think that a year ago the discussion of standards in the context of the Asian Infrastructure Bank was a soft conversation. I think because we have put a bright light on the importance of that, it has become a very loud conversation, with the right commitments being made.

But now the question is what will the actions be, and we will start to know when they make loans. The more they partner with the multilateral institutions that have high standards, the more likely they are to operate in a way that is consistent with the kinds

of norms that are good for a growing, global economy, and other values that we pursue in the multinational space.

Mr. RUPPERSBERGER. OK. Thank you.

Ms. GRANGER. Mr. Dent.

Mr. DENT. Thank you, Madam Chair.

And I would like to follow up on the questions of Mr. Ruppersberger and Mrs. Lowey with respect to the Iran sanctions. There have been more ballistic missile launches by the Iranians, in violation of U.N. resolutions and certainly not in the spirit of the nuclear agreement.

Billions of assets have been unfrozen. Iran, in my view, is now in a position to become much more of a regional hegemon. Right now, the Russians are up at the U.N. protecting Iran, voting with them, protecting them even though the Iranians have violated the U.N. resolutions with respect to the ballistic missile launches. They have humiliated Ambassador Power, put a thumb right in her eye and our country's eye.

The question I have is: Do you believe that Russia is more aligned with the United States or more aligned with Iran when it comes to Syria and the broader Middle East crisis?

Secretary LEW. It is a complicated question to explain what Russia's motives are.

Mr. DENT. It is not so tough—on Iran right now.

Secretary LEW. Let me explain how I see the Iran agreement coming together and the role that the international community played.

Russia was part of the agreement to put sanctions in place and to enforce the sanctions. It brought Iran to the table that led to a nuclear agreement. The nuclear agreement has real important impact. It means that Iran is now out of the process of developing a nuclear weapon.

I totally agree that the missile launches are provocative and violate other understandings. We have made clear through our efforts to sanction entities and our indication that we are going to continue to identify targets as we have the cases to do so, and that we will take the appropriate actions.

But I think the importance of the global community being together forcing Iran to the point where it had to back away from its nuclear program is a very very significant accomplishment.

Mr. DENT. I can't believe, though, that knowing how the Russians are behaving with respect to the missile launch, do we think that they would actually ever support us on a snap-back sanction in the event the Iranians were to violate the nuclear agreement? This does not portend well.

Secretary LEW. The way the snap-back sanctions were set up, we have the ability, unilaterally, to snap back sanctions on our own and no party in the security council has the ability to block the snap-back. So the snap-back was set up in a way where if there is a violation of the nuclear agreement——

Mr. DENT. But what if they don't impose sanctions themselves? I mean, if the—if our partners don't impose—reimpose sanctions?

Secretary LEW. Well, first of all, to the extent that there are U.S. sanctions, those have consequences beyond the U.S. Secondly, to

the extent that the international sanctions snap-back, those have international binding power.

We cannot force other countries to put bilateral sanctions in place, but the agreement set up the snap-back so that both U.S. and U.N. Security Council sanctions will snap-back if there is a violation.

There has not been that violation of the nuclear agreement. So the fact that these missile launches are being made it not a violation of the body of the nuclear agreement. But we are taking actions unilaterally in response to that and we are working at the U.N. to——

Mr. DENT. If I may,—it seemed that the Iranian nuclear agreement was designed in large part, in the President's words, to help Iran get right with the world. It seems to me, based on the actions I have seen with the missile launch and their other nefarious activities in the Middle East, that they are not getting right with the world. Do you think they are getting right with the world?

Secretary LEW. That is not what I think the purpose of the nuclear agreement was. The purpose——

Mr. DENT. That is what the President said.

Secretary LEW. The purpose of the nuclear agreement was for Iran to be forced out of the business of developing a nuclear weapon so that they would not have it and they could not transfer it to the third party that would destabilize the region and the world.

Having accomplished that is an enormous contribution to greater peace and stability. That does not mean that Iran is a good actor in other areas. That is why we still have all the other sanctions, tools and actions in place.

Mr. DENT. It just seems to me that because of this agreement, we lost all our leverage in that part of the world, and it doesn't seem that, in my view, that the Middle East is—that we are getting Iran to help us in any way diplomatically on any issue.

There is no detente.

Secretary LEW. There would be a lot more danger in the world if Iran was closer to a nuclear weapon. The fact that we have reversed that clock, they are farther away, and they are not on the path to gain time is an enormous change. That does not mean that Iran is a country that we can point to as adopting standards or activities that we accept. They do an awful lot of things that we consider to be just plain wrong and beyond the bounds.

That is why we have all the other sanctions still in place.

Mr. DENT. I yield back. It looks like my time is up.

Ms. GRANGER. Thank you.

Ms. Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you very much.

Mr. Secretary, welcome. It is good to see you.

I guess it is best to ask my—I will ask my questions all at once. And I can help you if you need assistance in what I am asking, if you get side-tracked.

I want to ask you a little bit about the Green Climate Fund, because I know that, you know, we have made a significant commitment and we have also encountered some challenges, to be diplomatic, with the Republicans' willingness to provide the initial tranche of funding so that we can be a full participant.

It appears that because we don't have any funding in the continuing appropriations act for FY 2016 that we have kind of ceded things now to the Green Climate Fund to the Department of State. Can you talk a bit about why it is so essential that we make sure we provide—that we meet our commitments?

And, you know,—thank you—I was wondering what that was——

Secretary LEW. I did not know what it was either. [Laughter.]

Ms. WASSERMAN SCHULTZ. My congressional district is really ground zero when it comes to global warming and climate change. I mean, we are really at a stage where just yesterday, there was news that approximately 30 percent of our population in South Florida could either have to drastically alter their environment where they live or be engulfed by water. So if you could address that.

Piggy-backing on that question is I would like you to address our for the first time participating in the CCRIF, which is the catastrophic risk pool, which is shared by a variety of countries in our—in our region.

We have experience with a catastrophic risk pool in Florida. Again, being in the midst of, you know, a consistent and regular pathway in hurricane alley. And it has proven to work. And this one appears to be functioning well. So if you could address that.

And then also, the Global Agriculture and Food Security Program is something I have an interest in. And, you know, I know we made a challenge pledge. And if you could talk about our progress in making sure that we continue our leadership and ensure that we can meet our commitments.

Secretary LEW. Starting with the Green Climate Fund, I think what you describe as being the situation in South Florida is unusual, but not typical—not atypical. It is happening in cities around the United States on the shores. It is happening around the world. It is a national security threat as well as an economic threat.

The Green Climate Fund is a way to bring the world community together in a multilateral effort where we get leverage, where our contribution is supported by other countries of the world; and it gives us the ability to see the kinds of investments in building resilience that the world needs.

That includes both what happens at shorelines, but it also means we are going to be developing energy and environmental technologies that reduce the use of fossil fuels; that improve the quality of inter-generation efficiency in agriculture and forestry.

In addition to building the security that comes from reducing the risk of dramatic climate-related events, it also opens new export markets for American products and technologies. We are one of the leaders in the world where there is an appetite for what we produce, but without financing is not an ability to purchase it.

So I think both from an environmental point of view, an economic point of view, and a national security point of view, it serves our national interests very well.

With regard to the Central American & Caribbean Catastrophe Relief Insurance Program—we have requested funding for the fund, which is a multi-donor trust fund that would support the expansion of catastrophe risk insurance in Central America. Just like South

Florida, the countries in the Caribbean are highly vulnerable to natural disasters and catastrophe risk.

Building fiscal resilience is really important to making sure that they can respond when catastrophes occur and maintain political stability when catastrophes occur. We have seen too often that without there being a risk insurance program, we need to go in and bilaterally provide support because there is urgent need, and they are our neighbors, and we have a need to make sure that there is both an ability to address those catastrophic events, but also maintain stability.

On the GAFSP, continuing to support the pledges we have made is very important. We have made real progress on the food security front. I am particularly attached to this. I helped develop this initiative in a former part of my life when I was at the State Department. You go around the world and there is an understanding that to feed the people in your own country and to feed people around the world, we need to harness both technology and we need to harness best practices, and that is what these funds do.

But again, it is on a multilateral basis, where U.S. support is leveraged by international partnership. We have made a request that would fill in some of the gaps in the funding, and I see we are out of time, but I am happy to get back with the details.

Ms. GRANGER. Thank you.

Mr. Crenshaw.

Mr. CRENSHAW. Thank you, Madam Chairman.

Thank you for being here today.

Let me follow up a little bit on this sanction business, because I have a couple of questions. One is: You mentioned that we lifted the nuclear sanctions, but we haven't lifted the other sanctions. It seems like the only reason that they came to the table was due to the nuclear sanctions that really wrecked their economy. So they came to the negotiating table.

Do you think the non-nuclear sanctions, the ones that are left there, are they really going to have any kind of impact? Because it doesn't seem like they are doing much. We are talking about doing things and designating things. But it doesn't seem to change the behavior.

On the snap-back provisions that you talked about, I wonder if you really believe those things are going to work. Because on one hand, you will have a lot of little, small incremental violations that won't trigger the nuclear sanctions, and they will nickel-and-dime along the way. All of a sudden the international community will wake up and realize it is almost too late to stop them.

The other part of that is: Do you really believe that companies believe in these snap-back provisions? Because if you really believed that these provisions were going to snap back, and you want to do business in Iran, and you knew Iran was in the business of doing bad things and violating treaties, et cetera, would you really want to go in there and do business knowing that these sanctions might come back into play? Wouldn't you avoid that in the long run?

Talk a little bit about those two things.

Secretary LEW. Congressman Crenshaw, both of those are, I think, excellent questions, and I would say that on—with regard to

the nuclear sanctions versus the other sanctions, while we had the toughest nuclear sanctions, the toughest sanctions regime that we have ever put in place with the world community, Iran was still able to fund terrorism, they were still able to fund regional destabilization. So there was leakage even with the nuclear sanctions because not everything comes through sanctioned entities and not everything can be stopped with sanctions.

Our goal is to make it as hard as possible for them to do those activities. I do not believe the shape of the resources they have for those activities will change dramatically. But we should not kid ourselves, even with the nuclear sanctions, they were finding ways to support terrorist activities. So we have to keep on it, we have to be attentive to any entity that we can make it harder and harder for them to work through.

But if you look at the nuclear sanctions, it was a case where the world community came together and said on some things we do not agree, but on the question of whether Iran have a nuclear weapon, there was total agreement.

That was why that sanctions regime was as tough as it was, and when Iran agreed to roll back its nuclear program, there had to be a rollback of the specific nuclear sanctions. We have never rolled back the non-nuclear sanctions and we will continue to designate under them.

On the question you asked about the snap-back and the willingness of companies to do business, there is not a rush of companies and financial institutions actually executing on doing business. We have made it clear where the nuclear sanctions were lifted, it would not be keeping our agreement to say that it was a violation of our rules, our laws, if things that are not sanctioned become the basis for doing business. But there has been a reticence in the global community.

Mr. CRENSHAW. You think that is partly the threat of the snap-back?

Secretary LEW. I do not know that it is a threat of the snap-back or if it is a threat that because there is enough other maligned activity going on that there is more risk with Iran or if it is because Iran has conducted its business affairs in the world that make it difficult to rebuild those normal business relations.

What I can say is we have an obligation to keep our part of the bargain. We have to lift the nuclear sanctions, which we have done, we have to make it clear we are not going to take action under the nuclear sanctions, and then businesses, financial institutions, will have to make their own decisions whether they want to be in that market. But I do not think we ought to be suggesting that the nuclear sanctions continue to be a barrier.

We have been clear about what sanctions remain in place, we have a Web site that is very clear, we answer questions all the time. If you believe in sanctions as a tool for effecting change of policy, maligned policy, you also have to believe in relief from sanctions when those maligned policies change.

In the case of the nuclear sanctions, they worked. In the case of these other things, we have to continue to be on the case. When we see entities that are involved in supporting terrorism, we have to be willing to continue to act against them.

Mr. CRENSHAW. Well, I think it is a great concept if they really believe that they are going to snap back. I think we need to make sure we are vigilant and don't let them ease along and we wake up one day and say——

Secretary LEW. If they violate the nuclear agreement, the snap-back would kick in. They have not yet.

Mr. CRENSHAW. Great. Thank you.

Ms. GRANGER. Ms. Lee.

Ms. LEE. Thank you very much. Good morning, Mr. Secretary. First of all, let me say thank you once again for being here and for your tremendous leadership at Treasury. As the co-chair of the bipartisan Cuba Working Group and as someone who has worked on establishing just normal diplomatic relations with Cuba for decades, I really want to commend the administration for the bold steps it has taken to re-establish diplomatic relations with Cuba.

Now there is bipartisan support for what the administration is doing and for even more normalization in terms of passing both of our bills ending the travel ban and lifting the embargo, but there is also bipartisan opposition to that, as you know, even on this committee, so this is truly a bipartisan issue both on the pro and con side. But I think the public is with those of us who want to see normal relations.

The announcement this morning is very significant in terms of the amendments to the Cuba sanctions regulations, especially ahead of the President's historic trip to Cuba. So could you sort of lay out what these changes are as it relates to banking and finance and people-to-people exchanges? And then second, I want to raise—and I have raised this before with regard to medical advances—hopefully this is bipartisan—in terms of the issue with regard to diabetic foot ulcers.

Both the House and the members of the Senate have communicated with the Treasury Department with regard to the fact that first an estimated 25 million Americans are affected by diabetes and more than 2 million affected by diabetic foot ulcers.

Now OFAC has previously granted a license for clinical trials for Hebropo P treatment which is still unavailable in the United States for those suffering from DFU, and the Biotech Institute in Cuba has been, you know, leading in terms of this innovative treatment. And we are trying to figure out how we can at least go for clinical trials as well as for, if the clinical trials work, the opportunity for people with diabetes and diabetic foot ulcers to benefit from this treatment because, of course, you know, in communities of color, diabetes is a very big issue. And we have seen—many of us have seen and we know the results of this very effective treatment.

Secretary LEW. Congresswoman, just to start with what the actions taken today are, there is an expansion of banking and financial services which permit U-turn transactions so that without having direct financing, money can pass through the U.S. financial system. There is an expanded authorization for educational exchanges that do not involve academic study so that individual travelers can engage in people-to-people travel so that the travel does not have to be under the auspices of an organization.

There is an expansion of the authorization to pay salaries so that the limit on salaries will not stop the employment, and certain dealings in Cuban merchandise will be permitted.

There are a number of other actions in the Commerce Department area that I am less familiar with the details of, but that get into permitting additional trade and commerce and civil aviation. We believe that, again, as I responded earlier, that we have acted within the boundaries of the law. If the law were different, we would be able to do more than we are doing.

But we have eliminated restrictions that were the result of executive action and we have been respectful of the legal boundaries. So while we might prefer to have a more normal commercial relationship, until the laws are changed, we cannot have a truly normal commercial relationship.

On the specific question you asked about diabetes, you have asked me about this before—I have passed it along to our OFAC team. I can't comment on specific OFAC applications, but OFAC is reviewing that application.

Ms. LEE. Okay, thank you very much. Madam Chair, I just want to make a note that the U.S. International Trade Commission estimated that the opportunity cost to U.S. exporters of maintaining the embargo is around 1.2 billion per year, so it is really in the United States' economic interest to move forward with normalized relations. Thank you again.

Ms. GRANGER. Thank you. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Madam Chairman. Good morning, Mr. Secretary. I stepped out of the room for a moment and I walked back with a St. Patrick's Day flower. I was just——

Secretary LEW. Well adorned.

Mr. FORTENBERRY [continuing]. Visiting with my florist from back home. Let me make a general comment to you about what I perceive and then I would like your perceptions before going into policy details.

The United States after World War II was cast into the role really of the world's lone superpower, and we did so—we took on that role at great expense to ourselves both in terms of lives as well as monetary transfers to other countries. And in doing so, we created a certain dynamic, a certain foundation for international order and stability.

In the period in which we are living and in which there has been rapid globalization and integration, it seems that this post-World War II construct is under great stress, and the multilateral institutions that have worked toward those original goals. I would like your perspective on that and then what you perceive we would need to—how do we evolve a more robust 21st century architecture that demands that other responsible nations of the world re-commit to more robust types of partnerships with us on this fundamental question of stability.

Secretary LEW. Congressman, that is a question I spend an enormous amount of time thinking about and working on because I think you put your finger on why it was so important that we do the IMF quota reforms.

We were in the penalty box, because we negotiated quota reforms that let other countries that had grown substantially, have a larger

share, and under terms that were very advantageous to the United States, but for 5 years we were unable to finalize it. That put us in a position where the world started to ask is the U.S. committed to the post-World War II institutions that it helped build.

We have removed that question by having an agreement on doing IMF global reform, we have kind of lifted ourselves to be able to ask exactly the question that you asked and to be part of the conversation about taking it to a place that works in the 21st century.

One of the real advantages of other countries coming of age, reaching a level of a greater participation is they then have greater responsibility, and we have to demand that kind of responsibility as part of the institutions that we still have a dominant voice in. We have to maintain the dominant voice if we want our values and our standards to be the ones that drive the debate. Earlier, we were talking about the Asia Infrastructure Bank. Even when we are not in an organization, we have a very strong voice about what norms should be.

I believe that the world of the future is going to be a world that is very different from the ashes after World War II. We had most of the world's wealth, we had most of the world's manufacturing capability, the world had no choice, we were generous, we stepped forward, we created a period of unprecedented economic reconstruction and growth, and we have a more peaceful prosperous world because of it.

Going forward, we are going to need to embrace countries that are coming into their own and have them subscribe to the standards that we want to live by. I think the worst thing we could do would be to step away from that international stage, because if we do not play that role, others will.

Mr. FORTENBERRY. Well, this is the exact source of the tension because I agree with that comment in its substance.

However, when the United States is not getting the best deal or when other countries hide behind our largess or continue to push us out in front, which has been the traditional role, when they are fully capable of participating in a more robust manner, it is simply not fair.

And the electorate not only perceives this, but feels it, and so that is why I think what you are ultimately talking about, and what we all ought to be talking about, is a value proposition as to what true governance structures mean in terms of justice, and how people build out systems economically and culturally that protect human dignity and have the enforcement mechanisms to do so.

To Mr. Ruppersberger's point, for instance, in traveling through Africa, China is everywhere. I remember being in Liberia, and seeing a brand new shiny soccer stadium. Liberia of all places, in such proximity to United States.

I asked one person, "Why does China trade so much with Liberia?" They said, "we are waiting for you." In other words, again, this perception, in certain areas of the world anyway, which incline toward who we are, toward our narrative and the values we hold—and the institutions that give rise to their largess or their potential largess as a country, being corrupted by other nations who do not share these values.

Secretary LEW. We have called on China, in particular, to step up and play more of a role in making concessional loans—contributions to international facilities that make concessional lending available. China is no longer the developing country, it is one of the two largest economies of the world. Responsibility goes with that.

They are stepping into that space, tentatively, and they will not necessarily always want to do it the way we want them to do it. The more they are involved in organizations that we help shape the standards and the values for, the more likely we are for the multilateral cooperation to move in the right direction.

When you go to a lot of the countries where China has done business bilaterally, it is not a simple, good news story. There is a lot of damage left behind, and I do not think that, on a multi-lateral basis, that can be tolerated.

Ms. GRANGER. Mr. Stewart.

Secretary LEW. I do not think it should be the work they work bilaterally either.

Ms. GRANGER. Mr. Stewart.

Mr. STEWART. Thank you, Madam Chairman, Secretary. It is good to be with you as always. We have heard a bit of talk in this hearing so far about sanctions.

I would like to concentrate some about—around North Korea now. We haven't discussed them which surprises me a little bit. You know, Leader Kim Jong Un is a very interesting person; I would sure love to see a psychological profile on him. It would be fascinating, I am sure.

I don't think that we understand him very well. He is very unpredictable, he is very aggressive and, you know, it is interesting to know with all the talk that we have had about sanctions, especially vis a vis Iran and the nuclear agreement which we spent a lot of last year talking about, their ballistic program which we spent some time recently talking about, but North Korea is already there.

I mean, the thing we are hoping to avoid with Iran, North Korea is there; we know that they have had three or four, maybe more, successful nuclear tests. And recently they launched a missile which, under the guise of a satellite, but it was certainly more than that.

You know, the KN–08, for example, is a frightening new technology and one that we can't ignore. And if I could make a second point, we can't effectively sanction North Korea without Chinese help because they are their largest trading partner by far. And recently the Under Secretary for Treasury, Terrorism, Financial Intelligence, and I know—this is actually leading to my point now. I know that you know this, Beijing—you went to Beijing and Hong Kong.

Secretary LEW. He is in Beijing today.

Mr. STEWART. Okay, today. My question is this, could you give us an update on, forging a stronger cooperative effort between us and China regarding these sanctions because, again, it doesn't matter what we do. We—it is not going to be effective without Chinese cooperation and they haven't been very cooperative with us in the past.

Secretary LEW. Well, I think if you look at the U.N. Security Council resolution that passed just about two weeks ago, the fact that China supported very tough international sanctions is a very significant development.

Mr. STEWART. I agree. I think it is a meaningful step.

Secretary LEW. China has a kind of—regardless of country, they have a view that international, not unilateral, sanctions are the appropriate way to go. So they are always more committed to multilateral sanctions than they are to what we do on our own.

I think the fact that they agreed to, frankly, the toughest set of sanctions that anyone thought possible to get out of the U.N. and it was put into place I think is very meaningful.

I was in China the week after the U.N. Security Council at the G–20 meetings, and I had conversations at the highest levels in China, and I can tell you that they do not view this as something they are doing for us.

They look across their border and it makes them very nervous that they cannot explain some of the actions that are reckless and that are destabilizing.

So our—acting Under Secretary—we are waiting for Senate confirmation, hopefully that will come soon—is in China now. I have not had a readout of his meetings but he was meeting with people who are in the business of the implementation—and sanctions regimes are all about implementation.

Mr. STEWART. Yes.

Secretary LEW. They are theory until you implement them, and I am looking forward to getting that report.

Mr. STEWART. Which is actually the core of my question, sir, and that is, it is easy to agree to sanctions, many nations do that. But have no intention or to comply with those sanctions or to help carry them out, well, they either have no intention or in some cases they have no ability; it is just so against their economic interests that they just can't do it.

Is your read that China will be more aggressive in implementing these sanctions than we have seen in the past?

Secretary LEW. They have certainly indicated a high level of concern and the need to be clear. That is why they supported the resolution. They have indicated an intention to implement it, and the reason that we have followed up—with Acting Under Secretary Szubin's visit is to take it to the next level.

This is not something that is just a 1-day effort. We know from these sanctions programs that it is grueling day-to-day work. You have got to identify the entities, act against the entities, and then make it clear that they will be the kind of international cooperation to actually shut the valves down.

I think it is a very significant statement to North Korea that China is part of this international effort.

Mr. STEWART. I agree, and I wish that it had happened earlier, actually, because we are a long way down that road now and Acting Under Secretary Szubin, as you have said, I think you and he working together can really make a meaningful difference for us with—in an area of the world that I don't think we give quite enough attention to as we focus in other dangerous places, as well, so—

Secretary LEW. We give a lot of attention to it but it deserves as much attention as we can give it.

Mr. STEWART. I understand. Thank you.

Thank you, Mr. Secretary.

Ms. GRANGER. Thank you.

We are going to have another round, or going to try to. The President is coming here to the Capitol for a lunch meeting and we may have a problem getting out of this room so if you will keep in mind the time and if we—if that happens, we will make sure that we close it down and get out.

I think—Secretary Lew, I think you will be able to get out. We may be stuck in here so I am just going to turn to Mrs. Lowey for her question.

Mrs. LOWEY. Thank you very much, Madam Chair.

Mr. Secretary, we have sought incentives to bring Russia into step with the world community. But Russia's strategic foreign policy goals remain elusive. Now, I remember having a long talk a couple of times with Secretary Kerry in 2013, and I kept saying, what does Russia want? There was already tremendous damage in Syria at that point 3 years later. Now it has been 5 years.

And although the Secretary tried to meet with Putin and meet with Lavrov, and had a lot of discussions, look how many more lives and how much destruction has taken place. So it is clear that Putin plays by his own rules, shows no interest, except when it is convenient, in international cooperation, and appears only interested in aggression.

Additionally, some countries in Western Europe continue to have very significant and economic investments with Russia. So I just want your view. Do we have—or is there a coordinated international strategy on imposing sanctions against Russia or do they just have the upper hand? Is the threat of new sanctions having any effect on Putin, particularly with regard to the oligarchs, over Syria and Ukraine? How has Putin reacted to the sanctions levered on Russia by the United States and E.U.? What measures has Russia taken to retaliate against sanctions?

So, basically, we couldn't do anything with Russia in 2013. The devastation continues. Is there any way that the international community can cooperatively put pressure on Russia and work together?

Secretary LEW. We have obviously had a very complicated relationship with Russia over the last few years. We have put in place—not just the United States but with the G–7—very powerful sanctions against Russia on Ukraine. We have maintained unity amongst our European allies in keeping those sanctions in place.

We designed those sanctions to minimize the spillover and target them towards the people closest to the decision making. I think they have been very effective. It is a little hard to attribute the exact amount of impact because with the price of oil dropping as fast as it has, there have been multiple things hurting Russia's economy. But Russia's economy is in terrible shape and the sanctions are a part of that.

They are now trying very hard to put together a Euro-bond financing and they are having trouble getting any financial institu-

tion to cooperate with them, even though it is not technically sanctioned.

What I can say about the Ukraine experience is we have had united action. It has had an impact. I cannot tell you it has changed fundamentally their policy. There is a way out for them; they could implement the Minsk Accords. If they implement the Minsk Accords, the Europeans and we would be very happy to lift the sanctions. The purpose the sanctions has changed the policy and get Minsk implemented.

But we have also made clear that those sanctions will remain in place and that means that the pressure builds over time because sanctions have that effect.

At the same, we have worked with Russia on a number of issues. We talked about the Iran negotiations, just a few years ago, working on getting the chemical weapons out of Syria was something we worked together on. And now, obviously, Secretary Kerry has been involved in negotiations on Syria that are a bit out of my immediate realm of responsibility. But they are obviously important conversations.

I think we are going to have to manage this relationship, understanding that the things we do have an impact. We can maintain unity on things like Ukraine sanctions and that Russia will continue to make decisions based on its own national decision making and its perception of its national interests.

But what I could tell you is that the Russian economy is in much worse shape today than it would have been if the sanctions had not been in effect, and that is causing a lot of wear and tear in Russia.

Mrs. LOWEY. Now, I probably have hardly any time, but since it is last, why don't I let you conclude by sharing with us the monetary benefits there are to the U.S. in participating through these institutions, and how are the results measured and evaluated? You can say it——

Secretary LEW. Well, in 15 seconds, I think that if you look at our ability to project our policy objectives—just take Ukraine. We would not have been able to put a $17 billion package together alone for Ukraine. Working with the IMF and with our international partners, we could.

That is replicated on many fronts, whether it is dealing with Ebola or dealing with other crises around the world, or great needs like food security and climate. I think our ability to leverage our values, our objectives, our policies through these multilateral institutions is just an enormous asset to our national security and our economic security.

Ms. GRANGER. Thank you. Mr. Diaz-Balart.

Mrs. LOWEY. Thank you for your leadership.

Thank you, Madam Chair.

Mr. DIAZ-BALART. Mr. Secretary, sticking with the theme of sanctions, on February, OFAC licensed a U.S. company to build a factory at the port of Mariel, which by the way, happened to be the port from which the Castro regime smuggled the weapons to North Korea from. The venture at the Mariel port is run by Almacenes, SA [Spanish spoken] a company of the Cuban military. Cuba's ministry of interior, an arm of the Cuban military is the most responsible for the brutality against the Cuban people.

So, how does permitting companies to partner directly with the Cuban military promote the Cuban people's independence from Cuban authorities, which is the stated policy goal of the President and that you have talked about as well?

Secretary LEW. So, Congressman, I would have to go back and look into a specific license. I think that the general objective of opening ports, opening shipping, having air traffic and commerce within the confines of our law is about building more economic——

Mr. DIAZ-BALART. Mr. Secretary—and again, I apologize for interrupting, but I get that. It sounds nice. But you are dealing directly with the Cuban military.

How does doing business with the Cuban military—let's not talk about theories. It is not—what you talk about, what you say, what the President says. What you are doing is authorizing business directly with the Cuban military.

Here is my question: how does doing business with the Cuban military help the Cuban people be independent of the Cuban military and its authorities?

Secretary LEW. Well, I am not going to address the specific license——

Mr. DIAZ-BALART. In general. How does doing business with the military help the Cuban people?

Secretary LEW. If the transaction you are talking about is facilitating shipping in and out of Cuba, and one of the things we do is we ship agricultural products to Cuba, and hopefully we will be shipping things like communications equipment to Cuba. That helps the Cuban people, that is the kind of support for the Cuban people——

Mr. DIAZ-BALART. Mr. Secretary, this is not the instance where you have permitted doing business directly with the Cuban military. And again, that goes against what the President has said, and it is just—it is again, how can you justify doing business with the Cuban military as a way to help the Cuban people?

Secretary LEW. We have never said that Cuba's system is where it should be.

The question is, how do you cause Cuba's system to change? We believe that by building more ties between the American people the Cuban people, between the U.S. economy and the Cuban economy we are more likely to change Cuba's system than a policy that has failed for 50 years——

Mr. DIAZ-BALART. Oh, on that point, on that point. What Congress has codified into law in a very strong bipartisan way was basically asking for a number of things in return for a sanction relief, and you know what those are. Free all the political prisoners, some basic freedoms, freedom of press, independent labor unions, political parties, and then start the process towards elections.

I am assuming that you support those concepts.

Now, here is a question. That is what Congress insisted on, before sanctions were—there was sanctions relief.

What has the administration gotten, because the administration didn't insist on any of those things as a condition. So, what, specifically, has the administration gotten for the sanctions relief that it has given to the Castro regime.

Secretary LEW. I think—you know, we can go back and forth——

Mr. DIAZ-BALART. No, I am just asking—I am actually asking for specifics. What have we gotten back?

Secretary LEW. We are trying to change the relationship between the Cuban people and the American people. We are trying to set a foundation to be able to have change in Cuba——

Mr. DIAZ-BALART. So, what are you asking back? What are you asking for?

Secretary LEW. We are increasing the contact between the U.S.—the American people——

Mr. DIAZ-BALART. What are you asking for, though? Are you asking for anything?

Secretary LEW. There have been a number of reforms that the State Department has worked with Cuba on——

Mr. DIAZ-BALART. Can you tell me what—just want are you asking for, Mr. Secretary? What are you asking for?

Secretary LEW. So, the——

Mr. DIAZ-BALART. Not on that theory, what are you asking for? Specifically, what are you insisting on as to—you know, we talked about, you just spent a lot of time talking about demanding things in return for sanctions relief of Iran. And we can argue whether it is enough.

What are you asking for in return?

Secretary LEW. I think—if you look at the Cuba policy, it is the exact opposite of Iran.

We did not have the world with us, putting pressure on Cuba. We were the outliers, even in the Western hemisphere. There is not a country that I have talked to in the Western hemisphere——

Mr. DIAZ-BALART. Mr. Secretary, for a long time, everybody did business with South Africa, and I think you would disagree that doing business with it was a good thing, whether you were an outlier or not.

Secretary LEW. No, I am not—I am not going to defend policies in Cuba that need to change. The question is, how are we the most likely to——

Mr. DIAZ-BALART. And what are you asking for?

Okay, what are you asking for?

Secretary LEW. Okay, so we believe that the process of increasing people-to-people contact——

Mr. DIAZ-BALART. But Mr. Secretary, when you are dealing with the military, that is not people-to-people.

Secretary LEW. But if we—if there is more information, more communication available, if there is more contact——

Mr. DIAZ-BALART. With the military, with the military.

Secretary LEW. But when we——

Mr. DIAZ-BALART. With the oppression system.

Secretary LEW. It is not——

Mr. DIAZ-BALART. Mr. Secretary, I have just 90 seconds left. Mr. Secretary, just very quick——

Secretary LEW. It is not the military——

Mr. DIAZ-BALART. You were appointed to the OMB—you were appointed to the OMB and also National Security Council during the Clinton administration. Were you involved in the negotiations with the North Korea deal—nuclear deal?

Secretary LEW. Not directly.

Mr. DIAZ-BALART. Well, I just hope that you do a better job and this administration does a better job of that when you are dealing with North Korea. You have all of those promises that they were not going to have nuclear weapons.

Ms. GRANGER. Your time is up, Mr. Diaz-Balart.

Mr. DIAZ-BALART. Thank you.

Ms. GRANGER. Ms. Wasserman Schultz, please.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair.

I just want to return to the subject of multilateral development banks and other international financial institutions, and our private sector engagement and how we can best leverage it.

We are going to be meeting soon, the subcommittee with Bill Gates, and you know, I know companies like Cargill and Coca-Cola are interested in increasing their engagement and getting involved in sustainable development. So, you can—can you talk about that a little—expand on that a little bit?

Secretary LEW. Yes. I think that the future for successful international development is going to have to get well beyond the official development assistance pattern in order to have the kind of impact that we need.

When we met in Addis Ababa at the Funding for Development Conference, it was very important that there were three prongs of the international commitment. It was to continue the Office of Technical Assistance (OTA), but it was to be supplemented with private economic activity and local government contribution. There need to be three legs on the stool to really build the kind of future that we need.

I do not think we can remove the bilateral and multilateral development assistance, but it is not going to get all the way to where we need to go if you do not have an environment for private investment. So let me go back to why we pledge to double the Office of Technical Assistance.

One of the things that we can do that has got the biggest bang for the buck is to help a lot of these countries put in place the kind of tax system they need, and business approval system they need to have transparent, honest systems which will attract the kinds of international investment that can really leverage the development process.

When we made that pledge, it was the—the reaction was the most reaction I have ever gotten for that small of a commitment of dollars, because it is just considered to be many, many times more important than just direct dollar assistance.

The Gates Foundation is a very large player, obviously. They have the ability, just as an individual party, to make commitments that equal major government contributions. We work closely with them on a number of initiatives and we reach out to the private sector, the not-for-profit sector as well as our multilateral and bilateral partners.

I think the future is going to look very different than the past in terms of how all of those elements fit together.

Ms. WASSERMAN SCHULTZ. How would you assess the United States being in arrears on what we owe to this fund affecting our influence?

Secretary LEW. I have had the misfortune and fortune of inheriting arrears on multiple occasions. I think it is a terrible thing. We have got to pay our bills. When you do not pay your bills, you do not have the same amount of influence as when you do pay your bills.

So now we are okay at the IMF, we have got a whole bunch of others where we are behind. They are much smaller numbers, they are things we should be able to address, but, it was not good when we were in arrears at the U.N. in the 1990s, we cleared it out, we are back in arrears.

We need to stay current with the commitments that we make. You know, getting back to the idea of what is the pathway to the future for the United States to sustain the kind of influence we developed in the post-World War II environment, part of it is keeping our commitments.

Ms. WASSERMAN SCHULTZ. So you are saying playing whack-a-mole when it comes to maintaining our pledges and keeping our commitments isn't really the best policy to expand our influence?

Secretary LEW. No. I mean, there is a certain confidence that in the end will pay our bills, but I think we would gain stature if we did it in a more orderly way where it was not with the anxiety that we might not.

Ms. WASSERMAN SCHULTZ. Thank you.

Ms. GRANGER. Mr. Fortenberry.

Mr. FORTENBERRY. Mr. Secretary, I want to return to our earlier conversation about this idea of a values proposition and then making it real for the benefit of other peoples, creating an environment of stability, which is intimately tied to our national security as well as our humanitarian interest and economic well-being.

Agriculture. I come from Nebraska. I am so excited, thrilled that agriculture has become cool.

The whole idea of creating initiatives for sustainable agricultural development and properly ordered and inclusive market systems, I think, meets multiple goals of empowering—taking on the structures of poverty, empowering those to provide for themselves, integrating again our own values and technical assistance with others in need, thereby strengthening underlying market-based systems which are consistent with human dignity, and then basically taking away the option for twisted forms of nationalism and ideology to take people in directions that are just harmful and destructive.

So I present that to you because I think, again, looking at the 21st century architecture of how we evolve, properly evolve, development assistance and international frameworks for those three outcomes of security, economics, humanitarian values, that has to be core.

Secretary LEW. I agree with that entirely. I mean, if you look at what a difference it makes in a remote area of Africa when a cell phone came in to the town and you could all of a sudden know what the price of a commodity was and you were not a victim of whoever was there offering you whatever they wanted to pay. That was a market; information created a market.

You now have exchanges developing in countries where there is a formal market that empowers local producers, it also provides a level playing field for imports and local products to compete with

each other on a fair basis. There is a long way to go, but technology both in terms of the marketplace and in terms of the food chain itself offer enormous potential.

You know, one thing that I know is that it will not be a more secure world if we have, you know, more millions of starving people. Starving people tend to be, looking for relief wherever it can come from, and it is a source of instability for there to be a lack of adequate nutrition.

Economically, you know, you look at where the growth of the future is, the growth in demand is in countries where the population is growing, and that is good for the United States because we are going to sell things to those countries as they break out of the subsistence levels into the middle class.

As far as values go, it is not just rhetoric when we talk about a level playing field and transparency, it actually is a different way to lead your own life and the life of your country and the life of the world, and getting out of the shadows of corrupted systems makes the world a better place. I think we can promote that through these efforts.

Mr. FORTENBERRY. Well, farm products and agricultural products is one of the things that we make on a very large scale, and continuing the export and the use of those products for our own diplomatic goal is very important. It can be augmented by these new development initiatives that point to sustainability and in what I call inclusive capitalism that, again, leads to these values outcomes. So that was a bit more of an editorial than——

Secretary LEW. In a lot these countries, if women could just get loans it would make a huge difference.

Mr. FORTENBERRY. Mrs. Lowey has heard me tell the story before of how I was—had the privilege of going to Honduras, and a programs that related to Feed the Future and some of USAID's efforts, but nonetheless, it was targeted to the most violent area of Honduras, highest murder rate in the world, people living in what I call a kind of a benign poverty. There is not starvation or anything, but really no hope for anything more.

Through the infusion of capital from a multinational corporation with the development assistance from an NGO shepherded by the United States government, you had women—that is women-owned bakery—empowerment, vision, hope, an idea of how to expand regionally all happening in the midst of this chaos and disorderly world where one woman had lost her husband 3 weeks earlier to the violence. So——

Ms. GRANGER. Your time has expired.

Ms. Lee.

Ms. LEE. Sure. First, I just have a comment of—and again, the disagreement is very clear on Cuba. But one thing I want to mention is that no country is perfect. Vietnam, China, the United States, we have many countries that have not accomplished what we think are universal standards of human rights. Our country, even in terms of mass incarceration of African-American men and political prisoners. And so I think what is important as it relates to Cuba is that we work towards a more perfect union here in our country, Cuba, wherever else.

And people-to-people exchanges, lifting the embargo, lifting the travel ban moves us closer, moves the Cuban people closer to realizing a democratic society without the types of barriers that my colleagues have raised. But also we have to keep in mind we are still seeking liberty and justice for all in our own country.

It is only through discussion, dialogue and diplomatic relations will that ever occur.

I want to ask you with regard to the Office of Technical Assistance within your department. There have been prior efforts, including by the United Nations, to encourage donor nations to improve the coordination of their development assistance program. One of these include I think it is the 2014 Addis Ababa action agenda. One of the goals, of course, is capacity building for developing countries.

And so I wanted to ask you what are some of the major constraints to improving the coordination of technical assistance programs in developing countries.

Secretary LEW. I think that the provision of technical assistance is critical. One of the commitments that I made when I was at the conference in Addis Ababa was to double our OTA over a period of years. And the United Kingdom made a similar pledge.

I think that there are multilateral institutions like the IMF, there are countries like the United States and the U.K., that have specific skills and ability to go into these countries and do this work.

There is room for all of us, but there are a lot of countries where none of us are doing what we need to do. That is why we need—we need more resources.

When I go around the world and I meet with the OTA folks that we have, it really is very impressive what a few people are doing in really hard places to build systems that will last forever after they leave if the people that they are training continue the work. That has to do with central bank policies. It has to do with tax systems. It has to do with land registration. It has to do with all kinds of things that are just part of being able to conduct business in a transparent way.

I have seen more appreciation for the OTA advisers than I have in many cases for enormously larger sums of direct aid. It has been striking to me that countries we have given billions of dollars to have told me the most important thing you did was provide these three technical advisers.

It just shows how—we—I do not think it is either-or. We need to do both. They were not saying they did not need the money. But the thing that they were just like over and over pointing to was the value added with the OTA. So that is something I think that we hopefully can work together to do more of.

Ms. GRANGER. Thank you.

Secretary Lew, thank you again for your time today. Members may submit any additional questions for the record.

This Subcommittee on State, Foreign Operations and Related Programs stands adjourned.

Secretary LEW. Thank you.

Questions for the Record Submitted to
Treasury Secretary Jacob J. Lew by
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
Hearing held March 15, 2016

Chairwoman Granger

International Monetary Fund (IMF)

Question 1:

One of the IMF reforms required by the FY16 Omnibus was addressed by the IMF shortly after the bill was enacted. The systemic risk exemption that allowed the IMF to make large loans to Greece, Portugal, and Ireland was repealed in January 2016. Why was this repealed so quickly?

Answer:

The discussion on the IMF's lending framework, which included the systemic risk exemption, had been ongoing for several years when the FY16 Omnibus legislation was enacted. In fact, the IMF staff circulated a paper with the proposal to eliminate the systemic exemption in the spring of 2015. Following passage of the FY16 Omnibus legislation, the United States worked diligently at all levels within the IMF management and staff and with member countries' senior leadership to rapidly bring the discussion to its conclusion.

Question 2:

If the New Arrangements to Borrow (NAB) is deactivated, what happens to the remaining appropriated funds provided by the U.S. to the NAB in 2009? Will those funds become available for rescission?

Answer:

Although the NAB was deactivated in February 2016 following implementation of the 2010 quota reform and accompanying rollback of the NAB, the remaining funds that the United States provided (SDR 28.2 billion or approximately $39 billion) are still committed to the NAB and therefore not available for rescission. With IMF quota reform implemented, the IMF's reliance on the NAB is being phased out, with new IMF programs financed from IMF quota resources. The NAB will remain as an important financial backstop to be used only in rare circumstances of global economic stress, and the United States, as the only country with a veto over its activation, has considerable influence over the NAB.

Question 3:

What is the current balance of the IMF endowment that was established with $7 billion in profits from the 2010 gold sales?

Answer:

As of January 31, 2016 (the most recent quarterly financial statements), the IMF Endowment sub-account contained $6.4 billion (using the SDR exchange rate of 4/11/2016, applied to the balance of SDR 4.5 billion).

Question 4:

How much has been spent from this endowment since its creation?

Answer:

None of the principal or earnings from the endowment has been spent since its creation. Gold sale proceeds for the endowment were initially placed in short-term investments, and are being converted into longer-term investments in a phased manner over a three-year period, which began in 2014. Until the longer-term investment plan has been phased in (expected by early 2017), earnings from the endowment are being retained. Note that there are also fluctuations in the dollar value of the endowment based on exchange rate movements; the current value of the endowment is less than $7 billion due to exchange rate fluctuations.

Question 5:

How has the remaining $3.8 billion in profits from gold sales been spent or programmed? Please be specific.

Answer:

With strong U.S. leadership, the IMF Board decided to use all of the windfall profits from gold sales ($3.4 billion using the prevailing SDR exchange rate) to support low-income countries through the Poverty Reduction and Growth Trust (PRGT). Specifically, in 2009, the IMF Board decided to use about $1 billion of the initial windfall profits to boost the PRGT's subsidy resources which are used to support the concessional terms of the PRGT, including the current zero interest rate. Subsequently, in September 2012, the IMF Board decided to similarly direct the remaining $2.4 billion windfall to the PRGT.

Question 6:

What is the IMF's income earned on outstanding loans for calendar year 2015 and projected for 2016?

Answer:

Data on the IMF's income from lending is provided on a fiscal year basis. In FY 2016 (May 2015- April 2016), income from lending (including surcharges) is projected to be $2.0 billion, and income from lending (including surcharges) in FY 2017 is projected to be $2.2 billion.

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Question 7:

Please list each outstanding loan and corresponding surcharges on each loan for 2015 and projected for 2016.

Answer:

Data on surcharge income is only available to the Board on a fiscal year basis in aggregate. For IMF FY 2016 (May 2015 - April 2016) surcharge income is projected to total $1.1 billion, and for FY 2017 surcharge income is projected to reach $0.9 billion.

Question 8:

What is the level of staff at the IMF, including temporary or contract staff?

Answer:

The IMF's staff level was 2,648 regular staff and 489 contractual employees as of end 2015.

Question 9:

What is the level of the IMF's operating budget in FY15 and FY16?

Answer:

The IMF's administrative expenditures for IMF FY15 (May 2014 – April 2015) were $1,019 million, and the IMF's administrative expenditures for IMF FY16 (May 2015 – April 2016) are expected to be $1,040 million.

Question 10:

Please provide a list of all countries that have outstanding loans from the IMF with exceptional access. Please provide the corresponding percentage of the Member's quota that the financing represents.

Answer:

Current Exceptional Access Programs (Amt. Outstanding as of 3/31/16, Percent of IMF Quota):

- Ukraine (383 percent)

Expired Exceptional Access Programs (Amt. Outstanding as of 3/31/16, Percent of IMF Quota):

- Greece (480 percent)
- Ireland (109 percent)
- Jordan (379 percent)
- Portugal (717 percent)
- Sri Lanka (68 percent)
- St Kitts and Nevis (11 percent)

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Exchange Stabilization Fund

Question 1:

What was the balance of the Exchange Stabilization Fund at the end of FY15?

Answer:

The total assets of the ESF were valued at $91,950,708,115.14 at end-2015 (roughly 54% in SDRs, 25% in US government securities, 13% in euros, and 8% in yen).

Question 2:

Please provide a chart of the ten largest transactions conducted by the Exchange Stabilization Fund in FY15.

Answer:

In the chart below, please find the 10 largest (in USD terms) transactions conducted by the ESF in FY2015. They were all yen deposit transactions at the Bank of Japan (BoJ).

Transaction	Currency	Amount (Local Currency)	Settlement Date	Maturity Date	Term (Years)
Overnight BoJ Deposit	JPY	268,077,884,580.00	16-Feb-15	17-Feb-15	0.00
Overnight BoJ Deposit	JPY	248,029,252,437.00	29-Jan-15	30-Jan-15	0.00
Overnight BoJ Deposit	JPY	248,029,218,457.00	28-Jan-15	29-Jan-15	0.00
Overnight BoJ Deposit	JPY	248,029,184,477.00	27-Jan-15	28-Jan-15	0.00
Overnight BoJ Deposit	JPY	248,029,150,497.00	26-Jan-15	27-Jan-15	0.00
Overnight BoJ Deposit	JPY	248,029,143,552.00	30-Jan-15	2-Feb-15	0.01
Overnight BoJ Deposit	JPY	248,028,810,696.00	16-Jan-15	19-Jan-15	0.01
Overnight BoJ Deposit	JPY	248,028,776,716.00	15-Jan-15	16-Jan-15	0.00
Overnight BoJ Deposit	JPY	248,028,776,716.00	3-Feb-15	4-Feb-15	0.00
Overnight BoJ Deposit	JPY	248,028,749,432.00	2-Feb-15	3-Feb-15	0.00

Multilateral Development Banks (MDB)

Question 1:

Please provide a list of all MDB financing or assistance provided to countries on which the U.S. has statutory prohibitions on assistance.

Answer:

Below is a table that shows how Treasury has applied the directed vote provisions regarding MDB assistance to certain countries over the past two years through the U.S. Executive Directors' votes in their respective MDB boards. And Treasury applies these provisions to U.S. votes in oversight committees of MDB trust funds (such as the Global Environment Facility (GEF)) that traditionally receive direct contributions from Treasury pursuant to provisions found in Title V, "Multilateral Assistance", of the annual foreign operations appropriations act. For

example, the United States opposed projects for Sudan, China, Belarus and Zimbabwe in the most recent GEF session.

MDB trust funds may receive funding from other U.S. government appropriations. Before other U.S. government agencies obligate funds, they seek to ensure that the contribution or grant is consistent with applicable law. These U.S. government agencies review trust fund program descriptions and governance arrangements, and may negotiate specific language in trust fund arrangements as appropriate to deal with applicable legal and policy requirements.

This review is dependent on these agencies' assessment of the purpose of the underlying appropriation, the nature of the proposed activity, and any applicable restrictions. Because all of this information is necessary to undertake this review, it must be done on a transaction-by-transaction basis with respect to a particular proposed grant or contribution. Without this information, it is not possible for these agencies to generate the type of list sought by the question.

We are ready to meet and brief you in greater detail on funding for MDB trust funds.

Country	Project	U.S. Position	Amount *(in millions)*	Reason
Angola	Science and Technology Development Project	Abstain	$90	Transparency of military budgets mandate; the assistance does not support basic human needs.
Angola	Investment in Banco de Poupanca e Credito	Abstain	$325	Transparency of military budgets mandate; the assistance does not support basic human needs.
Angola	1st Fiscal Management Development Policy Loan	Abstain	$650	Transparency of military budgets mandate; the assistance does not support basic human needs.
Belarus	Public Financial Management Modernization Project	Abstain	$10	Transparency of military budgets mandate; the assistance does not support basic human needs.
Belarus	Lida Wastewater	Abstain	$6	Transparency of military budgets mandate; the assistance does not support basic human needs.
Belarus	Belarus Water Sector Framework	Abstain	$42	Transparency of military budgets mandate; the assistance does not support basic human needs.
Belarus	Belarus Education Modernization Project	Abstain	$50	Transparency of military budgets mandate; the assistance does not support basic human needs.

Belarus	Forestry Development Project	Abstain	$43	Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Zhuzhou Brownfield Remediation Project	Abstain	$150	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Best Logistics	Abstain	$20	Human Rights mandate; the assistance does not support basic human needs.
China	Eurasia University	Abstain	$35	Human Rights mandate; the assistance does not support basic human needs.
China	Principle Capital IV LP	Abstain	$30	Human Rights mandate; the assistance does not support basic human needs.
China	Wuhan Integrated Transport Development Project	Abstain	$120	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Guangzhou United Family Hospital Ltd.	Abstain	$60	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Genesis Capital I L.P.	Abstain	$25	Human Rights mandate; the assistance does not support basic human needs.
China	Hubei Jingzhou Historic Town Conservation	Abstain	$100	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Hebei Clean Heating Project	Abstain	$100	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Canvest Waste-to-Energy	Abstain	$60	Human Rights mandate; the assistance does not support basic human needs.
China	SBCVC Fund V L.P.	Abstain	$25	Human Rights mandate; the assistance does not support basic human needs.
China	Urumqi Urban Transport Project II	Abstain	$140	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.

China	Tianjin Urban Transport Improvement Project	Abstain	$100	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Investment in Columbia China Healthcare	Abstain	$50	Human Rights mandate; the assistance does not support basic human needs.
China	Guarantee to Aqualyng Global Pte., Ltd	Abstain	$13	Human Rights mandate; the assistance does not support basic human needs.
China	Kangda Environmental	Abstain	$70	Human Rights mandate; the assistance does not support basic human needs.
China	CT Environmental Group Limited SMSE Industrial Wastewater and Sludge Treatment Project	Abstain	$250	Human Rights mandate; the assistance does not support basic human needs.
China	Beijing–Tianjin–Hebei Air Quality Improvement–Hebei Policy Reform Program	Abstain	$300	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Qingdao Smart Low-Carbon District Energy Project	Abstain	$130	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Hunan Dongjiang Lake Integrated Environmental Protection and Management Project	Abstain	$130	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Bank of Luoyang	Abstain	$71	Human Rights mandate; the assistance does not support basic human needs.
China	Chemical Industry Energy Efficiency and Emission Reduction Project	Abstain	$100	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Energy Efficiency Improvement in Public Sector Buildings in China	Abstain	$9	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Shaanxi Mountain Road Safety Demonstration Project	Abstain	$200	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.

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China	Investment in Alibaba MCC	Abstain	$78	Human Rights mandate; the assistance does not support basic human needs.
China	Investment in Decheng Fund II	Abstain	$20	Human Rights mandate; the assistance does not support basic human needs.
China	Xinjiang Tacheng Border Cities and Counties Development Project	Abstain	$150	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Xinjiang Akesu Integrated Urban Development and Environmental Improvement Project	Abstain	$150	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Microvast Inc.	Abstain	$23	Human Rights mandate; the assistance does not support basic human needs.
China	Postal Savings Bank of China Equity	Abstain	$500	Not consistent with BHN.
China	Wasion Energy Metering Equipment	Abstain	$20	Human Rights mandate; the assistance does not support basic human needs.
China	JFLC Loan II	Abstain	$65	Human Rights mandate; the assistance does not support basic human needs.
China	Contaminated Site Management Project	Abstain	$15	Human Rights mandate; the assistance supports basic human needs. Transparency of military budgets mandate; the assistance supports basic human needs.
China	Birla Carbon	Abstain	$80	Human Rights mandate; the assistance does not support basic human needs.
China	Yunnan Highway Asset Management Project	Abstain	$150	Human Rights mandate; the assistance does not support basic human needs.
China	Gansu Rural-Urban Integration Project	Abstain	$150	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Sichuan Chongqing Cooperation: Guang'an Demonstration Area Infrastructure Development Project	Abstain	$100	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
China	Hebei Rural Renewable Energy Development Project	Abstain	$72	Human Rights mandate; the assistance does not support basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.

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China	Sustainable and Climate-Resilient Land Management in the Western Regions	Abstain	$5	Human Rights mandate; the assistance supports basic human needs. Transparency of military budgets mandate; the assistance does not support basic human needs.
Eritrea	Support to Skills Development for Employability	No	$20	Trafficking in Persons mandate.
Ethiopia	Basic Services Transformation Program	Abstain	$270	Forced Evictions mandate; the assistance does not have a sufficient risk assessment.
Ethiopia	Second Agriculture Growth Project	Abstain	$350	Forced Evictions mandate; the assistance does not have a sufficient risk assessment.
Guinea-Bissau	Bissau City Electricity Supply Improvement Project	Abstain	$21	Transparency of military budgets mandate; the assistance does not support basic human needs.
Guinea-Bissau	Economic and Financial Governance Strengthening Support Project	Abstain	$8	Transparency of military budgets mandate; the assistance does not support basic human needs.
Guinea-Bissau	Emergency Economic and Financial Reform Support Program	Abstain	$6	Transparency of military budgets mandate; the assistance does not support basic human needs.
Guinea-Bissau	Public Sector Strengthening Project	Abstain	$5	Transparency of military budgets mandate; the assistance does not support basic human needs.
Regional: Angola, Eritrea, Guinea Bissau, Somalia, Sudan, and Zimbabwe	Research Capacity and Knowledge Enhancement for Africa's Transformation	No	$8	International Terrorism mandate; Trafficking in Persons mandate; Transparency of military budgets mandate.
Regional	Program for Inclusive Value Chain Development through South-South Cooperation in the Near East and North Africa Region	No	$2	International Terrorism mandate (Sudan).
Regional	Banco Santander	Abstain	$40	Transparency of military budgets mandate (Angola); the assistance does not support basic human needs.
Regional: Eritrea, Somalia, Sudan	Drought Resilience and Sustainable Livelihood Program in the Horn of Africa - Amendment	No	$0	International Terrorism mandate; Trafficking in Persons mandate.
Regional	West Africa Electricity Interconnection Project	Abstain	$200	Transparency of military budgets mandate (Guinea Bissau); the assistance does not support basic human needs.

Regional	Gambia River Basin Development Organization	No	$146	Transparency of military budgets mandate (Guinea Bissau); the assistance does not support basic human needs.
Regional: Guinea Bissau, Somalia, Zimbabwe	Capital Increase of the Company for Habitat and Housing in Africa Shelter Afrique	No	$8	Trafficking in Persons mandate; the assistance supports one or more specified exemptions. Transparency of military budgets mandate; the assistance does not support basic human needs. International Terrorism mandate.
Regiona	Equity Investment in Creador III, L.P. Fund	No	$45	Sri Lanka mandate; the fund may invest in Sri Lanka and the assistance does not support basic human needs.
Regional	Drought Resilience and Sustainable livelihoods Programme in the Horn of Africa III (DRSLP III)	No	$32	International Terrorism mandate (Sudan).
Sri Lanka	LOLC Finance and LOLC Micro Credit	No	$55	Sri Lanka mandate; the assistance does not support basic human needs.
Sri Lanka	Mahaweli Water Security Investment Program	No	$453	Sri Lanka mandate; the assistance does not support basic human needs.
Sudan	Good Governance and Women Economic Empowerment Project	No	$16	International Terrorism mandate.
Sudan	Water Sector Reforms and Institutional Capacity Development Program	No	$21	International Terrorism mandate.
Sudan	Capacity Building for Improved Quality of the Education System and Skills Development	No	$23	International Terrorism mandate.
Sudan	Building Capacity for inclusive Service Delivery	No	$42	International Terrorism mandate.

Question 2:

Please provide a list by MDB of any contributions made as loans from donor countries. Please provide the amount, the terms, and the country.

Answer:

The World Bank's International Development Association (IDA) is the only multilateral development bank to receive contributions as loans from donor countries. For the current IDA-

17 replenishment, five donors (China, France, Japan, Saudi Arabia, and the United Kingdom) provided concessional loans to IDA on top of their grant contributions.

Concessional Partner Loans to World Bank's International Development Association:

Contributing members	Loan Amount	Loan Terms	
	USD Million	Maturity	All-in-cost coupon rate in SDR terms
China	928.89	25 years with 5 year grace	1.00%
France	522.83	25 years with 5 year grace	0.00%
Japan	1,802.99	40 years with 10 year grace	1.00%
Saudi Arabia	109.27	25 years with 5 year grace	0.00%
United Kingdom	691	25 years with 5 year grace	0.00%

Question 3:

Please provide the current level of budget support at each MDB for 2014, 2015, and projected for 2016.

Answer:

Below, please find a table listing development policy lending (DPL) totals for 2014 and 2015. It is difficult to provide projections for 2016 because use of these instruments varies from year-to-year. We expect a modest increase in DPLs in 2016 as commodity-exporting countries look for MDB support to diversify their economies.

Development Policy Lending *(in billions)*				
	2014	**%**	**2015**	**%**
AfDB	$1.55	20%	$1.27	14%
AsDB	$2.33	17%	$3.81	23%
IDB	$3.20	23%	$3.60	32%
World Bank	$10.50	26%	$9.80	23%

Question 4:

For the World Bank, please list the top ten recipient countries for World Bank procurement awards.

Answer:

FY15 Top Ten Recipients of World Bank Procurement Awards

Ranking	Supplier Country	Amount, Millions USD
1	India	2095
2	China	1757
3	Italy	895
4	Vietnam	382
5	Spain	373
6	Nigeria	363
7	Brazil	347
8	France	281
9	Afghanistan	267
10	Serbia	205

Source: World Bank Business Outreach Office. Current as of February 2016

In the World Bank's FY15, U.S. firms were awarded $68.1 million in procurement contracts.

The data in the above table only reflect the country of the bidder of record. A large percentage (by one estimate, nearly 80 percent) of contracts is won by companies in the country in which a project is conducted. Of the top 10 supplier countries, seven are also World Bank borrower countries, so companies from these countries are likely winning many contracts in their own countries.

The data also do not count subcontractors, suppliers, or providers of consulting and advisory services to the World Bank itself. This masks the true level of participation of U.S. firms, which often bid through a local host-nation partner or subsidiary rather than their U.S. headquarters (and thus show up in the data as a host-nation company), and serve as subcontractors, suppliers, and consultants (and thus do not show up in the data at all). The data also do not show the origin of export content, which does not necessarily correspond to the country of the supplier that received the procurement award.

World Bank Program for Results (P4R)

Question 1:

Please provide a list of all P4R transactions that were approved, and which ones the US voted against or abstained in 2015 and to date in 2016.

Answer:

The P4R mechanism was launched in 2012 to help build capacity in borrower countries and enhance the effectiveness of World Bank funds by linking disbursement of funds directly to the achievement of specific program results. In 2015 and through the end of March 2016, we have supported all P4R for Results projects at the World Bank Board.

Project	Country
Punjab Jobs and Competitiveness Program	Pakistan
Innovative Financing for Air Pollution Control in Jing-Jin-Ji	China
Strengthening Universal Health Insurance in Costa Rica	Costa Rica
Local Government Empowerment	Kenya
Swachh Bharat Mission	India
Urban Transport Program	Morocco
Scaling Up Rural Sanitation and Water Supply Program	Vietnam
West Bank and Gaza Local Governance and Services Improvement	West Bank and Gaza
Enhancing Shared Prosperity through Equitable Services	Ethiopia
Sustainable Rural Sanitation Services	Egypt
Public Sector Modernization	Burkina Faso
Strengthening Primary Health Care	Tanzania
Inclusive Housing Finance Program-for-Results	Egypt
Improving Primary Health for Rural Areas	Morocco
Saving One Million Lives Initiative	Nigeria
Enhancing Teacher Effectiveness in Bihar Operation	India

North American Development Bank (NADBank)

Question 1:

Please describe in detail the NADBank portfolio by project, geographic location, and financing in FY15 and to date in FY16.

Answer:

The NADB Board approved the following financing in 2015 and 2016:

Fiscal Year	Project	Location	Financing and Grants
FY 2015	Nuevo Leon Air Quality	Nuevo Leon, Mexico	$ 7,617,818.00
FY 2015	La Mesa Wind	Tamaulipas, Mexico	$ 40,000,000.00
FY 2015	Victoria Wind	Tamaulipas, Mexico	$ 40,000,000.00
FY 2015	Los Santos Solar	Chihuahua, Mexico	$ 18,600,000.00

FY 2015	Playas de Rosarito, B.C.	Baja California, Mexico	$ 13,650,811.00
FY 2015	Juarez Cogeneration	Juarez, Mexico	$ 3,493,014.00
FY 2015	AHMSA/MINOSA	Coahuila, Mexico	$ 23,200,000.00
FY 2015	Delicias Wastewater	Chihuahua, Mexico	$ 5,333,333.00
FY 2015	Sunland Park Wastewater	Sunland Park, New Mexico	$ 8,000,000.00
FY 2015	Monclava Emissions Control	Monclava, Mexico	$ 23,200,000.00
FY 2016	Mesilla Water System	Mesilla, New Mexico	$ 700,000.00
FY 2016	Brownsville Wastewater	Brownsville, Texas	$ 3,600,000.00
FY 2016	Sabinas Wastewater	Sabinas, Mexico	$ 500,000.00
FY 2016	EDPR Wind Energy	Coahuila, Mexico	$ 95,000,000.00
FY 2016	SEPV Solar	Imperial County, California	$ 11,000,000.00

Outstanding projects awaiting NADB Board approval:

Fiscal Year	Project	Location	Financing and Grants
FY 2016	Anthony Lift Station	Anthony, New Mexico	$ 2,811,400
FY 2016	Ensenada Desalination	Ensenada, Mexico	$ 9,630,000
FY 2016	PACE Border-wide Project	Border-wide, U.S.	$ 50,000,000
FY 2016	Reynosa Wastewater	Reynosa, Mexico	$ 7,080,512

Geographic representation of certified NADB project lending to date (December 31, 2015):

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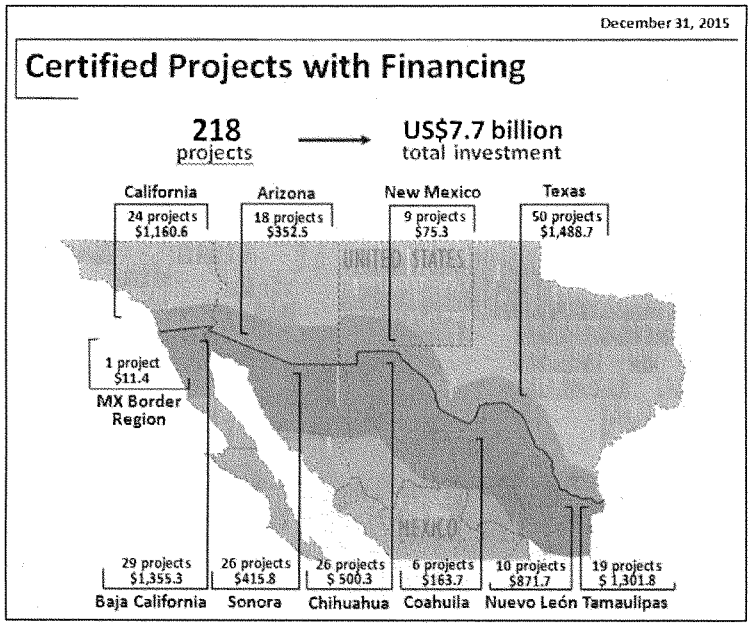

Question 2:

What is the annual operating income earned by the NADBank, what are the overhead costs, what is the level of outstanding loans and guarantees, and what is the number of employees for FY15 and FY16 (projected)?

Answer:

Net Operating Income	$ 17,735,004.00
Overhead Costs*	$ 1,712,742.00
Outstanding Loans**	$ 1,324,777,047.00
Employees (2015)	64
Employees (2016)	68

§ Figures in the above table provided in calendar years.
*Overhead costs are defined as general and administrative expenses.
**NADB does not have outstanding guarantees.

Question 3:

What is the balance of the Special Reserve and what transactions were made from the Special Reserve in 2015?

Answer:

The balance of the Special Reserve is $30,000,000. There were no transactions from the Special Reserve in 2015. There have never been any transactions using funds from that reserve.

Debt Restructuring

Question 1:

What are the unobligated and unexpended balances in the Debt Restructuring account at the end of fiscal year 2015?

Answer:

Unobligated funds as of 9/30/2015 = $674,383

Question 2:

Please list the source of funding (i.e., year of appropriation) for all unobligated balances.

Answer:

No-year debt relief for heavily indebted poor countries (HIPC) funding of $674,383 remained unobligated and unexpended at the end of FY 2015. HIPC funds were appropriated in FY 2002.

International Finance Corporation (IFC)

Question 1:

Please describe the latest measures taken by the IFC to implement the IFC Sustainability Framework.

Answer:

Since 2012, when the IFC's revised Sustainability Framework was approved by the IFC Board, management has been working to improve its implementation. Financial Intermediary (FI) activities have been a particular area of focus in the last year. In response to a 2013 Audit by IFC's Compliance Advisor/Ombudsman (CAO), which found that the IFC did not have an adequate system for managing environmental and social risks in FI activities, IFC Management developed an action plan to improve environmental and social management performance among FI clients. This action plan includes providing advice to FI clients on strengthening their

environmental and social management systems, increasing IFC's scrutiny of high risk transactions, hiring new environmental and social specialists to oversee IFC's FI portfolio, and continuing to consult civil society organizations and other stakeholders.

We strongly support IFC's efforts to strengthen its oversight of its lending to FIs, but also believe that additional efforts will be needed before the IFC's oversight of FI lending can be considered best practice. Additional steps could include increasing the disclosure of project information in sub-projects funded by financial intermediaries and strengthening the monitoring of sub-projects.

Question 2:

What was the 2015 level of financing provided by the IFC to private equity funds and for what purpose? Please be specific and descriptive.

Answer:

In FY 2015, IFC invested approximately $500 million in 20 private equity funds. IFC continued its strategy of selectively using private equity as an instrument for promoting economic growth, by providing capital in emerging markets where such capital is typically scarce. Private equity is a commonly used tool for promoting leverage in IFC's investments. It is used to support small and medium enterprises, invest in growing mid-size companies, and focus on key sectors, such as renewable energy and healthcare.

Treasury Technical Assistance

Question 1:

Please provide a list of all sources of funding for the Treasury Technical Assistance program in 2015, estimated for 2016 and projected for 2017.

Answer:

The Office of Technical Assistance (OTA) receives funding from a direct appropriation – Treasury International Affairs Technical Assistance or TIATA – as well as transfers, primarily from other U.S. government agencies, such as the Department of State, USAID, and the Millennium Challenge Corporation. TIATA is the single largest resource available to OTA and this direct appropriation is critical to the sustainability and ultimate success of Treasury's technical assistance program. Annex 1 (see attached) provides detail on all of OTA's sources of funding, including funding received in FY 2015 as well as estimates for FY 2016 and FY 2017. Amounts in the chart correspond to the fiscal year in which transfer funds are apportioned to OTA.

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Climate Change Programs

Question 1:

Please provide a detailed chart on all Treasury funding, by account and program, in the FY17 request that partially or fully fulfills a commitment made at the Paris climate conference (COP21) in December 2015 or previous climate conferences.

Answer:

The United States did not make any new financial commitments in the Paris Agreement negotiated at COP 21. The Green Climate Fund pledge was made many months before and is not itself a commitment under the Paris Agreement. As to other FY17 program accounts, the Global Environment Facility is an operating entity of the financial mechanism of the UNFCCC as well as for several other UN conventions. An announcement of an intended U.S. contribution of $30 million to climate risk insurance initiatives, which may include the CCRIF, was made during the Paris climate conference, but does not in itself form a commitment under the Paris Agreement.

Trust Funds

Question 1:

If an agency other than the Department of the Treasury makes funds available to trust funds administered by the World Bank and other multilateral development banks, who oversees the funds?

Answer:

The U.S. government agency that contributes funds to the trust fund administered by the World Bank or another multilateral development bank usually plays the primary role in overseeing the use of those funds. The agency may perform a number of oversight activities, including negotiation of terms of reference and administrative agreements for the trust fund with the multilateral development bank, review of proposed projects to be financed through trust fund resources, review of annual trust fund financial statements and audits, monitoring of the development impact of the trust fund's activities, and field visits to trust fund-financed projects.

Question 2:

Are restrictions on U.S. foreign assistance adhered to if funds are provided to trust funds?

Answer:

Before a U.S. government agency obligates funds, it seeks to ensure that the contribution is consistent with applicable law, which could include relevant provisions of the Foreign Assistance Act or appropriations act under which the funds were appropriated. The U.S. government agency reviews trust fund program descriptions and governance arrangements, and may

negotiate specific language in trust fund agreements as appropriate to deal with applicable legal and policy requirements.

Question 3:

What is the mechanism for the U.S. to retrieve funds once they are provided but not spent before the closing period of the trust fund?

Answer:

Trust fund legal agreements between the World Bank and donors provide the ability for donors to cancel all or part of their uncommitted contributions (i.e., contributions that have not yet been committed to specific trust fund expenditures) prior to the agreed end date. A donor's pro-rata share of uncommitted, unspent funds at the time of exit from an active World Bank-administered trust fund would be refunded upon exit. Funds would be returned based upon instructions provided by the donor agency.

A donor's pro-rata share of uncommitted, unspent funds from a closed World Bank-administered trust fund is refunded upon closing of the trust fund. Funds will be returned based upon instructions provided by the donor agency.

Climate Investment Funds

Question 1:

What is the projected balance of unprogrammed funds remaining at the end of 2016 for the Clean Technology Fund and the Strategic Climate Fund?

Answer:

At the end of 2016, we do not expect there will be any un-programmed funds – meaning funds that are immediately available for allocation to new projects -- remaining for the Clean Technology Fund (CTF), the Pilot Program for Climate Resilience (PPCR) of the Strategic Climate Fund (SCF), and the SCF's Scaling-Up Renewable Energy in Low Income Countries Program (SREP). In the SCF's Forest Investment Program (FIP), additional financing pledged by the United Kingdom in 2015 allowed the program to add pilot countries. These countries will bring forward investment plans and project concepts for endorsement by the FIP trust fund committee in the next year. In the FIP, allocation and programming of funds for new projects will therefore continue after 2016 as investment plans and project concepts in new pilot countries are approved.

Question 2:

When will the Clean Technology Fund and the Strategic Climate Fund close?

Answer:

The Clean Technology Fund and Strategic Climate Fund governance frameworks include a sunset provision. The Climate Investment Fund trust fund committees will discuss this summer whether and when to sunset the CIFs. "Sunset" here means closing the funds to new contributions, although funds already contributed will be approved for particular projects or re-programmed if projects are cancelled. The CTF and SCF trust funds will remain operational to receive loan repayments from projects, even if there are no additional contributions. The CIFs also play a number of important coordination and knowledge-accumulation roles that we will seek to preserve without the need for additional capital injections.

Question 3:

What will happen to these remaining funds and any reflows to these funds after they are closed?

Answer:

The U.S. contribution agreements specify that the World Bank Trustee and the United States will decide on an arrangement for the disposition of remaining funds when the fund is liquidated, which could be as late as the middle of the century.

Green Climate Fund

Question 1:

Please provide the grant agreement that accompanied the grant from the United States to the Green Climate Fund in March 2016.

Answer:

The contribution arrangement document is available at http://www.greenclimate.fund/documents/20182/161522/2016_-_United_States.pdf. The grant made to the GCF from FY2016 appropriations was from the State Department to the World Bank as Trustee for the GCF. Please contact the State Department with any further questions about the grant agreement.

Question 2:

What is the level of Secretariat costs estimated for 2016 and projected for 2017 for the Green Climate Fund?

Answer:

The GCF Board approved an administrative budget of $36 million for 2016. That includes all costs of running the Secretariat, Board meetings and other business, and Trustee fees.

Administrative budgets for 2017 and 2018 are being discussed by the Budget Committee and will be presented to the Board at its October meeting.

Question 3:

Please provide a list of all accredited implementers of Green Climate Fund programs and financing as of March 31, 2016.

Answer:

There are 33 accredited entities as of that date:

Organization	HQ
Agence Francaise de Developpement (AFD)	France
Credit Agricole	France
Deutsche Bank	Germany
European Investment Bank (EIB)	Luxembourg
HSBC	UK
International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA)	USA
KfW	Germany
International Union for the Conservation of Nature (IUCN)	Switzerland
United Nations Development Programme (UNDP)	USA
United Nations Environment Programme (UNEP)	Kenya
Acumen Fund	USA
Conservation International (CI)	USA
World Food Programme (WFP)	Italy
World Meteorological Organization (WMO)	Switzerland
Africa Finance Corporation (AFC)	Nigeria
African Development Bank (AfDB)	Cote d'Ivoire
Asian Development Bank (AsDB)	Philippines
Corporacion Andina de Fomento (CAF)	Venezuela
Development Bank of South Africa (DBSA)	South Africa
European Bank for Reconstruction and Development (EBRD)	UK
Inter-American Development Bank (IDB)	USA
Caribbean Community Climate Change Center (CCCCC)	Belize
Secretariat of the Pacific Regional Environment Programme (SPREP)	Samoa
Ministry of Finance and Economic Cooperation (MOFEC)	Ethiopia
Ministry of Natural Resources (MINIRENA)	Rwanda
National Bank for Agriculture and Rural Development (NABARD)	India
National Environment Management Authority (NEMA)	Kenya
Unit for Rural Change (UCAR)	Argentina
Agency for Agricultural Development (ADA)	Morocco
Centre de Suivi Ecologique (CSE)	Senegal
Environmental Investment Fund (EIF)	Namibia
Trust Fund for National Parks and Protected Areas (PROFONANPE)	Peru

Global Infrastructure Facility

Question 1:

What are the out-year commitments made, if any, by the U.S. to this facility?

Answer:

There are no out-year commitments made by the U.S. to this facility. Treasury expects the $20 million requested in the President's FY 2017 Budget to support the Global Infrastructure Facility to be a one-time contribution.

Question 2:

Please provide a list of all donors to this facility and amounts provided.

Answer:

- China: $20 million
- Australia: ~ $19 million (AUD 25 million)
- Canada: ~ $15.6 million (CAD 20 million)
- Japan: $15 million
- Singapore: $10 million
- World Bank: $15 million

Question 3:

Will procurements for projects funded from this facility be based on lowest cost or life cycle costs of a project?

Answer:

In practice, projects will be prepared by the GIF Technical Partners, which are the major multilateral development banks (IBRD, IFC, IDB, EBRD, EIB, and AsDB), while the GIF Management Unit will provide oversight and quality control. Each Technical Partner will follow its own established procurement policy as approved by its Board of Directors, which in the majority of cases dictate procurement based on life cycle costs and value-for-money.

Question 4:

Please provide a summary of the facility's procurement procedures.

Answer:

As above, each GIF Technical Partner will follow its approved procurement policies when delivering services or support funded by the GIF. As a member of the Board of most of these institutions, the United States would advise on and approve these procurement policies individually to help ensure that they are open, transparent, and provide value for money. (The United States is not a member of the EIB, whose shareholders are the 28 member states of the EU.)

Question 5:

Does the Department have any indications from U.S. companies that they are interested in competing for procurements from this facility?

Answer:

Yes. Though the GIF is still in the early stages of its operations, major US consulting companies and developers, such as Taylor-DeJongh and GE, have already started exploring potential opportunities for collaboration with the GIF. At this stage, however, GIF supported projects are not yet ready for procurement.

Question 6:

Please explain how resources are expected to be recovered through reimbursements or fees, as stated in the FY17 congressional budget justification.

Answer:

Once a project reaches financial close, the final financial package will include reimbursements for the grants and charges for credit enhancements plus any outstanding fees for fee-based services that the GIF has provided over the course of the project design and preparation. These reimbursements, recovered charges, and fees will be "recycled" back into the GIF to support future projects.

Central America and Caribbean Catastrophe Risk Insurance Program

Question 1:

Please provide the amount and source of any previous U.S. contributions or grants to this program.

Answer:

The FY 2017 budget request is the first time that Treasury has requested funds for CCRIF in its budget. Treasury did, however, contribute $10 million to support the expansion of the CCRIF to Central America in 2014, using funds transferred from USAID. This 2014 contribution preceded the recent announcement of an intended U.S. contribution of $30 million to climate risk insurance initiatives in the Pacific, Central America, and Africa.

Question 2:

What are the out-year commitments made, if any, by the U.S. to this program?

Answer:

The United States recently announced an intended contribution of $30 million to climate risk insurance initiatives in the Pacific, Central America, and Africa. We are working closely with the State Department to fulfill this announcement of an intended contribution. Treasury has requested in its FY17 budget $12.5 million for a contribution to support the expansion of the CCRIF to Central America. If appropriated, this $12.5 million would form a part of the intended U.S. $30 million contribution to climate risk insurance initiatives in the Pacific, Central America, and Africa.

Question 3:

Please provide a list of all donors to this program and amounts provided.

Answer:

In addition to the $10 million provided in 2014 by the United States=, Canada has contributed CAN$16.5 million (approximately $13 million) to CCRIF, and the European Commission recently agreed to provide EUR 14 million (approximately $15.7 million). In addition, we expect a contribution of $10 million from Mexico and a significant contribution from Germany.

Question 4:

What is the average claim (in dollars) the program is expected to pay? What is the maximum value of claims this program will pay out in one year?

Answer:

The CCRIF is designed to be a self-sustaining facility, as countries purchasing coverage from the CCRIF will pay annual insurance premiums out of their own budgets. Over time, these premiums will accumulate to provide the CCRIF with a healthy capital base that is able to sustain high losses. To give these premiums time to accumulate, donor funds are used to cover payouts and reinsurance purchases. Once donor funds are depleted, donors exit as the facility becomes self-sustaining. This is how the Caribbean portion of the CCRIF has evolved since its inception in 2007, with all countries paying their premiums. We expect the newly-launched Central American portion ("cell") of the CCRIF to evolve in the same way. CCRIF has estimated that $90-100 million of donor capital will ultimately be needed if all six countries of Central America plus the Dominican Republic are to join the cell, but less will be needed if fewer countries join.

Question 5:

What will be considered a qualifying disaster for a claim?

Answer:

In Central America, CCRIF will offer insurance against tropical cyclone, earthquake, and excess rainfall risks, and may develop additional products over time. For these hazards, a qualifying

claim would then be any claim made by a government that is greater than the attachment point (comparable to a deductible) selected by the government for the particular hazard in its insurance policy with the CCRIF.

Question 6:

Was funding for this program a commitment made by the U.S.? If so, please be specific.

Answer:

In December 2015, the President announced a U.S. intended contribution of $30 million to climate risk insurance initiatives in the Pacific, Central America, and Africa. However, this intended contribution of $30 million is not a commitment under the Paris Agreement. Treasury and State will continue to work together to determine the appropriate allocation of funding to these programs. If appropriated, we expect that the $12.5 million to the CCRIF would fulfill a portion of this $30 million intended contribution.

Questions for the Record Submitted to
Treasury Secretary Jacob J. Lew by
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
Hearing held March 15, 2016

Representative Nita M. Lowey

Question 1:

Iran has recently received access to billions of dollars of unfrozen assets, valued between $50 billion and $150 billion. In February 2016, Iran's Ambassador to Lebanon pledged $7,000 to each of the families of Palestinian terrorists who commit attacks against Israelis highlighting the concerns many members of Congress have on how these assets will be used.

What is the U.S. estimation of how much money has Iran acquired since implementation of the JCPOA? What is the Administration's strategy to combat Iran using these unfrozen assets to fund terrorist groups and increase their supply of weapons?

Does the U.S. track how much money Iran provides Hezbollah, Hamas, Palestinian Islamic Jihad, and Shi'a militias in Iraq? Are these figures likely to increase as a result of sanctions relief?

Answer:

We can provide detail in a classified setting on the amount of funds Iran has gained access to pursuant to the JCPOA, as well as Iran's funding for proxies. We would note, though, that the constraints on Iranian activities in the region are primarily non-financial – and we will continue to make it more difficult for Iran to conduct these activities.

To combat Iran using unfrozen assets to fund terrorist groups, we will use all available legal authorities to target Iran's support for Hizballah and other terrorist organizations, and we have intensified our collaboration with international partners, including European allies, Israel and the Gulf states to track Iranian support networks and to put them out of business, including through the use of our sanctions authorities.

Under our primary terrorism sanctions authority, Executive Order 13224, we have designated terrorists, their organizations, and their supporters across the globe. We have employed this authority forcefully against Iran's IRGC-Qods Force and the terrorist groups it supports – including Hizballah – and will continue to do so. Since 2001, we have designated more than 100 Hizballah-affiliated individuals and entities comprising the group's organizational infrastructure, financial networks, and procurement nodes in Lebanon and abroad.

We have continued to target the sources of financial flows into Hizballah. For example, in January of this year, we sanctioned a Hizballah financier who had received millions of dollars to invest in commercial projects that financially support the group. Prior to that, in July 2015, we imposed sanctions against a Hizballah facilitator and businessman who served as the point person for the procurement and transshipment of weapons and materiel for Hizballah and its Syrian partners. In June 2015, we targeted key Hizballah members and businessmen, as well as

related companies, for their role in supporting Hizballah's financial and commercial operations in Lebanon and Iraq, including a Lebanon-based real estate development company that Hizballah used as an investment mechanism. In February 2015, we designated a key Hizballah support network based in West Africa involving three individuals who supported Hizballah terrorist activity, including an individual who solicited donations and helped arrange the transmission of these funds to Hizballah, and three entities.

We also continue to use our sanctions authorities to pursue other terrorist groups linked to Iran. In September 2015, we designated four key Hamas financial facilitators and a company involved in investments and money transfers on behalf of Hamas. One of the individuals was a major Hamas financier who led the Hamas Finance Committee in Saudi Arabia, and who oversaw the transfer of tens of millions of dollars from Iran to Saudi Arabia to fund, among other things, Hamas activities in Gaza. This financier managed several front companies in Saudi Arabia that conducted money laundering activities for Hamas.

Treasury has also used Section 311 of the USA PATRIOT Act to identify Lebanese financial institutions that facilitate money laundering activities, including for Hizballah. Treasury identified Lebanese Canadian Bank SAL (2011), Kassem Rmeiti & Co. For Exchange (2013), and Halawi Exchange Co. (2013), to be of "primary money laundering concern," leading the Lebanese government to take action and shut down or rein in these institutions. The notice of these findings, published in the Federal Register, served to further expose Hizballah's involvement with, and benefit from, illicit activities.

In addition to our domestic targeting of Hizballah, Treasury regularly engages with our foreign partners to urge them to take concrete steps to deny Hizballah access to the international financial system. This March, Treasury participated in a U.S.-Gulf Cooperation Council Working Group focused on combatting Hizballah, following the Gulf Cooperation Council's (Saudi Arabia, the United Arab Emirates, Kuwait, Qatar, Bahrain and Oman) designation of Hizballah as a terrorist organization two weeks earlier. Separately, the Department of the Treasury has leveraged the European Union's 2013 designation of Hizballah's military wing as a terrorist organization to work with multiple European countries, alongside the Departments of State and Justice in Law Enforcement Coordination Groups, which bring together law enforcement personnel to counter Hizballah. Other sessions have consisted of law enforcement agents from Africa, Southeast Asia and South and Central America.

Treasury also engages with Lebanese authorities to support their efforts to prevent Hizballah from accessing the Lebanese financial system. The newly implemented Hizballah International Financing Prevention Act of 2015 will assist Treasury in targeting Hizballah, building on designations of over 100 of Hizballah members, leaders, facilitators, and companies to date.

We would be happy to provide you with additional information and as well as answer any questions you may have in a classified setting.

Questions for the Record Submitted to
Treasury Secretary Jacob J. Lew by
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
Hearing held March 15, 2016

Question 2:

The Unites States has sought incentives to bring Russia into step with the world community, but Russia's strategic foreign policy goals remain elusive. Additionally, some countries in Western Europe continue to have very significant economic investments with Russia.

Does the United States have a coordinated international strategy on imposing sanctions against Russia? Is the threat of new sanctions having any effect on President Putin, particularly with regard to the oligarchs or in Syria and Ukraine?

How has Putin reacted to the sanctions levied on Russia by the United States and EU? What measures has Russia taken to retaliate against sanctions?

Answer:

Since the start of the Ukraine crisis, the United States, EU, and G-7 have responded to condemn Russia's illegal actions to annex Crimea and undermine the security and stability of Ukraine. We have worked in close cooperation with our partners to develop a set of aggressive sanctions \ to impose costs on Russia for its actions and to incentivize a diplomatic resolution to the crisis, while limiting the impact on the U.S. and global economies.

In the financial sector, our close coordination has resulted in a powerful set of measures that balance our and our partners' interest in avoiding spillover risks with the need to deliver a forceful response to Russia's destabilization of Ukraine. Together with the EU, Canada, Australia, Norway and Japan, we have targeted Russia's largest state-owned banks, including Sberbank and VTB, prohibiting dealings in new equity and in new debt with a maturity of more than 30 days. Furthermore, we have imposed prohibitions on transactions in new debt of specific maturities in the Russian energy and defense sectors, and the EU and our other partners have taken similar actions. The United States and EU have also placed restrictions on the exportation of certain technology and services for use in Russian advanced energy projects, along with restrictions on certain military and dual-use exports. Finally, we have imposed a ban on trade in goods, technology, or services with Crimea and on new investment in Crimea, a step taken in conjunction with the EU.

In response to U.S. and EU sanctions, Russia has imposed bans on U.S. and EU agricultural products and other goods, thereby limiting the availability of goods to the Russian people and raising the cost of available goods domestically. Furthermore, by continuing to undermine the security and stability in Ukraine, Russia has ensured that costly sanctions remain in place on its major economic interests.

Sanctions have made concrete the costs of Russia's intervention in Ukraine. Our measures have imposed serious costs on key members of Putin's inner circle, including Gennady Timchenko, Arkady and Boris Rotenberg, and Yuri Kovalchuk. Our sanctions have also effectively prevented targeted state-owned banks and other sanctioned corporations from accessing international

funding markets, thereby raising borrowing costs and hindering rollover of maturing external debts. Coupled with low oil prices, the resulting loss of confidence in the Russian economy has pushed Russia into recession and contributed to significant ruble depreciation, high inflation, and capital outflows.

Using our Syria authorities, we have also designated Russian individuals and entities for activities in support of the Assad regime. As these actions highlight, none of the billions Russia has spent propping up Assad has made the Russian people any more secure, or helped a struggling Russian economy.

We remain in continuous communication with our European allies to ensure that our Russia-Ukraine sanctions are fully and consistently implemented. We also regularly discuss additional steps to respond to Russia's actions, as appropriate. At the same time, we have made clear that Russia-Ukraine sanctions could be rolled back if Russia complies with its commitments, including those under the February 2015 Minsk Implementation Plan and September 2014 agreement. If, instead, Russian authorities continue their aggressive actions and violations of international law, the costs to Russia will continue to rise.

Question 3:

There a pattern of Iran continuing to violate international sanctions. Secretary Kerry testified before this Subcommittee to the fact that the U.S. has interdicted Iranian arms shipments to various proxies. I pressed him on this point, and he responded that weapons have been shipped from Iran through Damascus to Lebanon. How many times has Iran tried to violate arms embargos to terrorist groups? Can you site specifically what our response has been to such actions?

Answer:

Treasury remains committed to enforcing our sanctions authorities as part of our broader efforts to counter Iran's support for terrorism and destabilizing activities in the region. Although we cannot comment on specifics in this setting, Iran remains the world's most active state sponsor of terrorism, providing lethal aid, and delivering hundreds of millions of dollars per year in support to extremist groups across the globe. We will continue our campaign against Hizballah and its sponsors in Iran's Islamic Revolutionary Guard Corps-Qods Force (IRGC-QF), Iran's support to the Houthis in Yemen, and its backing of Assad's regime in Syria. We are also focused on disrupting Mahan Air's support to the IRGC-QF, including the transfer of funds and the movement of arms and fighters from Iran to Syria in support of the Assad regime and Hizballah. Treasury will continue to work with interagency and foreign partners to disrupt illicit weapons transfers by Iran, including by identifying and sanctioning entities involved in this activity. We would be happy to provide you with additional information and as well as answer any questions you may have in a classified setting.

In the same exchange, the Secretary indicated that the IRGC is independent from the Iranian regime, but we know that in fact there is no separation and the IRGC operates at

the direction of the Supreme Leader. Given the IRGC's broad control over key sectors of the Iranian economy, how can any company doing business in Iran ensure they are not doing business with the IRGC?

Answer:

Under the JCPOA, non-U.S. persons will continue to risk exposure to U.S. secondary sanctions if they knowingly engage in significant transactions with, or provide material support to, Iran-related persons remaining on the Specially Designated Nationals and Blocked Persons List (SDN List) maintained by the Treasury Department's Office of Foreign Assets Control (OFAC), including the Islamic Revolutionary Guard Corps (IRGC) and its designated agents or affiliates. These sanctions continue to be in place and enforced.

The Department of the Treasury has publicly recommended that any foreign entity considering doing business with Iran conduct appropriate due diligence in order to ensure that it is not knowingly engaging in transactions with the IRGC or any of its components, and should keep records documenting their due diligence efforts.

Question 4:

The Fiscal Year 2016 appropriations act conditions future U.S. contributions on there being no dilution of environmental and social safeguards that are currently under review. What is the status of this review and is the Treasury Department satisfied with the direction and progress of the review process? Have the drafts become more specific in how the use of local systems will be judged? Will new safeguards require environmental and social impact assessments to be publicly disclosed at least 120 days prior to the date of approval by Executive Directors, consistent with U.S. law and longstanding World Bank practice?

As the safeguards enter their third round of global consultations, the Bank has stated their desire to complete the process by the end of 2016. Do you think this is realistic? What is the risk, in your estimation, of the Bank deciding to abandon reforms if there is lack of consensus?

Answer:

The World Bank's safeguard review is likely to conclude later this year with the adoption of a new Environmental and Social Framework (ESF). We continue to be satisfied with the direction and progress of the safeguards review, recognizing that members of the Board of Executive Directors remain divided on several important issues. We continue to work for a final ESF that will better protect people and the environment, while helping to achieve positive social and environmental outcomes.

The draft ESF offers improvements in several areas such an explicitly prohibiting discrimination against disadvantaged and vulnerable groups, protecting the health and safety of workers, and strengthening requirements for consultation with communities affected by World Bank-financed

projects. The draft ESF also puts greater emphasis on monitoring projects and supporting the implementation of the safeguards throughout the life-cycle of a project.

At the same time, we remain concerned about some key issues in the current ESF draft. For instance, while the current draft is somewhat more specific than the first draft on how the use of local systems will be assessed, we continue to ask for a methodology that details how the World Bank will conduct an assessment of a borrower's environmental and social risk management system. We have reiterated to World Bank management the importance of providing this methodology before the Board considers the final ESF. We have also stressed to World Bank management the importance of increasing the time, attention, and resources that the World Bank devotes to implementing the safeguards. Finally, we expect that the ESF will require that environmental and social impact assessments for projects with potential significant environmental and social impacts be publicly disclosed in a timeframe that meets the requirements of the Pelosi Amendment, as is the World Bank's longstanding practice.

Question 5:

As part of the 9th General Capital Increase agreed to for the Inter-American Development Bank, $200 million was agreed as a special grant facility to be provided annually to Haiti through 2020. Has this transfer consistently happened? How does the IDB work with other donors and the government of Haiti to decide the implementation of these funds? Please provide a breakdown of the funding that has gone through the facility for the last two years by sector.

Answer:

The Inter-American Development Bank has provided $200 million annually from 2011 to 2015 for Haiti from its net income through the Grant Resources Facility. At this year's IDB Annual Meeting held April 8-10, the IDB Board of Governors reaffirmed the commitment to the remaining $1 billion in grants for Haiti, and approved a change to the modality of annual transfers for Haiti to the Grant Resources Facility, so that transfers will be made when needed for disbursements, rather than prior to project approvals. This change was supported at the meeting by Haiti's Finance Minister. As a result of this change, funds for Haiti will be transferred to the Grant Resources Facility, when the balance in the Facility falls below $300 million.

The IDB works in close coordination with other donors, in particular the U.S. government, and participated in a Haiti Donors Meeting hosted by the State Department on March 29, 2016. The IDB develops a country strategy with the Government of Haiti to decide on the priority sectors for the use of grants in Haiti, and engages in an annual programming exercise to develop specific projects working closely with Haitian government ministries. A new country strategy will be prepared once a new Haitian government is in place.

In 2014, project approvals for Haiti were in the following sectors: 29 percent ($62 million) in transport, 26 percent ($55 million) in private sector development, 23 percent ($50 million) in agriculture, 11 percent ($24 million) in education, 7 percent ($15 million) in water & sanitation,

and 4 percent ($7.7 million) in energy. In 2015, project approvals for Haiti were in the following sectors: 48 percent ($92 million) in transport, 30 percent ($57 million) in agriculture, and 22 percent ($41 million) in private sector development.

Questions for the Record Submitted to
Treasury Secretary Jacob J. Lew by
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
Hearing held March 15, 2016

Representative Mario Diaz Balart

Question 1:

Confiscated property

U.S. law (Title III of the LIBERTAD Act) allows claim holders whose property was confiscated by the Castro regime to sue anyone who "engages in a commercial activity using or otherwise benefiting from confiscated property."

a. **What are you doing at Treasury to ensure that the transactions that this administration is licensing, and ENCOURAGING, do not permit the "using or otherwise benefiting from confiscated property" that is prohibited by U.S. law?**
b. **By licensing transactions involving confiscated trademarks owned by U.S. companies, or licensing transactions to develop or use confiscated property, aren't you exposing American companies to extensive liability once the lawsuits of claimholders are able to proceed?**

Answer:

Title III of the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996 does not contain any legal prohibitions; instead it creates a civil remedy that a U.S. national owner of a claim to property confiscated by the Government of Cuba can bring against a person who traffics in that property. For the purposes of the Libertad Act, "trafficking" includes knowingly and intentionally engaging in commercial activity, other than activity incident to lawful travel to Cuba, that uses or otherwise results in a benefit from that property without the U.S. claim owner's permission. Title III further provides that the President may suspend the right to bring an action under Title III for consecutive six month periods, and this right has been suspended by Presidents Clinton, Bush, and Obama since the enactment of Libertad in 1996, and it remains suspended today. With respect to the licensing of transactions related to trademarks or the development or use of property, although Treasury is not aware of any currently licensed activity that would create liability for the licensee, Treasury expects licensees to take into account all of the possible benefits and costs of their Cuba-related business decisions.

Question 2:

Transactions with the Cuban military

In February, OFAC licensed the U.S. company Cleber LLC to build a factory at the Port of Mariel, which incidentally was the port through which the Castro regime smuggled weapons to North Korea in 2014 -- the largest violation of international sanctions against North Korea to date. The venture at the Mariel port is with Almacenes Universales SA, a company of the Cuban military. Cuba's Ministry of the Interior, an arm of the Cuban

military, is most responsible for brutally oppressing the Cuban people.

a. **How do partnerships with the Cuban military "promote the Cuban people's independence from Cuban authorities"?**
b. **With more than 80% of the Cuban economy run by the state, aren't nearly all of the new transactions that you license directly with the Castro regime? How can business ventures that partner U.S. companies directly with the Castro regime possibly "promote the Cuban people's independence from Cuban authorities"?**

Answer:

Consistent with the Trade Secrets Act and long-standing policy, the Department of the Treasury does not disclose information regarding specific license applications or issuances. We have issued general licenses authorizing certain business arrangements in Cuba in specific sectors. In doing so, the Administration has sought to craft a balance between authorizing opportunities for expanded trade and commerce with Cuba, in support of the President's policy, and the potential benefits to the Cuban government. For example, we have authorized the establishment of a business presence in Cuba, such as a joint venture, for companies providing telecommunications and internet-based services. While we understand that such a business arrangement may provide some value to the Cuban government, we believe that the benefits of increasing the free flow of information to, from, and within Cuba in support of the Cuban people outweigh the costs of profits accruing to the Cuban government as a result of authorized transactions. We continue to review our regulations and the feedback we receive to determine effective means of furthering the President's policy of facilitating increased engagement with the Cuban people.

Question 3:

The Trade Sanctions Reform and Export Enhancement Act of 2000 codified the categories of travel as they were in June 2000. The Treasury Department's March 2016 expansion of so-called "people-to-people" travel allows individuals to travel on a general license, expanding that category of travel beyond what existed in June 2000. What statutory authority does Treasury have to expand people-to-people travel beyond what was permitted in June 2000?

Answer:

The Trade Sanctions Reform and Export Enhancement Act of 2000 (TSRA) prohibits Treasury from authorizing travel to Cuba for "tourist activities" and defines that term as any activity not included within the 12 categories of activities in paragraphs (1) through (12) of section 515.560 of the Cuban Assets Control Regulations (CACR), 31 CFR part 515, as in effect on June 1, 2000. Educational activities, including educational exchanges not involving academic study pursuant to a degree program, or "people-to-people" exchanges, are one of those 12 categories of activities. TSRA does not limit Treasury's authority to modify licensing policy within the 12 categories by, for example, converting statements of specific licensing policy to a general license, changing the

scope of persons eligible to engage in authorized travel-related transactions, or altering particular requirements applicable to persons traveling to engage in authorized activities.

Whether conducted under the auspices of an organization or on an individual basis, each individual traveler relying on the general license for people-to-people travel must engage, while in Cuba, in a full-time schedule of educational exchange activities that will result in meaningful interaction between the traveler and individuals in Cuba, and that are intended to enhance contact with the Cuban people, support civil society in Cuba, or promote the Cuban people's independence from Cuban authorities.

Question 4:

Several of the Treasury Department's amendments to the regulations purport to allow financial transactions directly with the Castro dictatorship, and purport to allow American businesses to establish physical presence in Cuba. Numerous statutes, including the Cuba Democracy Act, Trading with the Enemy Act, the LIBERTAD Act, and the Trade Sanctions Reform and Export Enhancement Act, impose a general ban on trade with the Castro regime. Where Congress decided an exception was warranted, as in the exception for cash-purchased agricultural and medical exports to Cuba in the Trade Sanctions Reform and Export Enhancement Act, an explicit exception was created.

a. **What statutory authority does the Treasury Department have to permit:**

   i. **financial transactions between the Castro regime and U.S. financial institutions;**
   ii. **the Starwood Hotels and Resorts, Inc. venture in partnership with the Castro regime;**
   iii. **U.S. companies to establish a physical presence in Cuba; and**
   iv. **credit card transactions in Cuba**

Answer:

The Cuba embargo was established — and is still administered — through authorities vested in the President under the Trading With the Enemy Act of 1917 (TWEA), 50 U.S.C. § 4305. Section 5 of TWEA provides the President authority, which has been delegated to Treasury, to issue rules, regulations, and licenses to implement and modify sanctions programs established under TWEA. The general licenses authorizing the transactions described in (a)(i) and (a)(iv) above were issued pursuant to this broad authority and are fully consistent with subsequently enacted statutes, including the Cuban Democracy Act of 1992, the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996, and the Trade Sanctions Reform and Export Enhancement Act of 2000. Similarly, any specific license would be issued pursuant to the same authority.

Annex - Direct Appropriations and Funds Transferred to OTA - by Source and Country

FY 2015 to FY 2017

Source	Country	FY 2015 Actual Amount	FY 2015 Actual % of Total	FY 2016 Est. Amount	FY 2016 Est. % of Total	FY 2017 Est. Amount	FY 2017 Est. % of Total
Direct Appropriations:							
TIATA /1	Global	$23,500,000	51.5%	$23,500,000	46.4%	$33,500,000	69.2%
Subtotal, Direct Appropriations		**$23,500,000**	**51.5%**	**$23,500,000**	**46.4%**	**$33,500,000**	**69.2%**
Transfers: /2							
Department of State							
Economic Support Fund (ESF):							
	Iraq	$0	0.0%	$832,777	1.6%	$1,000,000	2.1%
	Algeria	$0	0.0%	$1,000,000	2.0%	$0	0.0%
	Tunisia	$0	0.0%	$1,500,000	3.0%	$0	0.0%
	Ukraine	$6,750,000	14.8%	$0	0.0%	$700,000	1.4%
	Subtotal, ESF	$6,750,000	14.8%	$3,332,777	6.6%	$1,700,000	3.5%
Office of Program Management - Ministry of Interior:	MENA02	$320,898	0.7%	$17,177	0.0%	$0	0.0%
State - President's Emergency Plan for AIDS Relief (PEPFAR)		$0	0.0%	$4,186,390	8.3%	$4,000,000	8.3%
Assistance for Europe, Eurasia and Central Asia (AEECA / ESF)	AEECA	$2,243,294	4.9%	$8,398,887	16.6%	$8,422,296	17.4%
State Counter Terrorism	Yemen and Somalia	$506,230	1.1%	$0	0.0%	$0	0.0%
State Energy Governance Capacity Initiative		$0	0.0%	$1,135,779	2.2%	$0	0.0%
State Fiscal Transparency	Malawi and Gabon	$1,542,283	3.4%	$0	0.0%	$0	0.0%
	Burma	$0	0.0%	$0	0.0%	$600,000	1.2%
	Guinea	$754,300	1.7%	$0	0.0%	$0	0.0%
	Sri Lanka	$0	0.0%	$2,000,000	3.9%	$0	0.0%
	Somalia	$659,002	1.4%	$0	0.0%	$0	0.0%
	Subtotal, State Fiscal Transparency	$2,955,585	6.5%	$2,000,000	3.9%	$600,000	1.2%
Bureau of International Narcotics and Law Enforcement Affairs (INL) /3		$1,469,114	3.2%	$2,137,276	4.2%	$175,000	0.4%
USAID							
	Afghanistan	$0	0.0%	$2,000,000	3.9%	$0	0.0%
	Domestic Resource Mobilization	$100,000	0.2%	$0	0.0%	$0	0.0%
	Fiscal Transparency	$0	0.0%	$2,635,851	5.2%	$0	0.0%
	Other	$4,853,237	10.6%	$915,383	1.8%	$0	0.0%
	Subtotal, USAID	$4,953,237	10.8%	$5,551,234	11.0%	$0	0.0%
Millennium Challenge Corporation							
	Honduras	$1,571,823	3.4%	$0	0.0%	$0	0.0%
	Malawi	$374,300	0.8%	$0	0.0%	$0	0.0%
	Guatemala	$684,745	1.5%	$395,899	0.8%	$0	0.0%
	Subtotal, MCC	$2,630,868	5.8%	$395,899	0.8%	$0	0.0%
EBRD		$323,238	0.7%	$0	0.0%	$0	0.0%
Subtotal, Transfers		**$22,152,465**	**48.5%**	**$27,155,219**	**53.6%**	**$14,897,296**	**30.8%**
	Grand Total	**$45,652,465**	**100.0%**	**$50,655,219**	**100.0%**	**$48,397,296**	**100.0%**

Notes:
1. FY17 TIATA reflects amount reflected in President's Budget
2. Reflects fiscal year in which transfer funds apportioned to OTA.
3. INL amount for FY17 reflects estimated funding for OTA engagement in Afghanistan.

WEDNESDAY, MARCH 16, 2016.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

WITNESS

GAYLE SMITH, ADMINISTRATOR, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

OPENING STATEMENT OF CHAIRWOMAN GRANGER

Ms. GRANGER [presiding]. The Subcommittee on State Foreign Operations, and Related Programs will come to order.

I want to welcome the Administrator of the U.S. Agency for International Development. Administrator Smith, thank you for being here today for your first hearing before the subcommittee. We look forward to your testimony on the fiscal year 2017 budget request.

USAID plays a key role in our nation's foreign policy, and the members of this subcommittee understand and support the good work of your agency from life-saving disaster assistance to global health and other development programs that provide clean water, agricultural assistance and education.

The men and women of the USAID are the face of the generosity of the American people.

I would like to take a moment to highlight the impressive work of USAID and other agencies in response to the Ebola epidemic.

This time last year, we were fearing the worst, but the response was an unprecedented example of American leadership overseas. Now we see another public health threat on the horizon, the Zika virus, and we expect collaboration across the U.S. Government.

We want to hear your thoughts today about what can be done to immediately address the Zika outbreak with the resources and authorities available.

During the time I have chaired this subcommittee, I have been surprised by the length of time it takes for funds to be directed towards urgent needs. I also remain concerned about the size of USAID and how difficult it can be to partner with the agency.

Administrator Smith, I appreciate the discussions we have had in your first few months on the job. I hope we can continue to work together and to find real solutions to some of these long-standing problems.

The budget request includes approximately $11 billion that USAID manages directly. Additional funds are partially administered by the agency. Unfortunately, once again, the budget proposes to sacrifice congressional priorities for administration initiatives.

For example, the request for climate change programs, including the Green Climate Fund, is proposed to be increased. Yet basic

education programs and humanitarian assistance are proposed to be reduced.

The request prioritizes malaria, but suggests that tuberculosis and nutrition programs can be cut. In addition, the administration has once again proposed to reduce two of this subcommittee's top priorities: biodiversity activities and programs to combat wildlife poaching and trafficking.

The subcommittee will carefully consider how to allocate resources to address the greatest needs and meet our shared priorities.

I want to close by thanking you, the men and women of USAID and your partners for the most important work you do every day to improve the lives of others and promote American interests.

I will now turn to my Ranking Member, Mrs. Lowey, for her opening remarks.

[The information follows:]

FOR IMMEDIATE RELEASE
March 16, 2016
Contact: Jim Specht (202) 225-5071

CONGRESSWOMAN KAY GRANGER OPENING STATEMENT: STATE AND FOREIGN OPERATIONS APPROPRIATIONS SUBCOMMITTEE HEARING ON THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

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

I want to welcome the Administrator of the U.S. Agency for International Development. Administrator Smith, thank you for being here today for your first hearing before the Subcommittee. We look forward to your testimony on the Fiscal Year 2017 budget request.

U.S.A.I.D. plays a key role in our nation's foreign policy, and the members of this Subcommittee understand and support the good work of your agency.

From lifesaving disaster assistance to global health – and other development programs that provide clean water, agriculture assistance, and education – the men and women of U.S.A.I.D. are the face of the generosity of the American people.

I would like to take a moment to highlight the impressive work of U.S.A.I.D. and other agencies in response to the Ebola epidemic. This time last year, we were fearing the worst, but the response was an unprecedented example of American leadership overseas.

Now we see another public health threat on the horizon – the Zika virus – and we expect collaboration across the U.S. Government. We want to hear your thoughts today about what can be done to immediately address the Zika outbreak with the resources and authorities available.

During the time I have chaired this Subcommittee, I have been surprised by the length of time it takes for funds to be directed toward urgent needs.

I also remain concerned about the size of U.S.A.I.D. and how difficult it can be to partner with the agency.

Administrator Smith, I appreciate the discussions we have had in your first few months on the job. I hope we can continue to work together to find real solutions to some of these long-standing problems.

-over-

The budget request includes approximately $11 billion that U.S.A.I.D. manages directly. Additional funds are partially administered by the agency. Unfortunately, once again, this budget proposes to sacrifice congressional priorities for administration initiatives.

For example, the request for climate change programs, including the Green Climate Fund, is proposed to be increased. Yet, basic education programs and humanitarian assistance are proposed to be reduced.

The request prioritizes malaria but suggests that tuberculosis and nutrition programs can be cut.

In addition, the Administration has once again proposed to reduce two of this Subcommittee's top priorities – biodiversity activities and programs to combat wildlife poaching and trafficking.

The Subcommittee will carefully consider how to allocate resources to address the greatest needs and meet our shared priorities.

I want to close by thanking you, the men and women of U.S.A.I.D., and your partners for the important work you do every day to improve the lives of others and promote American interests.

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OPENING STATEMENT OF MRS. LOWEY

Mrs. LOWEY. And I thank you, Madam Chair.

Administrator Smith, I welcome you again to the helm of USAID. I am pleased to have you here today.

USAID continues to play an indispensable role in spear-heading global development efforts. I am sure we will see even greater achievements under your leadership. Given unprecedented levels of humanitarian needs around the world today, you face the unenviable task of guiding U.S. response efforts on nearly every continent.

With this in mind, I have concerns regarding whether the Fiscal Year 2017 Budget Request will provide USAID the necessary resources to implement current programs and prepare for new or unanticipated challenges.

First, I am pleased with the proposed increases for malaria and GAVI. However, I do not understand the cuts to nutrition and tuberculosis programs, when nearly 800 million people worldwide suffer from malnutrition, and T.B. claims more than 1.5 million lives per year.

Second, with regard to Central America in last year's omnibus, this committee provided $750 million to address the root causes driving thousands of minors to flee.

I look forward to hearing from you what progress the Northern Triangle countries have made on good governance, the rule of law, education, job creation, citizen security that would provide the basis for further federal investment.

Third, the Zika virus has spread to more than 20 countries, yet many governments have responded to their citizens with antiquated messages to simply avoid pregnancy.

This is absurd; ignoring the potential effects of Zika by putting our collective heads in the sand will only make the problem worse. Restricting access to family planning and reproductive health services would be a failure to support women abroad during a public health emergency.

I hope we can work together without the partisan fights and divisive riders on this issue. Unlike the emergency funds to combat Ebola, which I recall only narrowly authorized the specific use in West Africa, funding for Zika must also come with as much flexibility as possible.

Finally, Administrator Smith, I still do not understand the administration's continued refusal to prioritize education. In 2013, your predecessor said, in testimony to this committee, that education was a core development objective.

Yet, given this year's low funding request, it appears to me that it is only a core development objective to Congress, not to the President or OMB.

There are currently over 120 million children and adolescents out of school, and some 250 million primary school age children in school but not learning the basic skills they will need to participate in their communities and economies.

According to USAID's own reporting, the world is in the midst of a global learning crisis. The United States has prioritized many admirable programs, from food security to electricity, health to eco-

nomic empowerments. Yet, without universal literacy, these programs are out of reach for significant portions of poor communities.

We simply will not achieve real, long-term success without education at the center of our efforts.

In closing, I want to recognize the remarkable public servants throughout USAID who work night and day to better the lives of millions of people around the world.

I thank them and you for your tireless efforts. I look forward to advancing our shared development goals.

[The information follows:]

Opening Statement by Congresswoman Nita Lowey (D-NY)

Appropriations Subcommittee on State and Foreign Operations
Hearing on U.S. Agency for International Development FY2017 Budget Request

March 16, 2016

Administrator Smith, I welcome you, again, to the helm of USAID, and I am pleased to have you here today. USAID continues to play an indispensable role in spearheading global development efforts, and I'm sure we'll see even greater achievements under your leadership.

Given unprecedented levels of humanitarian needs around the world today, you face the unenviable task of guiding U.S. response efforts on nearly every continent.

With this in mind, I have concerns regarding whether the Fiscal Year 17 budget request will provide USAID the necessary resources to implement current programs and prepare for new or unanticipated challenges.

First, I'm pleased with the proposed increases for malaria and GAVI. However I do not understand the cuts to nutrition and tuberculosis programs when nearly 800 million people worldwide suffer from malnutrition, and TB claims more than 1.5 million lives per year.

Second, with regard to Central America, in last year's Omnibus, this Committee provided $750 million to address the root causes driving thousands of minors to flee. I look forward to hearing from you what progress the Northern Triangle countries have made on good governance, the rule of law, education, job creation, and citizen security that would provide the basis for further federal investment.

Third, the Zika virus has spread to more than 20 countries, yet many governments have responded to their citizens with antiquated messages to simply 'avoid' pregnancy. This is absurd. Ignoring the potential effects of Zika by putting our collective heads in the sand will only make the problem worse. Restricting access to family planning and reproductive health services would be a failure to support women abroad during a public health emergency. I hope we can work together without partisan fights and divisive riders on this issue.

Unlike the emergency funds to combat Ebola, which I recall were only narrowly authorized for specific use in West Africa, funding for Zika must also come with as much flexibility as possible.

Finally, Administrator Smith, I simply do not understand the Administration's continued refusal to prioritize education. In 2013 your predecessor said in testimony to this Committee that education was a "core development objective." Yet given this year's low funding request, it appears to me that it is only a core development objective to Congress; not to the President or OMB.

There are currently over 120 million children and adolescents out of school and some 250 million primary school age children in school but not learning the basic skills they will need to participate in their communities and economies. According to USAID's own reporting, "The world is in the midst of a global learning crisis."

The United States has prioritized many admirable programs from food security to electricity, health to economic empowerment. Yet without universal literacy, these programs are out of reach for significant portions of poor communities. We simply will not achieve real, long-term success without education at the center of our efforts.

In closing, I want to recognize the remarkable public servants throughout USAID who work night and day to better the lives of millions of people around the world. I thank them and you for your tireless efforts, and I look forward to advancing our shared development goals.

Ms. GRANGER. Thank you very much. Administrator Smith, you can see there are few members here. It is because they have already called votes, and they are waiting to vote.

I ask that you proceed with your opening remarks. Members will be here today, so I would encourage you to summarize your remarks, so we have time for you to address questions. The yellow light on your timer will appear when you have 2 minutes left, and I will stay for your testimony, and then hope the rest will come.

Thank you.

Ms. SMITH. I was complimenting you, and I didn't even have the mic on. [Laughter.]

Ms. GRANGER. Oh, we listened to that part, anyway.

OPENING STATEMENT OF MS. SMITH

Ms. SMITH. No, I wanted to sincerely thank both of you. This is a great job; there is a lot of work we can do together, and there are some things about the Agency I think we all want to improve. It has been a pleasure working with both of you. The ability to come up and seek your guidance, and work through how we would make some of these improvements is a real pleasure to me.

Let me quickly go through my remarks. As you know, and have asserted yourselves, for more than 50 years, USAID has led our nation's efforts to advance dignity and prosperity around the world, both as an expression of our values and to help build peaceful, open and flourishing partners.

This request will help advance that important legacy, but our budget line items tell only part of the story. In recent years, with vital support from Congress, we acted to make our work more efficient, effective and impactful.

First, recognizing that foreign assistance is just one valuable tool of many, we are making smarter investments with our assistance; leveraging private capital and funding from other donors to scale our impact; and supporting governments, small businesses and entrepreneurs to mobilize domestic resources for development.

Second, recognizing that development is indeed a discipline, we are improving the way we do and measure our work. Since adopting a new evaluation policy in 2011, the Agency has averaged 200 external evaluations a year and our data show that more than 90 percent of these evaluations are being used to shape our policies, modify existing projects and inform future project design.

Third, recognizing that we can achieve more when we join forces with others, we have partnered with other U.S. government agencies, American institutions of higher learning, NGOs and communities of faith. When we can achieve greater efficiency or impact, we align goals and strategies with governments and organizations all over the world. Engagement with the private sector is now fully embedded into the way we do business.

Finally, recognizing that development solutions are manifold, we are pursuing integrated country strategies, helping to build local research capacity and harnessing science, technology and innovation to accelerate impact faster, cheaper and more sustainably. These and other steps are making us more accountable, stretching our dollars further and helping USAID live up to its important role as the U.S. lead development agency.

For less than 1 percent of the federal budget, the President's request will keep us on this path, enabling us to meet new challenges, seize emerging opportunities, improve the way we do business and deliver transformational results on behalf of the American people.

Specifically, the request of $22.7 billion will help advance progress in the four core pillars of our work. First, fostering and sustaining development progress. Second, preventing, mitigating and responding to global crises. Third, mitigating threats to national security and global stability. And fourth, leading in global development, accountability and transparency.

In countries around the world, we work to foster and sustain development progress in a range of sectors. In global health, we will continue to save lives and build sustainable health systems. We will also continue to achieve transformational progress through the U.S. government's major development initiatives, including Feed the Future and Power Africa.

And we will continue to promote quality education and increase access to safe water and sanitation. Finally, as we know progress is not sustainable without open and effective governance and a vibrant civil society, the request will enable us to expand our work in democracy, rights and governance.

As a global leader in humanitarian response, the U.S. is there whenever a disaster hits. Our assistance saves lives and protects precious development gains, whether in Syria and South Sudan, or on any of the four continents affected by El Niño this year.

The President's request provides the agility and flexibility that is so desperately needed to prevent, mitigate and respond to these global crises. We also work in places of strategic importance to U.S. foreign policy, to mitigate emerging threats and other global security challenges.

This request supports these critical efforts from planting the seeds of dignity and opportunity that offer a counter-narrative to violent extremism to fostering goodwill towards the United States. We are addressing the root causes of insecurity and migration from Central America, strengthening our partners in Eastern Europe and Central Asia and investing in long-term progress in Afghanistan.

Finally, this request will enable USAID to continue to lead. It includes support for the Global Development Lab to help us spur and integrate innovation across and beyond the Agency and for our Bureau of Policy Planning and Learning to help us continue to drive with evidence.

It also supports our work to strengthen USAID as an institution and support the men and women of this Agency who serve their country bravely, and in some of the world's most challenging environments.

It is my honor to serve the American people alongside the men and women of USAID, and I look forward to working closely with Congress to make USAID more agile, accountable, and impactful. Together we are building the Agency we need and the world deserves, and making investments in a better future that will pay dividends for years to come.

Thank you for this opportunity and your support, and I welcome your questions.

[The information follows:]

Testimony of Gayle E. Smith
Administrator, US Agency for International Development (USAID)
Subcommittee on State, Foreign Operations, and Related Programs
House Committee on Appropriations

March 16, 2016

Chairwoman Granger, Ranking Member Lowey, and distinguished members of the Committee: thank you for inviting me here to discuss President Obama's Fiscal Year 2017 budget request for the United States Agency for International Development. I want to thank you for your continued leadership and commitment to global development.

For more than fifty years, USAID has led our nation's efforts to advance dignity and prosperity around the world, both as an expression of core American values and to help build peaceful, open, and flourishing partners for the United States. This request will help advance that important legacy, but our budget line items only tell part of the story. In recent years, with vital support from Congress, we have acted to make our work more efficient, effective, and impactful.

First, we recognize that though foreign assistance is a valuable tool, we cannot achieve sufficient impact through assistance alone. That is why we are making smarter investments with our assistance; leveraging private capital and funding from other donors to scale our impact; and supporting governments, small businesses and entrepreneurs to mobilize domestic resources for development. Through this approach, we are providing taxpayers with greater value for their money. For example, with every dollar USAID invested into more than 360 public-private partnerships active in 2015, partners committed about $3.50 in both cash and in-kind contributions over the life of the partnership. In every region and every sector, we are using our assistance to spur investment from other donors, private businesses, and country governments.

Second, we recognize that development is a discipline. We have improved the way we do – and measure – our work. Since adopting a new evaluation policy in 2011, the Agency has averaged 200 external evaluations a year, and our data show that more than 90 percent of these evaluations are being used to shape our policies, modify existing projects, and inform future project design. We are also doing more to measure impact, and working to create the feedback loop to ensure that what we learn is built into what we do. We must continue to institutionalize these practices to ensure we can drive with evidence, make mid-course corrections, scale what works, and, importantly, be fully transparent and accountable.

Third, we recognize that USAID can achieve more when we join forces with others. We have partnered with agencies across the U.S. Government, with U.S. institutions of higher learning, with non-governmental organizations and with communities of faith. Where we can achieve greater efficiency or impact, we also align goals and strategies with governments and organizations all over the world, including donor nations and developing countries. And, engagement with the private sector – including small businesses – is now fully embedded into

the way we do business. In fact, in Fiscal Year 2014 USAID was one of only three federal agencies to receive an A+ rating from the Small Business Administration. Additionally, we are prioritizing local ownership, a key component of sustainable development. Since 2010, we have doubled the percentage of our funding obligated through local governments, civil society partners, and local businesses.

Finally, we recognize that development solutions are manifold. That is why we are pursuing integrated country strategies and harnessing science, technology, and innovation to accelerate impact faster, cheaper, and more sustainably. We are helping to build local research capacity and sourcing new ideas from all over the world. Our Global Development Lab is designed to take smart risks to test out new ideas and help scale successful solutions. We must continue to work to integrate these capacities across the Agency and with our development partners.

These and other steps are making us more accountable, stretching our dollars further, and helping USAID live up to its important role as the United States' lead development agency. I am proud to say that even as expectations grow ever higher, we continue to work hard to meet new challenges, seize emerging opportunities, improve the way we do business, and deliver transformational results on behalf of the American people.

For less than one percent of the federal budget, the President's request keeps us on this path. The request will provide the resources we need to deliver against our most urgent priorities and to advance our mission of ending extreme poverty and promoting resilient, democratic societies around the world while remaining consistent with the levels set in the 2015 Bipartisan Budget Act. Overall, the FY 2017 budget request for the State Department and USAID is $50.1 billion, $35.2 billion of which is Enduring, and $14.9 billion of which is Overseas Contingency Operations (OCO) funding.

The President's budget request of $22.7 billion for USAID-related accounts will help enable progress in the four core pillars of our work: (1) fostering and sustaining development progress; (2) preventing, mitigating, and responding to global crises; (3) mitigating threats to national security and global stability; and (4) leading in global development, accountability, and transparency.

FOSTER AND SUSTAIN DEVELOPMENT PROGRESS

In countries around the world, USAID fosters sustained and inclusive economic growth, lifts millions of people out of extreme poverty, and promotes open and effective governance. This work has helped propel major gains in a whole host of sectors, from global health to food security, energy, education and water. The President's budget request focuses our resources on what works and uses our assistance to unlock additional funds from other donors, businesses, and most importantly, from developing countries themselves.

In global health, for example, the $2.9 billion request will continue our work to save lives and build sustainable health systems in the countries where we work. We are focused on three goals: ending preventable child and maternal deaths, achieving an AIDS-free generation, and protecting communities from infectious diseases. In all of these areas, we have achieved major progress. As part of the President's Emergency Plan for AIDS Relief (PEPFAR), USAID is helping support life-saving treatment for 9.5 million people and in 2015 helped provide testing and counseling for 68 million people. Additionally, our efforts have contributed to PEPFAR being well on track to reach the bold HIV prevention and treatment targets set by President Obama last September. Since 1990, we have helped save over 100 million lives, and the number of children dying preventable deaths has been cut in half. In partnership with UNICEF and other governments, our global leadership on ending preventable child and maternal deaths has spurred action from countries around the world. In fact, the Prime Minister of the Democratic Republic of the Congo recently agreed to increase domestic resources for health from 4.0 to 7.5 percent.

Additionally, our support of Gavi, the Vaccine Alliance has helped immunize two out of every five children born worldwide, and the President's Malaria Initiative (PMI) has helped countries throughout sub-Saharan Africa scale malaria prevention and control interventions, resulting in a major reduction in malaria illness and death. The request will continue these efforts, with $275 million to support Gavi. To answer President Obama's State of the Union call to end the scourge of malaria, the request also includes an increase of $200 million to fight malaria, made up of a $71 million increase to the annual PMI level and a proposal to repurpose $129 million in remaining Ebola emergency funds for malaria.

Through the U.S. Government's Feed the Future initiative, we will continue to strengthen U.S. leadership in ending hunger, malnutrition, and poverty. We are working in 19 focus countries in Africa, Asia, Latin America, and the Caribbean and are targeting our funds where our interventions have been most successful. The $978 million request for Feed the Future reflects our evidence-based determination that increased funding for programs in, for example, Bangladesh, Ethiopia, Nepal, Senegal, Tajikistan, and Zambia will enhance our impact in those countries. At the same time, we have made plans to adjust programs in Haiti, Kenya, Mozambique, Rwanda, and Tanzania so we can achieve the same level of impact at a lower cost.

Feed the Future is a powerful example of what we can achieve when the world comes together around a shared global challenge, working with countries that want to take ownership of, contribute to, and be accountable for improving their food security. Over the past five years, Feed the Future and the New Alliance for Food Security and Nutrition have helped build a coalition that has committed more than $30 billion – including funding from other donors and the private sector. Our coalition includes agencies across the United States Government such as the Department of Agriculture and the Millennium Challenge Corporation, over 70 top U.S. universities, and hundreds of other partners. This coalition has helped achieve major development gains, ranging from a 33 percent decrease in child stunting in Ghana to a 16 percent decrease in poverty in targeted areas of Bangladesh. And now, there is potential for the *Global*

Food Security Act, which was passed by the Senate Foreign Relations Committee last week, to ensure that this partnership can continue to build on these gains for years to come.

Like Feed the Future, through Power Africa we have also mobilized a diverse global coalition of bilateral, multilateral, and private sector partners to maximize our impact across Sub-Saharan Africa. USAID and our partners across the government have successfully demonstrated that this model works, and governments across the continent are eager to get involved. Power Africa's recently released Roadmap outlines a concrete plan for how we will achieve the ambitious goal of adding 30,000 megawatts (MW) of electricity generation and 60 million connections by 2030, thereby doubling access to electricity across the continent. Power Africa has already helped transactions expected to generate 4,300 MWs reach financial close. Power Africa will continue to build on our ongoing work to strengthen the investment climate across sub-Saharan Africa and to increase the capacity of African governments and utilities to develop and manage their domestic energy sectors. And just this year, we launched a new app to monitor transactions across the continent in real-time. In addition to improving transparency, this tool will help drive the competitiveness of African markets.

We have much work ahead of us to accomplish our goals, but with the recent enactment of the *Electrify Africa Act*, I am confident that Power Africa will continue to transform sub-Saharan Africa's energy sector to ensure the lights are on in more homes, businesses, and schools across the continent.

I know there is a similar level of bipartisan support for our efforts in education. Over the past four years we have pursued a strategy that emphasizes quality, with a focus on improving early-grade reading, helping young people gain skills important for future employment, and increasing equitable access to education in the many crisis and conflict-affected areas around the world. This outcomes-based strategy is working, and our $788 million request – along with the additional financing leveraged from partners – will allow us to continue to support education all over the world.

Pursuing this strategy, we have reached more than 30 million children and young people have benefited in more than 50 countries since 2011. Part of the reason for this success is that many political leaders are putting real capital behind education. For example, in Jordan, USAID developed an evidence-based reading and math program that improved student learning outcomes. Now, the Ministry of Education is supporting nationwide adoption of these early grade reading and math policies, standards, curricula, and assessments. Of course, with so much of the world in crisis, ensuring equitable education in unstable environments continues to be a challenge for the global community. USAID is on the front lines of this challenge, whether helping countries like Lebanon and Jordan expand access to education for all despite an overwhelming influx of refugees or acting quickly to set up non-formal education centers for Nigerian families displaced by Boko Haram.

In the coming year, we will continue our ongoing efforts to increase access to safe water and improved sanitation. This request of $256 million will specifically support water supply, sanitation, and hygiene programming, or WASH. But USAID's commitment to improve access to water extends well beyond that number; we support water programs in coordination with other sectors, including global health, food security, and disaster assistance. This is also another sector where we leverage a great deal of investment from others, including through partnerships with major corporations like Coca-Cola to improve sustainable water access.

The budget request also continues our important work to foster sustainable development that reflects the realities of a changing climate. The request of $352.2 million through the Global Climate Change Initiative will further our work overseas to promote low-emissions development and to help our partner nations lighten their carbon footprint, adapt to climate-driven risks, and promote public health. And, we are enhancing our impact by pursuing cross-sector partnerships. For example, on behalf of the U.S. Government, USAID created the Tropical Forest Alliance 2020, a partnership of more than 60 government, private sector, and civil society participants working together to reduce commodity-driven tropical deforestation.

Our work in all of these sectors and more will be essential for fostering sustained and inclusive economic growth all over the world. But progress is not sustainable without open and effective governance. That is why this request also includes $2.3 billion for USAID's work to strengthen democracy and governance around the world. This support is essential at a time when we are seeing troubling trends like democratic backsliding and closing space for civil society, independent voices, and aid workers. It also enables us to seize opportunities presented by significant democratic breakthroughs, such as last year's breakthrough elections in Burma and Sri Lanka.

And, as I noted earlier, we are continuing to learn more about how to achieve impact with this work. For example, an impact evaluation in Malawi found that an increasing number of well-trained election monitors reduced instances of fraud by up to six percent. And that helped inform our approach in Burma, where among other activities, we trained and deployed thousands of domestic observers. The result was the most inclusive, credible, and transparent election in the country's recent history. We are also working to bolster rule of law and good governance. In partnership with the Millennium Challenge Corporation and countries worldwide, USAID adopted e-governance innovations that revamped procurement systems in Indonesia and Paraguay, reducing corruption in public contracting.

The request also continues our important work to advance progress for women and girls across the world. That includes $75 million toward the U.S. Government's Let Girls Learn initiative, including the Let Girls Learn Challenge Fund, which will enable USAID to empower adolescent girls through increasing access to quality education and removing barriers to success. Additionally, USAID will continue to pursue efforts to prevent child, early, and forced marriage; support children in adversity, and prevent gender-based violence.

We are also supporting various regional development strategies, including a $75 million request for Trade Investment Capacity Building to align, focus, and expand current bilateral and regional trade programs in sub-Saharan Africa and an additional $10 million request for the Young African Leaders Initiative. Additionally, development is a vital underpinning of the Asia-Pacific Rebalance, and this request includes $694.4 million to strengthen democratic processes, promote rule of law and respect for human rights, and enhance critical trade efforts and prevent pandemic health threats in the region.

PREVENT, MITIGATE, AND RESPOND TO HUMANITARIAN CRISES

The United States is a world leader in humanitarian response. Whenever a disaster hits, we are there to provide food, medicine, water, even the tools to rebuild. Over the last seven years, USAID has deployed 23 Disaster Assistance Response Teams (DARTs); on average, USAID has responded to 60 emergencies each year. We currently have four DARTs deployed simultaneously – in Iraq, South Sudan, Syria, and Ethiopia. The United States is the single largest donor of humanitarian aid to the Syrian people, and is feeding more than one million people in South Sudan each month. We are responding to El Niño on four continents, including in Ethiopia where our efforts are building on the Government's strong response and longstanding work to build safety nets for its people. Our assistance is saving lives and protecting precious development gains.

The request of $3.3 billion in USAID-administered humanitarian assistance accounts provides the agility and flexibility that is critical in preventing, mitigating, and responding to global crises. The request includes additional flexibility in our Title II food assistance program to make it more effective, so we can assist approximately 2 million more people in crises with the requested resources. An additional $107.6 million is requested to prevent conflict and stabilize emerging democratic processes in critical transition environments, and for quick response to urgent, unanticipated civilian contingencies. This will enable USAID to take advantage of opportunities to catalyze positive change in countries all over the world, as we have done in Burma, Kenya, and Colombia.

We do this work in increasingly challenging environments, as we face crises that are chronic, complex, and severe. These crises strain our resources and take a toll on our people. That is why, even as we continue to respond to the most urgent crises, we must invest now to manage a future of rapid and often tumultuous change. That includes scaling up some of the most effective but least visible work USAID is doing across the agency to foster resilience – or the capacity of people, communities, and countries to withstand external shocks. And it includes using tools like our Famine Early Warning System and fragility analyses to help anticipate crises to the best of our ability.

It also includes staying the course for years to come on the Global Health Security Agenda – ensuring that investments made with funding from the emergency Ebola request in December

2014 continue to prevent the spread of Ebola and other infectious diseases. Ebola, and now Zika, have exposed the degree to which the world is unprepared to respond to infectious disease threats. These outbreaks serve as an important reminder that all countries need to have the capacity to prevent, detect, and respond to disease threats. Full implementation of the Global Health Security Agenda will protect Americans by extinguishing outbreaks at the source before they threaten our national and global security.

MITIGATE THREATS TO NATIONAL SECURITY AND GLOBAL STABILITY

As the latest National Security Strategy affirms, development plays a "central role in the forward defense and promotion of American interests." That is why USAID works in places of strategic importance to U.S. foreign policy to mitigate emerging threats and other global security challenges. These are countries where achieving development gains is especially difficult, and development is an especially slow process. But our efforts there are nonetheless critical, from planting the seeds of dignity and opportunity that offer a counter-narrative to violent extremism to fostering good will toward the United States.

For example, the $470.3 million request for USAID-implemented activities to improve prosperity, economic growth, and governance throughout Central America will help address the root causes of migration from the Northern Triangle countries of El Salvador, Guatemala, and Honduras. A dramatic rise in crime and violence has slowed economic growth in these countries, and USAID has made important progress through crime prevention activities. In fact, an initial analysis indicates a 66 percent drop in homicides in the Salvadorian communities where USAID targets its programming. Guatemala has taken critical steps to decrease impunity, and El Salvador has adopted the most comprehensive national security plan in the Northern Triangle – based on USAID's community crime prevention model.

We acknowledge that in many of these challenging environments, security constraints and limited staff can make it difficult to monitor projects and measure progress. USAID is committed to responsible stewardship of taxpayer funds in any circumstance. That is why, in Afghanistan, USAID developed a multi-tiered monitoring approach that allows project managers to gather and analyze data from multiple sources, triangulate information to ensure confidence in the reporting, and use the results to make programmatic decisions. To implement this approach and ensure proper oversight, we are scaling up third-party monitoring.

Additionally, the request includes $698.1 million in Economic Support Fund and Global Health Programs funding to help strengthen market economies and trade opportunities, independent media and democratic institutions, energy independence, and enduring commitments such as health and education in Europe, Eurasia and Central Asia. These efforts are part of the U.S. Government's broader effort to help Ukraine, Georgia, Moldova and Russia's neighbors stand strong against increased pressure from Russia.

LEADING IN GLOBAL DEVELOPMENT, ACCOUNTABILITY, AND TRANSPARENCY

This request positions the United States for continued leadership in global development, accountability, and transparency. That includes $195.5 million for the Global Development Lab (Lab), and our Bureau for Policy, Planning, and Learning (PPL). The Lab will help spur and integrate innovation across and beyond the Agency, while PPL will help us continue to lead with evidence-based approaches to development.

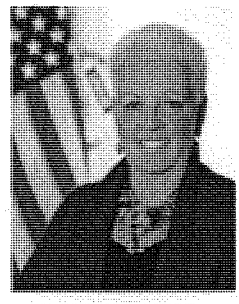
The request will also help support and strengthen USAID as an institution. The requested $1.7 billion for USAID Administrative Expense accounts will sustain ongoing operations and build on recent reforms, including continued improvements in procurement, local capacity building, innovation, and accountability.

Finally, we cannot lead without the men and women of USAID. Not only do they bring an incredible amount of experience and expertise to critical policy decisions, they are willing to risk their lives in service to their country. In light of that, I ask that you please support the restoration of full Overseas Comparability Pay for USAID personnel who are deployed abroad. In addition to helping the Agency retain highly-skilled individuals in a competitive international jobs market, it will ensure fair treatment for those serving in relatively high-risk locations.

Again, I appreciate the opportunity to discuss the President's Fiscal Year 2017 budget request. It is a great privilege to serve the American people alongside the men and women of AID, and I look forward to working closely with Congress to continue to make USAID a more agile, accountable, and impactful Agency. Thank you again, and I welcome your questions.

USAID
FROM THE AMERICAN PEOPLE

GAYLE E. SMITH



ADMINISTRATOR

Gayle E. Smith was sworn into office as the seventeenth Administrator of USAID on December 2, 2015. As a long-time leader in President Obama's Administration, she has helped shape and guide America's international development policy for the past seven years, including by elevating development as a vital component of the national security agenda.

As Administrator of USAID, Smith oversees a dedicated team of nearly 10,000 professionals working to end extreme poverty, foster sustained and inclusive economic growth, and promote resilient, democratic societies all over the world. She is committed to sustaining USAID's work to lift up the world's most vulnerable people through promoting innovative partnerships, emphasizing science and technology, engaging with and strengthening local leadership, and maintaining a relentless focus on evaluating, measuring, and delivering results.

Most recently, Administrator Smith served as Special Assistant to the President and Senior Director for Development and Democracy at the National Security Council (NSC), where she helped manage the U.S. Government's responses to more than 15 major humanitarian crises and worked to strengthen democratic institutions around the world. She has been a driving force behind Presidential initiatives that are advancing USAID's mission, including Feed the Future and Power Africa.

Administrator Smith was previously a Senior Fellow at the Center for American Progress, Co- Founder of the ENOUGH Project, and Co-Founder of the Modernizing Foreign Assistance Network. During the Clinton Administration, she served as Special Assistant to the President and Senior Director for African Affairs at the NSC, and as Senior Advisor to the Administrator and Chief of Staff of USAID.

Prior to her U.S. Government service, she worked as a journalist in Africa for over 20 years, where she covered military, economic, and political affairs for the BBC, Associated Press, Reuters, Boston Globe, Christian Science Monitor, Toronto Globe & Mail, London Observer, and Financial Times. She won the World Journalism Award from the World Affairs Council and the World Hunger Year Award in 1991, and in 1999 she won the National Security Council's Samuel Nelson Drew Award for Distinguished Contribution in Pursuit of Global Peace.

Administrator Smith is a member of the Council on Foreign Relations and has served on the boards of Oxfam America, the Africa America Institute, ASSET, USA for Africa, and the National Security Network. She has also consulted for a range of NGOs, foundations, and governmental organizations including UNICEF, the World Bank, Dutch Interchurch Aid, Norwegian Church Relief, and the Canadian Council for International Cooperation.

She also served on the policy and advisory boards of DATA, the Acumen Fund, and the Global Fairness Initiative, and was the Working Group Chair on Global Poverty for the Clinton Global Initiative from 2005 to 2007. She received a B.A. from the University of Colorado at Boulder.

Ms. GRANGER. The subcommittee stands in recess.

[Recess.]

Ms. GRANGER. The committee will come to order. We will have some members that are coming in. Unfortunately, because of our timeframe, we are all overlapping with each other's hearings.

I am going to start with a question that I think is a very important budget issue. The Development Assistance account is USAID's main source of funds outside of global health, and it is also the account that has the slowest rate of spending in our entire bill. We recognize that long-term development takes time, but the data is troubling.

The latest information shows more than $4 billion in unexpended balances and an additional $4 billion that has not been obligated. This is difficult to explain in a time of tight budgets. Administrator Smith, I know you want to work on this problem during your time at USAID. Can you tell the subcommittee how you plan to address this issue?

Why is the USAID standard of an 18-month pipeline considered an acceptable amount of time to spend funding?

Ms. SMITH. Thank you for that. As we have discussed before, this is a priority for me. On the pipeline side, there has been a reduction from 18 to 16 months, which is progress. This is also something that has been bumped up to what is called the Administrator's Leadership Council, so that there is a tracking on a regular basis of where we are on the pipeline.

Some of the reasons that we carry a pipeline are things beyond our control. There are some environments where it is harder and slower to obligate money than others, but there are some things we can fix on our side. There has been a lot of great work done on looking at our systems and our processes for how we can spend down more quickly.

I think with the combination of tracking it—in what are quarterly meetings now at the leadership level of the Agency—to see exactly where we are and what additional we need to do, I am confident we can make additional progress on this.

The notion of a pipeline in health is one particular thing. You need to carry a pipeline for some specific reasons so that you don't get to the point that you have any risk that people will not receive the assistance or the medicines that they need.

But in other cases, it is to have the assistance to plan and obligate even as we are learning what the impact is and seeing how we spend down the money in the field. So it is not unusual to carry a pipeline of some volume.

I think what we want to do is two things—reduce the number of months of pipeline we carry and then, second, look at our systems and our processes, see what we can—and I have raised this with you before—systemically fix, even as we look at particular accounts to spend down.

What do we need to do across the Agency to speed up the time?

Ms. GRANGER. All right, thank you. The other question I have is the issue of staffing. You inherited an agency with more than 20 different hiring authorities. Included in the fiscal year 2017 budget request is a proposal to add one more for the global development lab, and included in the emergency supplemental request to combat

Zika is another proposal for two additional hiring authorities. Why does USAID need these new hiring authorities?

Ms. SMITH. Madam Chair, you are absolutely right. We have a lot of authorities. I have learned about many of them in the last 3 months. A couple things on that: We need specific authorities because at certain times we need specific kinds of people for a time limited period to undertake a specific task. And that is something the Agency will always need. In the case of the Lab, this is a new entity, and we need to be able to bring on specific people. With Zika, as with Ebola, there is a temporary need.

If I may, let me offer a reflection based on having worked at USAID before, served on a Congressional Commission to look at these kinds of things, and led the President's transition team in 2008 that looked across all of our agencies. I think one of the things that has happened, frankly, over 20 years, rather than us from administration to administration looking at what our development agency needs foundationally, in terms of staffing to support its work, and then what are the capabilities it needs to surge if there is an emergency or a special requirement, what has tended to happen is that as a need arises, there is a new authority, a new way to hire, so on and so forth. As you can imagine, it is not the most efficient thing internally, and I am sure it is of—well, I know from what you have said to me in the past it causes you to scratch your head oftentimes.

We would like to propose two things. One, these authorities would help us a great deal, but at the same time—and, again, can we look at, over time, what kind of hiring authorities this Agency needs to have a strong foundation, so that we have got the institutional knowledge and memory that we can carry forward, and the ability to flex when we need to flex?

We are also looking at this internally in terms of how this affects our personnel system. And we have done an assessment and put together a strategy to start fixing it internally to make us more nimble.

Ms. GRANGER. Good. Mrs. Lowey.

Mrs. LOWEY. I mentioned in my opening statement my disappointment that the administration continues to undercut basic education programs. USAID has made progress toward reducing the pipeline that accrued after reorienting to the new education strategy in 2011, and I am encouraged by the successful reading pilot programs that are going to scale in many countries and the heroic efforts to reach children in conflict zones.

But this year's low funding request would undermine these efforts. I know we agree on how important basic education is to our success in every development goal and that we know how to get results. So I have to ask, number one, why does the administration continue to underinvest in this sector? Two, last year, First Lady Michelle Obama announced a new initiative, Let Girls Learn, to tackle adolescent girls' access to education.

How were these efforts building on, but not diminishing, our work in basic education? And how does the administration plan to tackle such an important initiative with such an insufficient budget request? And lastly, can you share concrete results and progress with respect to USAID's bilateral education program?

Ms. SMITH. Thank you, Mrs. Lowey, for your championship not only of the work that we do, but for education. Our challenge on education is that we face multiple demands. Basic education; workforce education, given what we are seeing with jobs and the inability of people to find or create jobs; higher education, where there are places where we feel that our investments have enabled them to provide better training for citizens so that they are creating an able workforce; and the emergency education to which you refer, which unfortunately has proven increasingly necessary in places like South Sudan and Nigeria.

We have also been able in education to do a couple of things that I think stretch our dollars further. One is public-private partnerships, which we do across the Agency now. The value of those in education—and all of these are basic education, so it is education across the board—from 2000 to 2014 is $957 million.

The other thing—this is a place where I think the Agency with what we have learned with the shift to really focusing on the ability of kids to actually read after they go through basic education—is working with governments to affect their education policies and what they do across the board. So in some cases, we are affecting policy and national strategies even if we are only financing a piece.

As I think you may know, so far in the 5-year strategy, we have reached 30 million children. And let me just give you a couple examples of places where I think in addition to the dollars that we invest kind of in a straight-line fashion we have been able to have impact beyond that. In Malawi, we have been able to support the national scale-up of a local language reading program that was proven to significantly increase student learning outcomes in the pilot phase.

Now, by supporting the national scale-up, we are not financing the entire national scale-up. Other donors are doing some of that. The government is doing some of that. But we have been able to play a role in the pilot and translating the findings of that into government policy.

In Jordan, the Ministry of Education, with our support, is now supporting nationwide adoption of these early grade reading and math policy standards curricula and assessment. So again, where we are able to provide kind of proof-of-concept of what works, we are finding that we are able to influence and work with governments to expand those efforts. May I——

Mrs. LOWEY. Pardon me?

Ms. SMITH. I am sorry. I just wanted to answer on Let Girls Learn. On Let Girls Learn, there are a number of ways that I think the First Lady has envisioned, and we have seen success of getting support for that initiative. Already, there are partnerships with the government of the U.K. and their assistance agency, DFID, with Japan; and now with Canada. So part of what we are able to do is go to them, and encourage them to do more; and quite frankly, they are spending a lot of their resources.

We have also been able to attract a great deal of interest on the public-private partnership front. We have found that there are a number of foundations and companies, propelled I think by their own interest, but also now by the Sustainable Development Goals,

that really want to get behind this notion of supporting adolescent girls.

Last, through the Challenge Fund, which is included in the budget, what that is set up to do is develop new ideas and ways of ensuring that girls stay in school, because as you know very well, one of the problems we have is retention. It is $35 million, but I think we will get ideas, recommendations and proposals on that that, again, the teams will be able to force multiply.

Mrs. LOWEY. Well, let me just say—because I think my time is up—we will be coming back—I am always delighted to hear about successes, but you know and I know that there are millions of girls who are not getting an education.

Ms. SMITH. Absolutely.

Mrs. LOWEY. In fact, I think we heard recently, as we follow, both the Chair and I, Jordan very carefully and the King comes and his deputies come on a regular basis. At one point, we were hearing they are building schools, which is all fine, but you can have girls learning in tents.

So I am glad to hear about your successes. Please keep them coming. But I really don't think the explanation for decreasing money for girls' education, when there are so many millions of girls, as you know, who need an education, so let's continue to work together on that.

Ms. SMITH. Let's please do that. Thank you.

Mrs. LOWEY. Thank you.

Ms. GRANGER. Mr. Fortenberry.

Mr. FORTENBERRY. Thank you, Madam Chair. Good afternoon. Good to see you. Thank you for joining us.

Ms. SMITH. Good to see you.

Mr. FORTENBERRY. Sorry I missed your earlier statement. I don't have the benefit of your testimony in that regard, though I would like to follow up on some of the earlier conversations that we have had regarding organizational structure of USAID.

It is difficult to get the arms and mind around the multiple tasks that you are engaged in and whether or not this is the most effective model to meet these four principles that you have well laid out in your opening statement that—I agree with this—foreign assistance is a valuable tool, it has to be explained to the American people as to why it is valuable.

It is intimately tied to our own national security, as well as our own humanitarian and values interest, and creating the conditions for international stability is beneficial not only to other peoples, but to us, as well.

So there are intended multiple good outcomes here, but there also has to be a discipline. And joining forces with others leverages scarce dollars. In that regard, why don't you just walk through the basic—I think earlier you talked about four columns and what those represent, their missions, as well as the expenditures that go toward each column of activity so that we can refresh ourselves?

Ms. SMITH. Yes, and I will——

Mr. FORTENBERRY. I am going off memory from the earlier conversation. So you might not have had four columns. It might have been three——

Ms. SMITH. No, I called them buckets.

Mr. FORTENBERRY. Buckets, thank you.

Ms. SMITH. But I do have these—and I will confess that I pulled these buckets together as a way to, as you rightly say, get your arms around things and also some conversations with Ms. Granger about how this Agency carries out a huge number of tasks in the interest of our national security, as an expression of our values, and in response to emergencies.

And so the first one where we are talking about fostering development progress, that is the one where I would define our primary purpose there is development where we have the conditions to get meaningful long-term gains. It is the steady hard work of putting investments in the bank that are going to yield returns over time.

So in that category, I would put Feed the Future, for example. I would put our global health budget—those are, I think, $978 million and $2.9 billion, respectively. I would put the work we are doing on Power Africa, and some of our country programs. Now, it gets a little tricky whether you put democracy and governance there. I would argue that we should. It is a long-term investment over time.

Then we get to preventing, mitigating, and responding to crises. That would carry our emergency assistance budgets, but also I think some very important work that we do on resilience, which is more of what the Agency is doing. It is very effective work at reducing the vulnerability of communities and countries to external shocks, which we know we are going to see more of over time, and a lot of the analytical work that we do and so on, on Ebola, all of those things fall in that category.

The third are the times where as a matter of national security or foreign policy, USAID is called upon to bring the third "D" of defense, diplomacy and development to the table in the interests of policy and to pursue an important national security priority.

Now, those are regions where it is difficult, Afghanistan, for example. Our people work extremely hard under really difficult circumstances, are given a challenging task in an environment where it is not near as easy as doing Feed the Future, quite frankly, where you have got better conditions.

Mr. FORTENBERRY. Let me—because the time is short, and I am going to get cut off—let me—and maybe we will have a chance to come back to it—but let me introduce my perspective on one of your intense areas.

Ms. SMITH. Yes, please.

Mr. FORTENBERRY. I am afraid our Chair is going to get tired of me saying this, but agriculture has become cool. And I am very happy about that, being from Nebraska. The whole idea of sustainable agricultural development as an augmenting of our traditional ag disposition or our traditional agriculture exports and programmatic systems is a key component of sustainable development.

Ms. SMITH. Absolutely.

Mr. FORTENBERRY. It meets people where they are in the most nurturing of circumstances. If we are looking for the ability to meet national security goals in terms of giving people some opportunity to have continuity with their own subsistence and build out true market systems that are beneficial to persons not controlled by oth-

ers, you take away the options for twisted ideology and wrongly directed nationalism to coopt perspectives.

This is the right thing to do. We have got the technology. The populations are growing. It is consistent with, again, working toward the right market principles, and this helps create the conditions for international stability.

You listed it first—and I don't know if you did that intentionally as it is in the top of your mind as the main development assistance priority, or it is certainly ranking, but I noted you said Feed the Future first.

Ms. SMITH. I have been involved with Feed the Future since its inception for all the reasons that you point to. To your earlier comment about the need to make the case to the American people that assistance works and development is a worthy enterprise, this is also an area where we have the evidence and facts to show that we are having real impact, so I think it is helpful in that regard, also. But I welcome your support for it and agree with you.

Mr. FORTENBERRY. Thank you. Thank you, Madam Chair.

Ms. GRANGER. Ms. Wasserman Schultz.

Ms. WASSERMAN SCHULTZ. Thank you, Madam Chair. Welcome. It is good to see you again.

Ms. SMITH. Thank you.

Ms. WASSERMAN SCHULTZ. I wanted to touch on nutrition and the Rio summit, as well as Zika and family planning. As far as the Rio summit, I would really like to know—because nutrition has become one of the really kind of wonderful bipartisan efforts that we have made here. Congressman Diaz-Balart and I have led a resolution pushing the U.S. to follow through with our commitments at the last nutrition for growth effort. We want to make sure that we are stepping up to the plate and maximizing our reach.

So can you talk about our commitment and how we are going to make sure that we meet the kinds of commitments that we need to be able to make at the conference or at the summit, rather, and how we are planning to leverage the upcoming Nutrition for Growth to really be able to ensure that the global community strengthens its commitments for the lives of people, of children who are struggling from malnutrition and from stunting?

Ms. SMITH. Yes, and thanks for your interest in this. And I want to point out one thing on nutrition, which Mrs. Granger and Mrs. Lowey both raised in their opening comments, and concerns about the budget level.

One of the challenges we have on nutrition—including going into things like the Rio summit—where what people look at as the measure of our commitment is a line item in a budget, is that what is carried in global health, which is where nutrition is counted, does not include the work we do on nutrition through Feed the Future, where we have seen reductions in stunting from between 9 percent to 33 percent in the areas where we work, or the work that Food for Peace does on resilience—where nutrition is one of the core activities that they undertake to, again, reduce the vulnerability of particularly the extremely poor.

We have a great story to tell on nutrition and a lot of evidence to show that it works. Our thoughts in terms of going into Rio are that we need to do two things to leverage and mobilize the inter-

national community. One is lift up those partners who are doing more. There are a lot of developing countries that are putting their own resources into this and getting real results. We think that tells us a story and, quite frankly, compels some other donors that aren't stepping up.

The second: this is an area where we have had huge interest from the private sector. Now, I have been enormously impressed by the degree to which every part of the Agency has factored public-private partnerships into the work that they do. I think we are at the stage now—and we are only in the preliminary discussion phase—with some of our partners with whom we may have seven or eight partnerships in different parts of the world—to talk about what we have called "systemic partnerships" where we look all across the value chain, even at a global level, to see what impact we have.

I hope we can make progress on those soon, because I think those could point to much greater gains in nutrition. So I share that as a priority with you, and I think we will be able to both deliver in terms of our commitment, but also show enough results that we can persuade others to join us.

Ms. WASSERMAN SCHULTZ. Good. And on Zika, how is USAID working to improve access to family planning with UNFPA and other international partners in the Western Hemisphere? We talked about this yesterday with Secretary Lew—there are countries that severely limit access to family planning, deem women as falling pregnant, somehow, as if it happens by accident. Clearly, we have all seen the heartbreaking pictures of babies with microcephaly and we have really got to make sure that we not only provide assistance for those who are afflicted with Zika, but to make sure that women—in light of those nations' recommendations to their own people—that they avoid falling pregnant for 2 years, at the same time they are blocking access to family planning to be able to make sure that doesn't happen.

Ms. SMITH. Thank you for that. Our proposed approach on Zika—and we have moved out on some of it, but not as broadly as we hoped to—we are in dialogue with both the House and the Senate on our emergency request—I think we need to address that in three ways. One is through information, because I think when women have the information they need, the scientific information that they need, they can learn how to protect themselves.

One of the things we are already moving out on is, how do we provide that public information? Again, we all know how powerful that is when women need to act.

The second is on care and a focus specifically on women of childbearing age. With respect to family planning, our approach in policy has been that it is voluntary. We provide the information and we hope to be able to do that again in this instance, should it be needed by women who are affected.

Ms. GRANGER. Mr. Ruppersberger.

Mr. RUPPERSBERGER. Thank you, Madam Chair.

The key is to have a good team, and I am sure you have that team with you. I want to talk about TB, tuberculosis. And just before I get into the questioning, it seems to me that there are three different types of strains, and the first is just regular TB. The sec-

ond is drug-resistant, which they call multi-drug resistant TB. And the third which is extremely dangerous, and that is extensively drug-resistant TB.

Now, according the World Health Organization, TB is now the leading global infection disease killer ahead of HIV–AIDS. The continued spread of drug-resistant TB is a threat to global health security, with 480,000 cases of multi-drug—that is the second—multi-drug-resistant TB reported in 2014 globally.

Yet the World Health Organization estimated that less than 25 percent of people with a multi-drug-resistant globally are getting treated appropriately. Now, it is an increasing problem also for the U.S.

In 2015, the U.S. had three cases of the extensively drug-resistant TB, which is the most dangerous. The most difficult and expensive strain to treat, and including—I am from Baltimore, Maryland—and including one case in a young child in my state who is being treated at Johns Hopkins right now and is very sick right now.

Now, in December 2015, the President released the national action plan for combatting the drug-resistant TB. When it says national, that is really international and national, it is both here also. It is also a comprehensive plan for combatting this MDR TB in the U.S. and abroad and accelerating research and development. But the President's budget proposes to cut funding for the USAID TB program from $236 million in fiscal year 2016 to $191 million, a cut of 19 percent.

Can you update the subcommittee on USAID's efforts to implement a national action plan and address what ramifications that this President's cut, if it is sustained, will have not only in the United States, but internationally? Did you get all that?

Ms. SMITH. I got all that.

Mr. RUPPERSBERGER. OK, good.

Ms. SMITH. Thank you for that. I was thinking to myself as you were speaking, we have done Ebola and Zika and now we have got extensively drug-resistant TB. The story just continues to get worse.

A couple things on this. Our request on TB does not reflect what we do through PEPFAR, the President's Emergency Plan for AIDS Relief, and through the Global Fund for AIDS, TB and Malaria, to which we are the largest donor. So we have additional resources that go to TB, again, than are represented in the line item.

The other thing—and particularly on the President's plan—part of the reason that plan was put out there was a call to action, both domestically as you rightly point out, but also globally. This is an issue that has been raised in the G7, in the G20: that we are seeing the acceleration of this and the world is not responding. And just as the President led on the Global Health Security Agenda, he has been out there pressing on the rest of the world to do more.

Now, in the case of TB, one of the issues we also face is a very high incidence in middle-income countries, so one of the things we are pressing for through the action plan and our own work is that those countries step up and put more——

Mr. RUPPERSBERGER. What are some of those countries?

Ms. SMITH. South Africa, which has just in its own domestic budget rolled out increased funding for diagnostics and treatment; and Brazil, which has recently—and I would like to think this call to action had something to do with it—in addition to their own recognition of the problem—expanded its national TB control program. Russia is a country with a fairly high incidence.

Mr. RUPPERSBERGER. Even with all that vodka?

Ms. SMITH. It turns out vodka and TB just doesn't do it.

Mr. RUPPERSBERGER. It doesn't kill it? OK.

Ms. SMITH. We are unfortunately in a moment where we have to make some choices. This is one that we think if we marry it to, again, what we are doing through the Global Fund and PEPFAR and pressing on and working with middle-income countries to raise their contributions, we can still move the ball forward.

Mr. RUPPERSBERGER. It is important, I know, that we do our research, and I know there are funds that you have. But we deal a lot with medicine. I would think some of the research that you are doing to try to deal with some of these things, it should be akin to like a DARPA situation, almost out of the box research that might be needed to address some of these issues that are getting worse and worse.

Ms. SMITH. I think there is a lot more of that going on across the government as we see new diseases and higher prevalence, absolutely.

Mr. RUPPERSBERGER. Thank you.

Ms. SMITH. Thank you.

Ms. GRANGER. We are going to have a second round. I would like to address the growth in funding by USAID and the Department of State to trust funds at the World Bank and other banks, and I am concerned about the lack of oversight of the taxpayer's dollars. We received a report from the Department of the Treasury that we requested on these trust funds, but it raised additional questions to me.

First, how does USAID oversee this funding once it has been transferred to the World Bank or other banks? Second, are restrictions on U.S. foreign assistance adhered to if funds are provided to trust funds? And finally, there are examples of the trust funds languishing for years. Is there any mechanism for the United States to retrieve funds once they are provided?

Ms. SMITH. That is a really good question. And let me say a couple things. Trust funds are often very valuable in situations of post-conflict, for example, where you may have a weak government that, quite frankly, doesn't have the capacity to manage multiple donors. It often makes a great deal of sense to put our resources into a trust fund, and reduce the management burden that we impose.

I have worked with and through a lot of trust funds over many years. And trust funds are as good as they are built and as good as the oversight is. There are some very good ones, but there have been some that have been terribly ineffective.

What we generally do with trust funds is have a role in their creation, both through our role in the World Bank, where Treasury plays a key role. With the global food security fund at the World

Bank, for example, we played a huge role in actually designing that from the get-go, including the governance structure.

In other cases, our oversight is through Treasury and our role on the executive board, and on the ground. In countries where we use trust funds, our USAID missions and other donors regularly meet with and require evaluations from trust funds of resources.

And, third, to your point about whether U.S. law applies, a couple of things. For example, on terrorist financing, World Bank Trust Funds are required through their connections to the United Nations to screen for terrorist financing, Specifically on health, when we provide contributions to a fund, our agreement letter includes provisions that they must honor that are in U.S. law.

So I think we have a role often on the ground floor through the Bank, through regular monitoring in the field, and through stipulations we may put in our agreements, I think it is always important to take a look at how well a trust fund is working, and that is one of the things our teams do. We are looking now at how well things are going in Afghanistan, for example, because it can never hurt to kick the tires and make sure things are working really well.

As to the matter of trust funds that may be dormant and still have resources available, I don't have a specific answer for you, but I would be happy to look into that and get you one.

The World Bank maintains a donor balance account for trust fund contributors to allow for the return of unexpended trust fund principal and accrued interest. USAID is examining this donor balance account to determine which amounts will be returned to Treasury as miscellaneous receipts versus funds that may be eligible for reprogramming for other foreign assistance activities. Once we make this final determination, we will provide the World Bank with specific instructions on how to direct these funds to the appropriate account.

Ms. GRANGER. Great, thank you. Mrs. Lowey.

Mrs. LOWEY. Thank you. You just touched on Afghanistan, so I would like to follow up, because so much of our efforts a few years ago was focused there, and many of us worry about what is happening now. And, in fact, at a hearing like this a few years ago, it would have been primarily about Afghanistan.

But the world has shifted its attention. Unfortunately, there are so many trouble spots, and your important work is evident in every one of them. But I have been—and I continue to be—concerned about the women of Afghanistan following the U.S. military drawdown.

I think we need to be more mindful of how fragile the gains of Afghan women are. In 2014, USAID launched PROMOTE, an initiative focused on the empowerment of Afghan women in several ways. If you could share with us the progress this program has seen so far, what benchmarks do you use to assess whether we are having an impact, what is the current status and near-term outlook for USAID's program in Afghanistan, and what are we retaining, what are we turning over to the Afghan government?

And if we do turn it over, how successful have we been? And how does USAID combat fraud and abuse of U.S. taxpayers' dollars? You can take a deep breath.

Ms. SMITH. First, thank you for your attention to Afghanistan. I think you are right that there is a lot of competition in the world now. I think this may be the most difficult transition our teams have been asked to handle. The circumstances are really difficult.

The security environment is tough. I think we have some good fortune in that we have a president in Ashraf Ghani who knows development well. I have known him for a long time and worked with him.

But there is also some progress I think we don't want to lose sight of. School enrollment has gone from 1 million to 8 million. Sixty percent of the population now lives within 2 hours of a health facility. It doesn't sound like something that would perhaps satisfy you or me, but it is a very big change.

When we started, 6 percent of Afghans had access to electricity. It is up to 28 percent. On the sustainability side—and that is what we are really focused on now—there is some progress. Domestic revenues are increasing about 25 percent a year. That is slow. It is not enough to get over the mountain, but we are certainly climbing up it.

On the issue of women and girls—and you know that is a priority of the President himself—he has spoken as articulately about girls' education as almost anyone—we are seeing an uptick in enrollment in schools, and also in universities, where university enrollment is up to I think 175,000 or so, and I think some 35,000 of those are women. Again, it is not 50/50 yet, but that is tremendous progress for Afghanistan.

On the program you mentioned, which is designed to ultimately reach 75,000 women, it is the largest gender program that we have in any country. Just a few results so far: We have provided 3,500 women with vocational training; trained over 2,000 midwives; facilitated almost $2 million in small private-sector loans, so that women can start and sustain their own businesses; and trained 25,000 female teachers to support basic education.

So that is starting. We are working with the Ministry of Education to do that, because when you ask what are we handing over, what we are trying to do with our partners is exercise the muscles of governance to the point that they work well and the government is putting resources on the table.

So we have seen some successes. If you look at the power utility, which at one point we were financing, the government has now taken that over. We are not financing it anymore. So there are things that we are handing over, and our hope is that we can sustain the gains, for example, in the social sectors, including for girls and women, and work with the Ministry of Education, and gradually more and more of that will be handed over to them. But I don't think the task is completed yet.

We do a lot of evaluations in Afghanistan. We invite other evaluations—GAO, the inspector general, and others—we get a lot of recommendations which we are constantly working into the system. And part of that is in terms of waste, fraud and abuse from misuse of funds. I don't want to suggest that that is easy.

And in an environment where our people can't move around freely, and often have to rely on third parties to monitor, it is a constant effort to reinvent how we track funds, what we learn, and what new systems we need to put in place.

I can tell you, I have talked to the teams about this a lot. They spend a huge portion of their time constantly figuring out—again, in one of the hardest environments I think we face—how they can

both get the results we need for sustainability in Afghanistan and take the recommendations that they themselves often solicit to make sure that we are protecting the resources we are given.

Mrs. LOWEY. Thank you. But I know how difficult it is.

Ms. SMITH. It is really hard. And I will tell you honestly, I think the men and—the biggest change I have seen in USAID—I was there during the Clinton administration—is the——

Mrs. LOWEY. In Afghanistan, you mean?

Ms. SMITH. No, in USAID.

Mrs. LOWEY. Oh, USAID.

Ms. SMITH. Is the impact on the agency of the men and women who for 15 years have worked in environments like Afghanistan where it is uphill and slow, two steps forward, one step back, on and on. It is hard to spend money, hard to track money. It is really difficult. And the reason I mention the gains is, I think there are enough gains there that we need to keep going, and I think we can get to where we need to go.

But you are right to point out that this can't fall off the radar and not get the attention it deserves.

Mrs. LOWEY. Well, let me thank you, because I know you have been involved here so very long. And when I meet these dedicated men and women, I really have just such enormous respect and working together with other groups like Mercy Corps that just get in there and putting their lives on the line in many respects——

Ms. SMITH. Absolutely.

Mrs. LOWEY. It is extraordinary. But I just feel so passionately about the girls' education, and I know our chair does, in Afghanistan. And I do hope not only can we maintain what we have achieved——

Ms. SMITH. Can we expand?

Mrs. LOWEY. But we can expand. So I look forward to continuing to hear about the progress.

Ms. SMITH. Absolutely. Thank you.

Mrs. LOWEY. Thank you.

Ms. GRANGER. Mr. Fortenberry, do you have another question?

Mr. FORTENBERRY. Thank you, Madam Chair. I only want to spend a minute on each one of these things. The first question is—and it is unfair to you—and then I will give you my answer—but if you were re-designing this agency, what would you do? Starting from scratch. Okay, I will propose my solution or my perspective.

If you think about America and how America's economic progress really was launched, it is through the land grant university system and extension, whereby technical expertise was then spread out across the land, mainly during agrarian times. But that is really the source of it, a foundational source of America's sustainable economic well-being.

Now, you don't have a corner on the market on development. Universities are in this business. Other areas of the Federal Government are. Charities. And all of that, that is good, that is fine. But it just seems to me that replicating the land grant system and then the cooperative extension service is a means to get to all of the various components of what we are trying to do here in a way that we already have knowledge about.

Ms. SMITH. You are speaking to an Ohioan, so I am for this. And I have spent a long time in this field, and the land grant universities are also something where I have seen a return everywhere I have traveled, because you meet people who have either been taught by, attended, met with, or benefited from the research from some of the land grant universities.

One of the things that we have done over the last few years which is important in building on that same kind of approach of, how do you take the knowledge and expertise that we have and share it systematically through our institutions, whether land grant or others? Part of Feed the Future——

Mr. FORTENBERRY. Which provide a permanency of continuity.

Ms. SMITH. Yes.

Mr. FORTENBERRY. And this is one of the difficulties of fragmentation of air-dropped aid, semi-permanent contracts that shift and change and—

Ms. SMITH. Well, and also changes from administration to administration. One of the things that has been a pleasure to me is watching health from administration to administration on health. We have continued. It is my hope that from administration to administration we will continue on food security and agriculture.

Early in the design of Feed the Future, one of the things we saw as critical was to establish relationships with U.S. academic institutions and other research facilities so we could build that kind of institutional partnership that would translate over time.

That has been done. My predecessor put a great deal of time and energy into that. Those are relationships that in some cases had faltered and I think have been rebuilt. Those same kind of relationships are being built through the Lab. So this notion that we need to have long-term institutional relationships with institutes of higher learning is something I think that has been brought back through Feed the Future and through the Lab, and something, I agree with you, we should absolutely continue.

Mr. FORTENBERRY. What is the best example—again, another hard question—where the agency has picked up the pieces from war, from external shock factors as you have said, has moved people with respect to local values and local norms into a more sustained position both in terms of eradicating poverty, structural poverty, putting in place governance structures that are consistent with human dignity, and then, again, provide continuity for real hope and human flourishing in the future. Where is the best example?

Ms. SMITH. Colombia. Now, here is the challenge, though, with that being the best example. That has taken a long time, and we are about to embark on the next phase of the transition. And I think there have been a lot of places where we have seen significant gains over a year, 2 years, 4 years.

You can look at a country, any number of them, including in sub-Saharan Africa, Central America, Latin America, where we say there is great progress. There has been a huge reduction in poverty, but do we have all the ingredients we need for that to be sustained?

Oftentimes, the answer is no, because it takes a very long time. One of the things I would put on a white sheet of paper—we can

talk about that plain white sheet of paper sometime—is the ability to sustain the very long-term work it takes for these transitions. It is not a 2-year proposition.

Mr. FORTENBERRY. It is a good answer. Let me add one more thing before my time is up. There is a very small program which you administer that goes through USDA called Farmer to Farmer. It was the brainchild of my predecessor. And what this does is it links farmers who are retired or who are in a phase of life where they have a little extra time with partner countries, communities in other areas where they can move their technical expertise, develop person-to-person contact. What a beautiful concept. And it has been very successful. However, I don't think it is branded very well.

I mean, think of the impact that if this was more well-known and then became a model for Doctor to Doctor, Nurse to Nurse, Engineer to Engineer, Lawyer to Lawyer. It fits seamlessly into what we already do, but it humanizes and personalizes it for the American people. Most people can't join the Peace Corps. Most people are beyond military volunteer age. Most people are not going to join the foreign service or the foreign ag service or USAID and an NGO, but they want to do something that has meaning.

And that is a little small program that is not branded very well that I think if further—I have talked to the secretary of ag about this—further integrated into the ag department in partnership with you, and then administered more closely by the government itself, it becomes a template for leveraging the vast expertise and goodwill of many Americans in achieving the goals of leveraging additional assistance in continuity over time that are available to us, if we just tap into the expertise.

Ms. SMITH. I like it.

Mr. FORTENBERRY. I will include you. I am getting ready to write a letter to the secretary of ag on this, which he asked me to do. Maybe I can copy you.

Ms. SMITH. Please do, because I will meet with our Feed the Future team and also talk to the Secretary about it.

Mr. FORTENBERRY. Okay, thank you.

Ms. SMITH. I appreciate that. Thank you.

Ms. GRANGER. Mr. Serrano.

Mr. SERRANO. Thank you, Madam Chair. And thank you to you, Administrator, for being here with us today. I am going to ask a question that I have been asking for years. I have never gotten an answer. I am going to try it again.

How do we get into a country that doesn't want us to be there? For example, Cuba. Did the Cuban government say it is okay for USAID to be here, involved in activities? Did Mr. Gross know what he was getting into, where at that time and for many years an unfriendly government, unfriendly—and I am a believer that we caused a lot of that unfriendliness—but nevertheless unfriendly.

I mean, I sometimes can't tell the difference—and I will be as blunt as I can—between your agency and the CIA on that issue.

Ms. SMITH. Sir, I think the policy of the Agency—and I think it has been very much the policy of our government for decades—is that we strongly support civil society and the rights of people to organize and speak their views. Unfortunately, some governments

don't support that. And we abide by U.S. law in our democracy and governance programs. We support civil society all over the world.

We also abide by the Brownback amendment, for example, which is included in annual appropriations bills, which reads specifically that "with respect to the provision of assistance for democracy programs in this Act, the organizations implementing such assistance, the specific nature of that assistance, and the participants in such programs shall not be subject to the prior approval of the government of any foreign country." We abide by that law, sir, and it is in annual appropriations.

Mr. SERRANO. Okay, so you do get into countries in a covert way?

Ms. SMITH. No, it is not covert. We support partners on the ground. There are civil society organizations all over the world, including in Cuba and individuals, and in the case of Cuba, we also have followed the law, as passed by this Congress, but there are civil society organizations all over the world that operate in their countries and oftentimes with U.S. support. It is not us going in and sneaking in.

Mr. SERRANO. But, I mean——

Ms. SMITH. And I think if you look——

Mr. SERRANO. I understand that. And I am not necessarily against that. But I have always been amazed, especially in Cuba, on how we pull that off. To be writing to a group and saying, "You should be doing this," that is one thing. To be sending them text messages, if that is available, that is okay. Sending them videos, that is okay. But going in physically and establishing yourself there against the wishes of that government, how do we do that? The Cuban Government knew you were there all the time, right, USAID was there?

Ms. SMITH. Sir, respectfully—and we have discussed this before—past programming in Cuba, much of that was undertaken before I joined the Agency. I am more than happy to have teams come up and brief you on the very specifics of everything that has happened up to now.

I can tell you that where we are now is that our programs have hit their expiration date. I have asked our teams to do a forward-looking portfolio review to see how we proceed, and we will continue to support, as the President has said, democracy, human rights, and governance in Cuba, despite the change in policy. It is still a priority for the United States.

Mr. SERRANO. And I think that is fine. You didn't answer my question, but I don't think you did it because you didn't want to. I don't think you know the answer to the question, and I don't think anybody really knows the answer to the question.

The thing is that a lot of members of Congress—and this is not a knock on any of my colleagues—accept things as they are. "Well, that is the way it is." I tend to at times ask, why is it that way? You know, how did we get into that country? I mean, I know invasions. I know how we got into Iraq. I know how the CIA gets into places. We all know that.

But I can't for the life of me figure out how USAID gets into a place, works on the ground, and then is surprised when one of the members is arrested or something for being in a place they are not supposed to be in.

Ms. SMITH. Right, let me share with you—I can assure you, we do not invade anyone. New guidance was put in place at the Agency almost a year ago for how the Agency operates in environments where the space for civil society is closed because governments do not support the right of their citizens to engage in the way they feel they should be able to do so. And we work through partners in those cases. This is not USAID personnel on the ground.

And I am speaking from my experience. I joined the Agency in December. And if you would like to go back into the past, I am more than happy. Again, I would like to bring a team of people to discuss it in detail. I was not present for all that.

But I can tell you that we work with partners. They are aware of the laws. They are supposed to have—we require them to have risk analysis plans, risk mitigation plans, shutdown plans, should it become difficult for them to operate. We regularly review all of these programs.

I have been able to attend one such review since I started, and all these things have been put in place to get to some of the concerns you point to, which is the well-being of partners.

Ms. GRANGER. Thank you. Mr. Ruppersberger.

Mr. RUPPERSBERGER. Thank you. I am still fairly new on this committee, but one item that has intrigued me is the Global Development Lab. I think it is supposed to be—and I referred to it in my last questioning—kind of the DARPA of the development world.

And I have worked with DARPA in my former committees and I find them to be probably one of the most outstanding organizations, because they think out of the box, they are willing to take risk, but the whole purpose is to have the ingenuity and the development to keep America ahead of our enemies or adversaries or whatever.

DARPA has a 50-year track record of true innovation. The Internet, GPS, stealth tech, drones, their involvement has dramatically altered our military to an extent.

Now, it is my understanding that the Global Development Lab is supposed to do the same. The lab is designed to be an outside-the-box innovative group dedicated to disruptive ideas and technologies to solve development challenges.

Their mission, the key to this lab is disruption. It has to break down traditional ways of getting at problems, as to end up notions of protocol and how we deliver services, and it has to be allowed to think differently, act differently, in the end game to find breakthrough solutions.

Now, I can say this. It is kind of tough to have an organization like that with a manager. A manager has to have accountability. But this is something that has worked in our military, and I would really like you to address what your opinion is, as the administrator for USAID, how you would manage that.

I know that USAID has requested $170 million, which is a lot of money, for this line item. And I am asking, as the manager, how can you guarantee that this group will not just unconditionally take the traditional ways down the road and that you have the right people who are smart, that—you know, they are given the right and the ability to be a special group?

It is kind of like the transition, when our younger generation would go to work with no coats and ties and had pool tables, but this is addressing those brilliant people that need to try to take this group to another level. Could you tell me what your opinion is and how you are going to manage it?

Ms. SMITH. Thank you for that. And I think the Lab is a really valuable addition to the Agency. And it has a lot of smart people in it, so I am very confident that we have intelligent, smart people running it.

One of the other benefits, in terms of when you ask how do you manage it, is one of the things these people tend to do, and they do it of themselves, but they also help the rest of the Agency figure out how to do this, is that they measure things all the time. They pay attention to data. They pay attention to evidence. That is part of what drives their work.

So in my work with them since I—actually since I have been nominated—and when I look at their plans for the coming year, they have set targets for themselves. And, again, they measure across the board to see if they are delivering. And I think there is a high probability that they will.

I think the challenge in managing the Lab is twofold. On the one hand, I think it needs to have the space to innovate and be disruptive, as you rightly point out. But I think at the same time it needs to be sufficiently integrated that we are taking advantage of the innovations it brings to the table and figuring out how to both integrate them into our programs and get them to scale, because the other advantage we have—we are the United States.

So if the Lab comes up with a development solution—as they have in many cases—that if scaled could change the world, we have also got to do the work of figuring out how we use our convening power to force multiply in that way.

So my view is, as a manager, I am going to judge them against the measurements they have put forward of their goals and objectives for the next year. They have done a fine job, I think, of striking the balance between space for innovation in a kind of unfettered way, as well as innovations that are directed towards our priorities.

And then my goal—and, again, I am a short timer—is to see whether we can put in place some sort of process and if we can pull one or two of these innovations forward, and really look at how we use our role as the U.S. government to convene others and take some of these things to scale. Because I think that is the other piece of this.

Mr. RUPPERSBERGER. And everyone has to be held accountable, especially for the money that we are putting in.

Ms. SMITH. Absolutely. We do a great deal more evaluation than was done in the past across the Agency, so I think that helps us do that. I am a strong believer in accountability, but also transparently measuring our results, because that will tell us whether we are succeeding or not.

Mr. RUPPERSBERGER. Okay, great, thank you.

Ms. GRANGER. Ms. Wasserman Schultz will have the last question.

Ms. WASSERMAN SCHULTZ. Thank you very much. Just briefly, I continue to be concerned, as many other members do, about Haiti and its continued struggle with being able to utilize, plan and execute projects that are funded by USAID's assistance. There was a GAO report on the $1.7 billion in USAID assistance that Haiti has received, and they clearly found a lack of planning for the sustainability of non-infrastructure projects.

So can you talk about what USAID has done to address GAO's recommendations in its report and to try to focus on projects with long-term sustainability and what your view is on how Haiti is doing and how we can get them to do better?

Ms. SMITH. Sure. And with GAO and other reports, what the Agency does is track what the recommendations are and where we are with respect to implementing them. I don't have the specifics on exactly where we are against the number of recommendations they provided, but I can get that information to you.

USAID closely tracks the status of the Agency's responses to GAO recommendations. We are addressing the three recommendations from the June 2015 GAO report on Haiti reconstruction.

With regard to the first recommendation, in December 2014, USAID's Mission in Haiti began to incorporate sustainability analysis into the design phase of non-infrastructure activities, including for education and health (nutrition) sector activities and for a project to combat gender-based violence. The Mission has also made specific tools available on its internal website to assist with sustainability analysis. These tools include a checklist of sustainability considerations and a menu of illustrative questions, issues and examples to help design teams work through the sustainability objectives of projects.

USAID expects to implement the second recommendation, providing guidance on the types of information that missions should include in Section 611(e) certifications, in the current fiscal year. The Agency is already taking actions to address Section 611(e) compliance, including having select operating units develop guidance for construction activity management, holding training on compliance with Section 611(e), and incorporating construction activity tracking in the Agency's Acquisition and Assistance Planning system.

USAID is also taking action to address GAO's third recommendation. The Agency expects to complete guidance on construction activities and link the guidance to our Automated Directives System within the next six to 12 months.

I would say a couple of things. I think the challenge of sustainability in Haiti is that Haiti still doesn't have some of the core capabilities that are needed to sustain the gains. And a lot of that rests with governance. And I don't mean a government that we may like or dislike; I mean a government that actually has the skills, inclination and steadfast commitment to governing and managing resources.

That is, I think, one of the biggest challenges in Haiti, which was not aided by its history, and certainly was not aided by an earthquake that literally destroyed any physical semblance of government that existed. It is still an uphill battle to get the kind of sustained gains we need in Haiti, given the weakness in capacity across the entire government.

So I think that has been a constraint. I have worked Haiti for a long time, and actively once the earthquake struck. I think that is still our long-term challenge.

In sustainability, I will just mention two examples to you. We have done a lot of tree planting across Haiti and found very high returns so far in terms of the sustainability there, that those—I forget the—I can get you the exact percentage, but it is well over

75 percent, 80 percent of the 5 million some trees that we have planted with partners in Haiti are still growing; they are still being taken care of, and so they are still there.

As part of a larger effort to stabilize watersheds, increase tree cover, and promote sustainable agricultural practices in disaster prone regions of the country, USAID has supported the planting of over 5 million seedlings (through the Feed the Future WINNER project) with a survival rate of about 70 percent throughout the country.

But I was recently involved in a review of another project that we did with partners—the Inter-American Development Bank and Coca-Cola—on mangoes. Haiti produces, it turns out, very good mangoes. We found that through the course of that project we were able to increase incomes, and train producers in skills that enabled them to care for and produce better quality mangoes for export.

What we agreed, though, in terms of sustainability, is we can't judge yet whether that is going to be sustainable. We are going to come back and look in a year and see whether it is sustainable, because, again, what is necessary to really sustain it, it has to be either communities and/or governments that will sustain it.

So I think Haiti is still a challenge. I think it is one we need to have a commitment to working on. But I would have to say, in all honesty, this is still going to be very slow going.

Ms. GRANGER. Thank you. Mrs. Lowey.

Mrs. LOWEY. As we close, I can't resist, and I want to thank my colleague, Ms. Wasserman Schultz, for bringing up this issue. We have had probably two of the best professionals—and there are many extraordinary professionals at AID—Beth Hogan and then Tom Adams, retired. And we have had in-depth briefings on Haiti.

We don't have Boko Haram, thank goodness. We don't have other terrorist groups there. We have really good people who have endured a great deal. And it really is, for me, one of the most—I don't want to quite say depressing—but unhappy situation, because it seems to me we could do so much more.

I will give you one suggestion. I tried to put in place what I have called the community of learning, getting people outside of Port-au-Prince, establishing a school. We have Paul Farmer, who is doing very good work on health care, putting in place some kinds of source of ways for them to learn a living. We just can't seem to do it. And we are upwards of $3 billion—we have other private-sector money.

So I just want to say, as someone who has worked on AID programs a long time, that many outstanding professionals, I would like to work with you in the short period of time—and I know when you say governance, we have governance problems everywhere. And I wonder what are the lessons learned? How do we improve the governance problem?

I think, frankly, of course, you will always have people come and say, oh, we did this, we did that, but basically it has been a failure. We don't have governance, we don't have jobs, and the people keep smiling and singing. I really feel we have let them down, so I would like to work with you to see what we can do to really improve the situation. I know you don't have that much time. But I just have always felt that this was doable and somehow we just haven't done it.

Ms. SMITH. I would love to work with you on that. And thank you for your kind words about Tom and Beth. I have benefited enormously from Beth's knowledge and experience, including on this issue.

I think in an interesting way—and you may be able to tell, I am the eternal optimist, glass-half-full kind of person.

Mrs. LOWEY. As are we.

Ms. SMITH. We may have a bit of an opportunity, quite frankly, in Haiti right now, by which I mean if you look at the sheer force of that earthquake, it literally broke Haiti in two. I still can't wrap my arms around, my head around what actually happened.

Then there was a very big surge of activity around reconstruction. And this often happens. And during the big surge, things often get quite confusing. Everybody is there. Lots of donors. Peacekeeping force, lots of attention. It is now a slightly quieter period. I think we have some evidence and knowledge in the bank, both from Haiti, but also from other cases about what has worked and what hasn't. We have a lot of evidence of what didn't work, but I think we have some important evidence of things that have worked.

So I think it may be possible in a slightly quieter way, if you will, to take some things that have worked, and figure out where we can build on them—your notion of communities of learning is quite interesting. So I would be delighted to work with you on this.

Mrs. LOWEY. Well, I thank you very much. I thank my colleague for bringing the issue up. I know you have in your district, as I have, many Haitians who would like to be helpful. I look forward to talking about successes a few months from now.

Ms. SMITH. I am game.

Mrs. LOWEY. Thank you, Madam Chair.

Ms. GRANGER. Now, as we close, just a couple of things. One, Mrs. Wasserman Schultz raised Zika during the questions. You mentioned a few things USAID had been doing, but not how much funding that has actually been obligated. So can you follow up after this and just let us know that for this fiscal year?

Ms. SMITH. Yes.

Ms. GRANGER. The second thing as we close, one issue I mentioned in my opening statement, we continue to hear from organizations with little experience competing with USAID about how difficult it can be to partner. There are many groups that are doing good work, have ideas they bring to the table. I know that we could all give you an example of someone we had heard from.

So we need you to come up with ways to address this issue and report back to the subcommittee, if you will do that.

Ms. SMITH. I would be happy to.

Ms. GRANGER. Good, thank you. Administrator Smith, thank you again for your time. Members may submit any additional questions for the record. The Subcommittee on State, Foreign Operations, and Related Programs stands adjourned.

Questions for the Record
Submitted to USAID Administrator Gayle E. Smith by
Chairwoman Kay Granger
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
March 16, 2016

Operating Expenses:

1) Please provide the total staff at USAID classified by hiring authority for FY15, estimated for FY16, and projected for FY17.

See the table below, which shows the total staff at USAID classified by hiring authority for FY15, estimated for FY16, and projected for FY17---without IG staff.

Hiring Authority	FY15 actual	FY16 estimate	FY17 planned
Civil Service[1]	1,605	1,797	1,802
Foreign Service	1,701	1,850	1,850
Foreign Service Limited	298	278	278
US Personal Service Contract [2]	778	783	783
Foreign Service National Direct Hire	22	21	15
Foreign Service National/Third Country National (FSN/TCN)	4,376	4,442	4,455
PASA/RSSA [3]	205	205	205
Other Types [4]	135	140	140
Total	9,120	9,516	9,528

Source: Semi-Annual USAID Worldwide Staffing Pattern, September 30, 2015, and FY 2017CBJ, Summary Table 16a

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[1] Increase from FY 16 to FY 17 is due to M Bureau's Digital Service Team, which includes five temporary positions.
[2] Personal Service Contract (PSC) – A PSC is one in which an employer-employee relationship exists.
[3] PASA = Participating Agency Service Agreement * RSSA = Resources Support Services Agreements
[4] Other includes Interagency Participating Agreements (IPAs) and various Fellows employees (Child Survival Fellows (CSFPs), Joint Career Corps Officer (JCCOs), American Association for the Advancement of Science Fellows (AAAs), Population Fellows or individuals funded by the Population Fellows Program (POPFs), etc.)

2) Please provide the program-funded operational costs by account and percentage for FY15 and estimated for FY16. By account, please provide a narrative describing in detail the uses of these funds (i.e., number of direct hire staff, number of contractors, rent, vehicles, etc.).

The table below shows program-funded operational costs (PFOCs) by account and percentage for fiscal years (FY) 2015 and 2016.

Fund Account	FY 2015 PFOCs Actuals ($000s)	FY 2015 Actuals as % of Program $ Obligated*	FY 2016 PFOCs Estimate ($000s)	FY 2016 Estimate as % of Program $ Obligated*
Assistance for Europe, Eurasia and Central Asia	0	0.0%	65,480	9.5%
Development Assistance	215,707	9.0%	250,287	9.0%
Economic Support Fund	160,960	3.93%	164,007	3.93%
Global Health and Child Survival - USAID	88,679	1.86%	52,702	1.86%
International Disaster Assistance	82,747	2.82%	78,796	2.82%
Transition Initiatives	31,799	44.92%	29,480	44.00%
Total	**579,892**	**4.06%**	**640,752**	**4.80%**

*FY 2015 percentages reflect program obligations while the FY 2016 percentages reflect the program levels in the FY 2017 Congressional Budget Justification.

The table below shows how the Agency used PFOCs in FY 2015, broken out by account and budget object class, or broad spending category. Agency systems do not capture some of the detail requested, such as the number of vehicles and contractors.

BOC	DESCRIPTION	Development Assistance	Economic Support Fund	Global Health & Child Survival	International Disaster Assistance	Transition Initiatives	Grand Total
		Program Funds ($000s)					
11.1	Personnel compensation, full-time permanent	13,114	2,541	1,291	304	-	17,250
11.3	Personnel compensation, other than full-time permanent	46,791	54,314	29,850	23,502	13,033	167,490
11.5	Other personnel compensation	1,995	5,000	1,030	53	1	8,080
11.8	Special personal services payments	3,941	916	60	13,648	19	18,584
12.1	Personnel benefits	15,775	14,889	7,720	4,843	2,464	45,749
13.0	Benefits for former personnel	-	425	-	4	-	370
21.0	Travel and transportation of persons	11,865	10,371	7,240	3,287	3,349	36,112
22.0	Transportation of things	209	882	1,046	421	1	2,560
23.1	Rental payments to GSA	6,097	921	237	815	1,280	9,351
23.2	Rental Payments to Other Non-Federal Sources	3,498	5,566	3,421	1,385	1,068	14,938
23.3	Communications, Utilities, and Miscellaneous Charges	1,821	1,732	1,830	240	428	6,050
24.0	Printing and Reproduction	293	137	30	-	16	476
25.1	Advisory and assistance services	29,634	8,693	2,961	106	63	41,457
25.2	Other Services	4,863	3,856	686	373	170	9,948
25.3	Purchase of goods and services from Government accounts	17,242	36,403	16,405	5,636	2,005	77,690
25.4	Operation and maintenance of facilities	230	173	248	35	137	823
25.5	Research and Development Services	3,505	2	-	-	-	3,507
25.6	Medical Care	22	-	22	0	-	15
25.7	Operation/maintenance of equipment & storage of goods	968	674	215	-	1	1,875
26.0	Supplies and materials	1,394	704	533	78	15	2,737
31.0	Equipment	1,122	1,605	1,143	496	386	4,795
32.0	Lands and structures	-	-	43	-	-	1
41.0	Grants, subsidies and contributions	51,326	11,156	12,669	27,520	7,363	110,035
Grand Total		215,707	160,960	88,679	82,747	31,799	579,892

The total program-funded staff in FY 2015 is shown in the table below. Note that total program-funded staff does not directly correspond to PFOC spending, since PFOCs exclude staff that directly support host-country institutions and are located outside USG premises.

	September 30, 2015 Actual			
Program-funded Staff	USDH	Other US	FSN	Total
Total	222	1,006	2,507	3,735

Source: Semi-annual Worldwide Staffing Pattern Report as of 9/30/15.

3) Please provide FY15 actual, FY16 estimate, and projected FY17 request for lease payments. Please break out the top ten most expensive leases and describe the number of employees in that location, other uses, and length of the lease.

The table below shows the top ten most expensive leases for USAID (Washington and worldwide) with costs reported for FY15 actuals, FY16 estimate, FY17 projection, length of lease and the number of employees in each location. All leases in the table are used as office space with the exception of the Washington Learning Center, which is a special purpose facility that has been approved by the local municipality for use as a high density training center. Lease

costs for leases that expire in 2017 are reported *pro rata*. Staffing figures are reported to OMB annually for Reduce the Footprint and FedStat reviews and are subject to shift between buildings due to on-going renovations at the Ronald Reagan Building

#	Location	Address	Property Name	2015 Actual Lease Cost ($)	2016 Estimated Lease Cost ($)	2017 Projected Lease Cost ($)	Total 3 Year Lease Cost ($)	Lease Start Date	Lease Exp. Date	# of Staff
1	Washington DC	1300 Pennsylvania Ave	RRB/ITC	42,752,643	48,349,544	48,536,832	139,639,019	10/1/2010	9/30/2020	2,684
2	Washington DC	400 C St SW	SA-44	9,207,558	9,285,654.00	9,366,092	27,859,304	1/3/2014	1/2/2018	802
3	Arlington, VA	2733 Crystal Drive	2 PY	3,041,776	3,067,498	3,093,991	9,203,265	11/8/2010	11/7/2020	536
4	Almaty Mission	Kazybek Bi St. 41/26	USAID Office	2,452,108	2,574,713	2,703,449	7,730,270	9/1/2010	7/31/2020	123
5	Arlington, VA	2231 Crystal Drive	Washington Learning Center	2,514,139	2,529,539	2,545,401	7,589,079	12/15/2012	12/14/2017	11
6	Maputo Mission	Av. 25 De Setembro #420	USAID Office	2,151,832	2,194,869	2,238,766	6,585,467	1/1/2012	11/30/2021	153
7	Arlington, VA	2100 Crystal Drive	CP3	2,177,229	2,395,773	1,214,416	5,787,418	11/1/2014	3/17/2017	661
8	Tel Aviv Mission	25 Hamered Street	USAID Office	1,635,747	1,684,819	1,446,136	4,766,702	8/1/2008	7/31/2017	116
9	Bangkok Mission	Wireless Road	USAID Office	1,509,000	1,509,000	1,509,000	4,527,000	7/16/2015	7/15/2018	196
10	Guatemala City Mission	Final Blvd Proceres	USAID Office	996,318	1,036,171	1,077,618	3,110,107	11/1/2007	10/29/2017	116

4) Please describe any reorganizations or movement of offices that occurred in FY15 and FY16 (to date). For each action, indicate the date on which a notification was transmitted to the Appropriations Committee in advance of such reorganization or movement of offices, if applicable.

The following reorganizations or movements of offices for FY 2015 and FY 2016 have been notified to the Appropriations Committees.

Name	Date	CN #:
East Africa Regional Transition	4/16/15	77
Renaming and Realignment of the Office of Microenterprise and Private Enterprise Promotion	7/15/15	110

There have been some internal changes in working-level offices within operating units, as noted below. These changes did not result in a significant shift in responsibility of the operating unit or in staffing and funds, and as such were not determined to require notification.

	Bureau/Mission	Description	Approval Date
1	Bureau for Food Security (BFS)	Created agency-wide coordination mechanism for resilience by realigning the Global Engagement and Strategy Team under the Office of the Assistant to the Administrator. This coordinating mechanism is known as the Center for Resilience.	5/22/2015
2	Bureau for Europe & Eurasia (E&E)	Merged the functions of the Management Office (E&E/MO) into other existing offices within the Bureau.	2/27/2015
3	Southern Africa	The Democracy Rights and Governance Office and the Education Office were combined with the Regional General Development Office (RGDO) under the Regional Environment, Education and Democracy Office (SA/REED).	7/20/2015

5) Please provide an update on the funds obligated to date for cost-incurred audits. What is the remaining backlog?

USAID obligated $4.2 million for FY 2013, $5.8 million for FY 2014 and $5.9 million for FY 2015 for incurred cost audits. We plan to obligate $5.9 million in FY 2016 for incurred cost audits.

With the additional funding for audits, USAID has reduced the audit backlog as originally calculated in 2012 by 92 percent; reduced from 325 to 26 incurred cost audits. Over the last three years, USAID has completed 311 audits; 71 in FY 2013, 138 in FY 2014, and 102 in FY 2015.

At the end of last fiscal year, the Agency had an audit backlog of fewer than 25 audits. However, with the recent legislative changes preventing agencies from using the Defense Contracting Audit Agency to conduct audits, USAID's backlog has grown to around 50 audits. USAID has put a plan in place to conduct these audits through an existing blanket purchase agreement. Over the coming months, USAID will procure audit services to cut the backlog back to fewer than 25 audits.

Limited Competition for Local Organizations

6) For FY15 and FY16 to date, please provide a list of all assistance and cooperative agreements awarded as a result of competition being limited to local organizations. Please provide the dollar value of the award, the country, and the organization.

Section 7028 of H.R. 3547 requires USAID to publish semiannual data on awards limited to local organizations. To comply with this legislative requirement, USAID publishes a report with all new awards that were limited in competition to local organizations. This data is included in the attachment and the report is available for download on USAID's website at https://www.usaid.gov/usaidforward.

FY 2016 (Q1 - Q2) Awards Limited to Local Competition[i]

This report shows all new awards where competition was limited to local organizations.

Vendor Name	Country Name	Total Estimated Cost (TEC)[i]	Award Type[ii]
DEVELOPMENT AID FROM PEOPLE TO PEOPLE	ZAMBIA	$5,791,913.00	Assistance
BRIDES	HAITI	$71,013	Acquisition
O.K.I	UNITED ARAB EMIRATES	$2,544	Acquisition
INSTITUT ZA RAZVOJ MLADIH KULT	BOSNIA AND HERZEGOVINA	$23,500	Acquisition
T R Upadhya & Co	NEPAL	$16,029	Acquisition
K B CHITRACAR & CO	NEPAL	$45,420	Acquisition
AFFCO	PAKISTAN	$27,500	Acquisition

FY 2016 Q1 and Q2 Awards Limited to Local Competition Total	**$**	**5,977,919**
FY 2016 Q1 and Q2 Assistance Limited to Local Competition Total	$	5,791,913
FY 2016 Q1 and Q2 Acquisition Limited to Local Competition Total	$	186,006

[i]TEC is the estimated cost of an award. Actual costs may be less than, but may not exceed the TEC.

[ii]Assistance includes cooperative agreements.

FY 2015 (Q3 - Q4) Awards Limited to Local Competition[i]

This report is posted as required by Section 7028 of HR 3547. It shows all new awards where competition was limited to local organizations.

Vendor Name	Country Name	Total Estimated Cost (TEC)[i]	Award Type[ii]
PAPYRUS	HAITI	$2,500,000	Assistance
IMCO	MEXICO	$250,000	Assistance
BRIDES	HAITI	$135,375	Acquisition
CROWN PROFESSIONAL INVEST. LTD.	NIGERIA	$1,316	Acquisition
AVAG SOLUTIONS LTD	ARMENIA	$217,860	Acquisition
ARABTECH JARDANEH ENGINEERS & ARCHITECTS LTD.	JORDAN	$2,000,000	Acquisition
CABINET LEBLANC	HAITI	$150,000	Acquisition
CFAO MOTORS	MALI	$447,600	Acquisition
INSTITUT ZA RAZVOJ MLADIH KULT	BOSNIA AND HERZEGOVINA	$1,504,153	Acquisition
HORWATH HUSSAIN CHAUDHURY & CO	PAKISTAN	$22,896	Acquisition
AFFCO	PAKISTAN	$13,770	Acquisition
ABH SERVICES PLC	ETHIOPIA	$144,249	Acquisition

FY 2015 Q3 and Q4 Awards Limited to Local Competition Total	**$**	**7,387,219**
FY 2015 Q3 and Q4 Assistance Limited to Local Competition Total	$	2,750,000
FY 2015 Q3 and Q4 Acquisition Limited to Local Competition Total	$	4,637,219

[i]TEC is the estimated cost of an award. Actual costs may be less than, but may not exceed the TEC.

[ii]Assistance includes cooperative agreements.

Currently, there is data for fiscal year (FY) 2015 and quarters one and two of FY 2016. USAID will update the report with FY 2016 quarter three and four data in November 2016, after the close of FY 2016. The report includes the following for each award: total estimated cost (TEC)[1], vendor, and country.

Please note that USAID has interpreted Section 7028 to require reporting on all awards – both assistance and acquisition – in which competition is limited to local organizations, as reflected in the data referenced above. USAID notes that this QFR specifically refers to "all assistance and cooperative agreements" and thus the below is limited to the assistance subset of the reporting required by Section 7028.

In FY 2015, USAID awarded a total of four non- or limited-competitive assistance and cooperative agreements that were restricted to local organizations. The TEC for the awards was $6.2 million.

In quarters one and two of FY 2016, USAID awarded one non- or limited-competitive assistance and cooperative agreement that was restricted to local organizations. The TEC for the award was $5.8 million.

In addition, as part of USAID's continued transparency efforts, the Agency publishes annual data on obligations to local organizations. Data is available for FY 2012 – 2014 and USAID will publish FY 2015 data in May 2016. This data is also available for download online at https://www.usaid.gov/usaidforward.

Trust Funds at the Multilateral Development Banks

7) Please provide a list of all grants, payments or other transfers to a trust fund at any multilateral development bank (MDB) in FY14, FY15, and FY16 to date.

[1] TEC is the estimated cost of an award. Actual costs may be less than, but may not exceed the TEC.

8) Please provide a list of all grants, payments or other transfers to a trust fund at any MDB in the FY16 and FY17 congressional budget justifications. Please indicate whether such funding will require further congressional notification

9) For each grant, payment, or other transfer to a trust fund at any MDB, please provide a copy of the written administrative agreement you referred to in your oral response during the hearing

USAID's work with multilateral development banks is an important component of our overall development approach. We take seriously our responsibility to program USAID funds through such banks in an appropriate manner. As discussed with your staff, we will provide answers to these questions as soon as possible.

Nutrition

10) Please provide the agency-wide funding levels for nutrition programs in FY15, estimated for FY16 and projected in the FY17 request by funding account.

	FY 2015 Actual (USD millions)	**FY 2016 Planned (USD millions)**	**FY 2017 Request (USD millions)**
USAID Nutrition	**267.42**	**248.036**	**242.542**
Development Assistance	1.0	----	9.9
Economic Support Fund	22.584	28.0	36.50
Food for Peace Title II	128.836	95.036	87.642
Global Health Programs - USAID	115.0	125.0	108.5

Development Credit Authority

11) Please provide a detailed list of all negative subsidy and gift funded transactions in FY14 and FY15, estimated for FY16 and projected for FY17.

The table below captures all DCA negative-subsidy transactions from FY 2014 to FY 2017.

DCA Negative Subsidy Transactions (2014 – 2017)				
FY	**Country**	**Sector(s)**	**Funds Mobilized**	**Guaranteed Partner(s)**
2014	Peru	Agriculture	$8,000,000	ResponsAbility Investments AG
2014	Latin America Regional (Mexico, El Salvador, Guatemala, Honduras, Nicaragua and Peru)	Agriculture	$15,000,000	Root Capital
2015	Bangladesh	Small-and medium-sized enterprises / factory remediation	$18,000,000	United Capital Bank / Prime Bank
2016	*Mexico	Municipal	$150,000,000	Private bondholders (TBD)
2016	*Mexico	Climate Smart Agriculture	$15,000,000	Credit cooperatives (TBD)
2017	*Mexico	Small-and medium-sized enterprises	$70,000,000	Private bondholders (TBD)
Total			**$276,000,000**	

*Transaction is still in the development stage and, as a result, its status as a "negative subsidy transaction" and the levels of funds mobilized are subject to change.

The chart below captures all DCA gift-funded transactions from FY 2014 to FY 2017.

DCA Gift Funded Transactions (2014 – 2016)					
FY	**Country**	**Sector**	**Gift Amount**	**Funds Mobilized**	**Gift Partner**
2014	India	Agriculture	$90,000	$20,000,000	Netafim Agricultural Financing Company
2015	Zimbabwe	Agriculture	$985,761	$40,000,000	Department for International Development (U.K.)
2015	Zimbabwe	Agriculture	$1,557,875	$18,635,000	Department for International Development (U.K.)
2015	Madagascar	Agriculture	$150,000	$1,000,000	Catholic Relief Services
2016	*Southeast Asia	Social Enterprises / MFIs	$900,000	$25,000,000	Department of Foreign Affairs and Trade (Australia)
2016	*Macedonia	Agriculture	$800,000	$20,000,000	Macedonia Ministry of Agriculture
2017	*Indonesia	Aquaculture/Energy	$2,300,000	$100,000,000	Department of Foreign Affairs and Trade (Australia)
Total			**$6,783,636**	**$224,635,000**	

*Transaction is still in the development stage and, as a result, the levels of proposed gift funding and funds mobilized are subject to change.

12) When did USAID begin permitting project sponsors to pay the subsidy costs of credit transactions through gift authority? How does USAID guard against potential conflicts of interest?

DCA first received gift authority in FY 2009 with a change in appropriations language that extended the Agency's gift authority to the DCA program. DCA's first gift-funded transactions occurred in FY 2012.

The gift authority was sought to allow the Agency a new avenue through which partner organizations (host-country governments, donors, foundations, private sector entities, etc.) can collaborate on a DCA-supported project. Other avenues include co-guarantees and matching technical assistance programming. The availability of gift authority within a DCA transaction has allowed missions to offset some or all of the required subsidy costs when and where appropriate. In some cases, this has allowed missions to design guarantees that their budgets would not otherwise be able to support. In other cases, it has allowed missions to right-size a transaction to the local market that their level of available subsidy funding could not have accomplished on its own.

Of the total amount of gift funding ($10.9 million) that DCA has received since FY 2012, less than seven percent has come from private sector entities or "project sponsors." The majority of DCA gift funds have been received in partnership with host-country governments (such as Kosovo, Senegal and Macedonia), foundations (such as Catholic Relief Services) or other donors (such as DFID and DFAT). If gift-funds are offered by a private sector entity, DCA applies internal policy guidance that requires compliance with six specific criteria before such a guarantee will be considered:

1. The proposed use of gift funds must directly align with mission objectives;
2. The proposed use of gift funds cannot result in the displacement of local production or manufacturing;
3. The proposed use of gift funds cannot directly or indirectly support a company with an American competitor operating in the same country in which the guarantee is deployed;

4. The proposed use of gift funds cannot support a corporate entity that has a financing arm that would be extending financing directly to end borrowers;
5. The proposed use of gift funds cannot otherwise result in, or create the appearance of, a conflict of interest; and
6. The proposed use of gift funds can be funded with a conditional gift only if the Agency can comply with such conditions in a reasonable and cost efficient manner.

To evaluate the threat of a conflict of interest (fifth criteria above), each gift-funded guarantee is reviewed closely and independently by Mission management, DCA management, the Office of General Counsel and the Agency's Credit Review Board[2]. In addition to critical factors such as development impact, risk mitigation, and subsidy pricing, the existence of a potential conflict of interest is also closely evaluated during the review process. If there is a concern about a conflict at any stage of the review, the transaction process would be stopped to resolve the concern, and terminated if a resolution cannot be achieved.

In addition to the DCA specific transaction review and evaluation, the gift itself is subject to USAID's standard gift acceptance review process. This Agency review is documented in Agency policy (ADS Chapter 628), and specifically disallows the acceptance of a gift if there is a conflict of interest in doing so.

13) Of all guarantees issued by Development Credit Authority (DCA) using any source of funds in FY14, FY15, and FY16 to date, what is the estimate of guarantees issued over 50%?

Number of guarantees: Of the 102 guarantees issued by DCA from FY 2014 to FY 2016, five (4.9 percent) have been over 50 percent. Of the remaining guarantees, 93 (91.2

[2] The Agency's Credit Review Board is chaired by the Agency's Chief Financial Officer and comprised of eight (additional) independent members representing each of the Agency's regional bureaus, the Office of General Counsel, the Office of the Director of Foreign Assistance and the Office of Budget and Resource Management.

percent) have been issued at 50 percent and four (3.9 percent) have been issued at less than 50 percent.

Amount of capital mobilized: Of the $1.4 billion mobilized from FY 2014 to FY 2016, $39 million (2.7 percent) was mobilized with greater than 50 percent coverage. Of the remaining funds that were mobilized, $1.3 billion (91.2 percent) was mobilized at 50 percent coverage and $85.7 million (6.0 percent) was mobilized with less than 50 percent coverage.

14) With regard to the DCA guarantee for the Pledge Guarantee for Health, have any funds been disbursed or any guarantees been made? Please describe in detail.

In FY 2013, USAID initially supported Pledge Guarantee for Health (PGH) through a DCA portable guarantee. While PGH was working to identify a suitable lender under the portable guarantee – a process that took much longer than anticipated – the market began to shrink for the type of bridge financing PGH was designed to mobilize. For example, a large source of transactions under the program was expected to come from the Global Fund to Fight AIDS, Tuberculosis and Malaria, to help overcome delays in the disbursement of funds to targeted countries. While PGH was seeking a lender under the USAID guarantee, the Global Fund began to overhaul its own internal processes for disbursing funds, thereby negating the need for an external mechanism like PGH.

In addition, the limited number of deals that PGH was able to bring to USAID for coverage consideration went beyond the scope of the investment criteria initially agreed upon by all parties. As a result, USAID rejected all of those proposed deals.

Given these developments, USAID determined that terminating the guarantee with PGH was the most appropriate course of action for all parties, and did so in January 2016. At the time

of the termination, no funds had been disbursed nor any guarantees made. As a result of the termination, no disbursements or guarantees will be made in the future.

15) Please describe all performance metrics such as improvements in borrower access to credit or achievement of reforms in policies and institutions that DCA has been able to achieve with their portfolio by transaction in FY15.

Each guarantee DCA designs for USAID missions is tailored to fit the development objectives and programs of those missions and the financial markets in which they operate. Therefore, each guarantee will have a different set of performance metrics and indicators based on how each mission intends to use the guarantee and the type of private sector entity with whom it chooses to partner.

While missions and operating units will tailor performance metrics depending on their programmatic goals, DCA does have a common set of performance indicators and metrics that it works with Missions to include in their guarantee monitoring and evaluation plans. This list is quite extensive, but some common and illustrative examples are provided below:

- Common performance metrics for lenders: level of new lending into a new sector or to new types of borrowers, longer lending tenors, reduced collateral requirements, reduced interest rates, new lending products developed, expansion of bank personnel in area of guaranteed lending, establishment of new lending units within the lending institution, opening of new branches in targeted geographic area of lending, level of lending to woman-owned businesses, level of lending to first time borrowers, level of lending to small and medium-sized enterprises.
- Common performance metrics for borrowers: number of jobs created, level of increased revenues, level of increased assets of business, level of increased sales, level of increased

capital investments, number of new customers reached / served, level of increased production.

In most cases, the guarantee is used to affect specific change on both sides of the transaction, in which case a Mission will identify metrics from both of these lists to track over time. During the life of the guarantee, DCA is in close contact with the guaranteed party and collects, on a bi-annual basis, fairly extensive lending data on loans under guarantee. As a result, DCA can and does track closely performance metrics related to loan data on the part of the lender. In terms of the performance metrics for borrowers and tailored performance metrics for lenders, DCA relies on Missions to track, evaluate and report on those changes within the context of the Mission program the guarantee is designed to support.

With respect to the specific performance metrics for FY 2015 DCA guarantees, it is still too early to determine if the intended outcomes and impacts of lending under those guarantees have begun to be realized. Typically, after a guarantee is finalized and the guarantee agreements are signed by all parties (usually within the last two months of a fiscal year), it takes on average 9-12 months for a guaranteed institution to begin lending under the guarantee. This is particularly true of institutions that are using the guarantee to enter a new type, sector or geography of lending. As a result, it is still too early to report on performance metrics, as lending under FY 2015 guarantees remains in the very beginning stages for most institutions. The more time the guarantee has been in effect, the better operating units, field Missions, and the DCA office are equipped to identify specific positive improvements in the lender, borrower and (in some cases) market that the guarantee was designed to support.

16) Please provide USAID's total credit exposure and guaranteed loans exposure from DCA transactions at the end of FY13, FY14 and FY15.

DCA Year End Credit Exposure by Region (2013 – 2015)						
Region	**FYE 2013 (Total outstanding loans)[3]**	**FYE 2013 (Guaranteed loan exposure)**	**FYE 2014 (Total outstanding loans)**	**FYE 2014 (Guaranteed loan exposure)**	**FYE 2015 (Total outstanding loans)**	**FYE 2015 (Guaranteed loan exposure)**
Africa	$99,771,076	$52,415,689	$99,626,306	$52,849,612	$103,931,537	$55,422,076
Asia (including Pakistan and Afghanistan)	$62,540,771	$27,816,284	$57,451,015	$26,845,904	$72,621,008	$34,857,630
Europe and Eurasia	$43,118,799	$21,517,051	$47,243,745	$23,545,274	$39,855,582	$19,704,882
Global	$28,967,812	$12,649,449	$21,651,129	$10,051,113	$25,623,934	$12,294,223
Latin America and the Caribbean	$40,406,833	$20,186,155	$54,402,221	$27,185,793	$46,320,039	$23,237,175
Middle East and North Africa	$3,165,763	$1,771,230	$2,278,350	$1,333,860	$1,826,437	$1,095,656
TOTAL	**$277,971,054**	**$136,355,858**	**$282,652,766**	**$141,811,556**	**$290,178,537**	**$146,611,642**

17) How much of the $60 million in requested transfer authority in FY17 is intended to be used for "strategic transactions"?

USAID will allocate $1 million in Development Assistance funds (DA) in FY 2016 for strategic transactions. Those funds are earmarked for recycling and will be used to mobilize private capital for municipal solid waste management and recycling, in accordance with the directive in the FY 2016 Statement of Managers. The DCA office's Strategic Transaction Group (STG) is working closely with the Agency's Energy and Infrastructure Office to develop a strategic transaction with those funds that will likely close in FY 2017. This is the only strategic transaction currently being structured and anticipated for FY 2017, which will use $1 million of the $60 million requested for transfer authority.

[3] This chart includes actual loans that have been disbursed under active DCA guarantees and the current exposure of those disbursed loans. It does not include portable guarantees, as they have yet to be converted into loan guarantees, and, consequently, have no disbursed loans under them.

18) USAID's Evaluation Policy requires "clear development hypotheses, realistic expectations of the value and scale of results and clear understanding of implementation risks" as well as building evaluation into the program design phase. How is DCA implementing this policy?

DCA guarantees are designed and implemented within existing Missions or DC-based operating units' portfolios. As a result, each operating unit is responsible for evaluating the performance of these guarantees within the context of its respective portfolios, as it would any other component of the portfolio. As stated, the Agency Evaluation Policy requires "clear development hypotheses, realistic expectations of the value and scale of results, and clear understanding of implementation risks." When an evaluation need arises, the operating unit would apply the same evaluation requirements and approach to the DCA guarantee evaluation as it would to any other part of the portfolio. To support operating units, the DCA Office developed evaluation guidance and offers technical support to design and execute a DCA-focused performance evaluation. This guidance is included in all guarantee monitoring plans, country reports, and market assessment documents.

HIV/AIDS Working Capital Fund

19) Please provide a detailed chart showing all inflows and outflows from the HIV/AIDS Working Capital Fund during FY14 and FY15. Please include source of funds as well as beginning and ending balances. Please break out appropriated and non-appropriated funds.

($ in millions)	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate
Budgetary Resources and Obligations			
Unobligated balance brought forward, October 1	236	495	687
Spending authority from offsetting collections	612	912	415
Total budgetary resources available	**848**	**1407**	**1102**
Obligations incurred	353	720	650
Unobligated balance end of year	495	687	452
Obligated Balances and Disbursements			
Undisbursed obligations brought forward (net), October 1	391	231	439
Obligations incurred	353	720	650
Total obligated balance	**744**	**951**	**1089**
Disbursements	-512	-512	-516
Obligated balance end of year	232	439	573

The Working Capital Fund (WCF) was established in 2006 to assist in providing a safe, reliable, and sustainable supply chain of pharmaceuticals and other products needed to provide care and treatment for those with HIV/AIDS and related diseases. Beginning in FY 2014, Congress expanded the authorization to include pharmaceuticals and other products for child survival, malaria, and tuberculosis.

The WCF does not receive direct appropriations. Funding is deposited in the WCF by the Department of State, USAID, other U.S. government agencies, including the Centers for Disease Control and Prevention, donors, host governments, the World Health Organization, and the United Kingdom's Department for International Development for commodity procurement. The WCF also receives repayments of funds advanced to host country governments and the

Global Fund to Fight AIDS, Tuberculosis and Malaria to avert stock-outs of life-saving HIV/AIDS commodities.

The WCF, which is managed by USAID, does not incur travel or other administrative expenses, nor does it generate a profit.

20) Please provide financial details of the HIV/AIDS Emergency Commodity Fund.

The President's Emergency Plan for AIDS Relief established the HIV/AIDS Emergency Commodity Fund (ECF) in 2010 to provide flexibility and resources to respond to emergency situations in countries where potential stockouts of key commodities (where a health commodity is not available to serve patient needs), such as antiretrovirals (ARVs), threaten continuity of essential HIV treatment services.

The ECF is intended to provide support over a limited time period, and is not intended to be used for treatment scale-up situations where resources have not been identified to maintain that scale-up. In addition, ECF requests must include a description of the underlying causes of the pending stockout and evidence of plans for remedy. Replenishment of funds advanced through the ECF is the standard, although this may be waived when the ECF is used to leverage significant host resources or other policy changes.

Since 2010, the ECF has been utilized to avert ARV stockouts in 14 countries – Benin, Cameroon, Dominican Republic, Ghana, Guatemala, Guyana, Liberia, Namibia, South Sudan, Swaziland, Tanzania, Togo, Uganda, and Ukraine. More than $60 million has been disbursed to procure commodities to avert stockouts of essential HIV commodities, and approximately $22 million has been repaid by host country governments or the Global Fund to Fight AIDS,

Tuberculosis and Malaria. The chart below details the deposits, commitments, repayments and current balance of the ECF, as of April 2016.

PEPFAR Deposits	Disbursements	Repayments	Current Balance
72,945,420	(62,250,518)	22,527,015	33,221,917

21) Please provide details on how the expanded authority included in the FY15 and FY16 Appropriations Act is being implemented.

USAID has made quick use of the flexibility of the expanded authority to include other than HIV/AIDS health commodities in the Working Capital Fund (WCF). Six million dollars of maternal and child health funds have been deposited into the WCF to pool funds to procure commodities and advance USAID's strategic priority of Ending Preventable Child and Maternal Deaths. USAID is tracking these funds separately from HIV/AIDS funds through the USAID WCF tracking system. USAID appreciates the opportunity to leverage resources and buy health commodities at pooled procurement prices in order to save more lives.

The GAVI Alliance

22) Please provide a detailed chart showing the ten largest recipient of GAVI funds in FY15, estimated for FY16, and projected for FY17.

Gavi, the Vaccine Alliance, works in five-year strategic cycles with the intent to maintain support for vaccine programs for the duration of a country's multi-year plan (normally 4-5 years). Country support plans are subject to annual assessments on program performance and the availability of funding. Working in strategic cycles provides predictability to countries and allows for programmatic sustainability. Funding distribution varies from year to year, as it depends on a number of variables, including but not limited to: resource requirements for

ongoing vaccine programs; domestic resource contribution compared with Gavi support; and vaccine supply. Single year snapshots of Gavi contributions are misleading and do not fully capture a country's immunization strategy and Gavi's overall investment in a particular country for the full five-year, strategic period.

Included below are the 10 largest recipients on a program-year basis (vaccine support only) for the strategic period 2011-2015 and 2016-2020. Vaccine support makes up more than 80 percent of total Gavi expenditures. Of note, Gavi pays approximately 50 percent of the price of pneumococcal conjugate vaccine for Gavi eligible countries, which is included in these figures. The other 50 percent comes from the Advance Market Commitment for this vaccine to which USAID is not a contributor. The cost of injectable polio vaccine (IPV) is not included in these figures because those funds are routed from specific donors to the Global Polio Eradication Initiative and from them to Gavi. Again, USAID is not a contributor to IPV vaccine funds.

	10 largest recipients of Gavi funds, based on program year, for the 2016-2020 strategic period		**10 largest recipients of Gavi funds, based on program year, for the 2011-2015 strategic period**	
Rank	Country	Total USD (millions)	Country	Total USD (millions)
1	Pakistan	353	Nigeria	450
2	Ethiopia	314	Pakistan	445
3	India	253	India	400
4	Nigeria	243	Ethiopia	381
5	Congo, Republic of	232	Bangladesh	334
6	Bangladesh	205	Congo, DR	331
7	Tanzania	152	Uganda	239

8	Kenya	148	Tanzania	218
9	Sudan, Republic of	146	Kenya	180
10	Ghana	95	Sudan, Republic of	164
-	**TOTAL**	**2,140**	**TOTAL**	**3,142**

23) Please provide the list of countries expected to graduate from GAVI assistance in the next five years, the level of GAVI funds expected to each country in the next five years, and the transition timeline.

Twenty-one countries are expected to graduate from Gavi, the Vaccine Alliance, support by 2020. By 2021, all of the countries listed below will be fully self-financing Gavi-supported vaccines. Please also note that contributions to the countries listed below are for vaccine support only.

Country*	**Gavi support (vaccines only) 2016-2020 (in USD millions)+**	**First year, fully self-financing**
Angola	15.2	2018
Armenia	0.3	2018
Azerbaijan	1.5	2018
Bhutan	-	2016
Bolivia	1.8	2018
Congo, Rep.	0.5	2018
Georgia	0.3	2018
Guyana	0.1	2017
Honduras	-	2016
Indonesia	55.9	2017

Kiribati	0.0	2017
Moldova	0.2	2017
Mongolia	-	2016
Nicaragua	4.0	2021
Papua New Guinea	8.9	2021
Sri Lanka	-	2016
Timor-Leste	0.1	2018
Uzbekistan	21.0	2021
Vietnam	24.7	2020

*Cuba and Ukraine, which had been receiving health systems strengthening support from Gavi, graduated in 2015 and are fully self-financing their programs in 2016.
+ Countries marked by a "-" are those expected to become fully self-financing in 2016.

24) Please provide a list of all vaccines funded by GAVI by type of vaccine in FY15, estimated for FY16, and projected for FY17.

Gavi, the Vaccine Alliance, funds vaccines based on its current Vaccine Investment Strategy, which determines which vaccines are made available to countries through Gavi's vaccine support programs. A new strategy is developed every five years when Gavi takes stock of available and expected vaccines and sets new priorities through in-depth analysis and widespread consultations. In 2013, Gavi developed its latest vaccine investment strategy for the 2014-2018 period.

Gavi-supported vaccines
Pentavalent (includes diphtheria, tetanus, pertussis, hepatitis B, and *Haemophilus influenzae* type b (Hib)).
Pneumococcal conjugate
Rotavirus
Measles-rubella

Meningitis A
Oral cholera (stockpile)
Yellow fever
Measles
Japanese encephalitis
Typhoid
Inactivated polio vaccine
Human papillomavirus

25) Please provide a list of the top 10 donors to GAVI in FY15, estimated for FY16, and projected for FY17.

Gavi, the Vaccine Alliance, bases its fund-raising on a five-year replenishment cycle, with most donors pledging for the entire period. Actual contribution levels can vary per year, based on different donor payment schedules, donor fiscal years and budgetary processes, and fluctuations in foreign exchange rates. Gavi reports the level of donor support per replenishment period and not per year. Below is a table outlining the pledge levels of the largest donors to Gavi for 2016-2020. This table does not take into account a U.S. Government pledge for the years 2019 and 2020, as the U.S. Government pledge is currently only through FY 2018.

2016-2020 donor pledges to Gavi*
(in USD millions)

Donor	**2016-2020****
United Kingdom	2,343
Bill & Melinda Gates Foundation	1,550.5
Norway	1,016
United States***	800
Germany	720

France	524
Canada	469
Italy	437
Netherlands	308
Australia	260

*For the period 2016-2020 donor ranking may vary due to fluctuations of FX rates and changes in donor payment schedules.
**A cumulative view has been provided for the current strategic period as some donor agreements are to be finalized and calendar for disbursements yet to be defined.
*** Does not include any possible USG pledge to be considered for the years 2019 and 2020. Also, does not include FY 2015 funding of $200 million provided to Gavi as part of the current four-year pledge of $1 billion for FY 2015-FY 2018.

Questions for the Record submitted to
USAID Administrator Gayle E. Smith by
Representative Nita M. Lowey
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations

1. Former Administrator Raj Shah said that one of the agency's greatest achievements under his tenure was forging a "new model for development" that relied on innovation, investment, and partnership to "build local institutions that are strong enough so that we don't have to be there ten or fifteen years from now." How is USAID continuing to institutionalize this "new model for development"? What percentage of assistance is currently estimated to be implemented by local governments or NGOs? A recent GAO report called on USAID to take a more qualitative look at local solutions when measuring its success. Last summer USAID told the GAO that it would develop additional metrics by the end of the year to assess partner-country capacity, ownership and sustainability. What is the plan for applying these new metrics to USAID programs?

The "new model for development" described by former USAID Administrator Shah, in part, refers to USAID Forward, a set of organizational and programmatic reforms launched in 2010. USAID Forward aims to ensure that we and our partners more efficiently, effectively and inclusively address the global challenges of today and achieve results that outlast our assistance in the future.

Local Solutions, one of the original reforms under USAID Forward, focused on creating the conditions whereby countries lead, resource, and sustain the development results in which we invest. This entails working directly and indirectly with local governments, civil society, and the private sector to achieve locally owned, sustainable development outcomes. The amount of mission funds obligated directly through local governments or organizations increased from 9.6 percent in FY 2010 to 18.6 percent in FY 2015.

To institutionalize Local Solutions and ensure that our Missions have the tools and flexibility needed to encourage countries to take responsibility for their own development progress and results, USAID is prioritizing operational approaches to country ownership and sustainability in revised guidance on strategic planning and project and activity design. While

important, operational approaches are not limited to direct funding of partner governments or local organizations; they also include developing the capacity of government service providers or local NGOs, engaging and partnering with the local private sector, and leveraging USAID's influence and convening power to strengthen local systems.

Domestic resource mobilization (DRM) -- the process through which a country raises its own funds to provide for its people -- is another key approach to fostering local ownership and sustainability in providing essential services such as education, water and health care. In July 2015, the United States joined more than 30 nations in signing the Addis Tax Initiative, which is aimed at increasing support for DRM. By investing in DRM, USAID is helping countries to take realistic steps towards meeting their resource needs while closing their funding gaps -- leading to greater self-sufficiency and independence from foreign aid.

USAID is also developing guidance regarding monitoring and evaluation approaches to assess the impact of government-to-government assistance on partner-country capacity, ownership and sustainability, applicable where Missions have determined that the use of government systems is a relevant tool for achieving their objectives. In accordance with our updated response to the GAO, we are on schedule to produce this guidance by June 2016.

USAID is not pursuing standard metrics for sustainability that would be applied Agency-wide. As development practitioners, we recognize that appropriate and meaningful approaches to country ownership and achieving sustainable outcomes are specific to different technical development sectors, and must be tailored to the local context. In practice, this means that local ownership and sustainability are defined and measured differently across countries and programs. USAID missions need to have the flexibility to select program approaches and measurement strategies that are tailored and relevant to the local contexts in which they work.

2. Despite a robust overall request for global health, specific accounts are targeted for reductions in the FY17 request including TB (-19%), nutrition (-13%), and neglected tropical diseases (-13.5%).

Multiple Drug Resistant or MDR and Extremely Drug Resistant, or XDR Tuberculosis (TB) has been characterized as a rapidly growing global threat. It is a highly contagious airborne disease, with limited treatment options, which crosses borders with ease. Given last year's National Action Plan on MDR TB and the threat to our own population, why has the Administration cut funding for TB control programs overseas?

What are the results from USAID's initiative on Ending Preventable Maternal and Child Deaths and how would the FY17 request build on this progress?

I'm concerned that the request would decrease funding for nutrition by 13%, when we know that nutrition programs to be central to preventing child deaths. Why does the FY17 request recommend cutting these programs?

The FY 2017 request for tuberculosis (TB) of $191 million is a reduction of $45 million from the FY 2016 appropriated level. However, this figure does not represent the totality of the U.S. Government's response to TB in FY 2017. USAID collaborates with other agencies, including PEPFAR on TB/HIV co-infection interventions, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) to integrate and expand TB health services and strengthen delivery platforms. The Global Fund is a major donor for international TB control, and the U.S. Government remains the largest donor to the Global Fund. In fact, the U.S. Government is the world's leading donor to TB, and USAID is the lead agency for international TB. Over the last five fiscal years (FY 2012-16), through USAID-Global Health Programs account funds, USAID's funding for TB reached $1.17 billion.

Middle-income countries, which have higher burdens of TB and multidrug-resistant tuberculosis (MDR-TB), have a greater ability to pay for their programs and are increasingly stepping up to this responsibility by bearing a larger share of the costs. To further increase their

share of resources, USAID is continuing its work with these countries on domestic resource mobilization.

While the rate of TB cases has been declining for the past decade, and the world almost met the Millennium Development Goals of a 50 percent reduction TB incidence and mortality by 2015, compared to 1990, 1.5 million people die each year from TB globally, with 9.6 million new cases annually, including 480,000 cases of MDR-TB. TB is now the leading infectious disease killer of adults. Since 2000, TB treatment has saved the lives of more than 43 million people, and over the last five years, USAID has contributed to curing over 10 million TB patients and initiating treatment for more than 220,000 MDR-TB patients.

USAID will lead the international component of the *National Action Plan for Combating Multidrug-Resistant Tuberculosis* (National Action Plan) by introducing new point-of-care diagnostics, new MDR-TB drugs and regimens, and new approaches to improve adherence. USAID is already leveraging additional resources and creating efficiencies through innovative partnerships with two American companies and a global partnership to achieve more with existing resources, which include:

- Janssen Pharmaceuticals will provide $50 million for the National Action Plan, through the donation of new drugs, strengthening of surveillance systems, and improving adherence to MDR-TB treatment;
- Through a partnership among Cepheid (the producer of the Xpert TB and MDR-TB diagnostic), USAID, PEPFAR, UNITAID and the Bill & Melinda Gates Foundation, Cepheid agreed to reduce the price of the Xpert diagnostic cartridge from almost $17 to less than $10. The Cepheid diagnostic test price reduction has already increased our ability to accurately and quickly diagnose TB and MDR-

TB, and saved over $50 million in two years, including for countries like South Africa's purchasing of tests with domestic resources; and

- USAID has partnered with the Stop TB Partnership's Global Drug Facility to achieve a 50 percent price reduction for MDR-TB drugs, thereby stretching resources for the U.S. Government, Global Fund and country partners.

The FY 2017 budget request includes over $2.23 billion for USAID's effort in the global goal of Ending Preventable Child and Maternal Deaths (EPCMD) by 2035. Within that amount, the FY 2017 request includes $815 million for maternal and child health programs, which is an increase of $99.5 million from the FY 2015 enacted levels. Within this increase, $275 million is provided for Gavi, the Vaccine Alliance, as part of the Agency's four year, $1 billion commitment. USAID has set a global goal of saving the lives of 15 million children and nearly 600,000 women by 2020 in USAID's 24 focus countries, which will put them on track toward achieving the Sustainable Development Goals by 2030. FY17 resources will be critical to our efforts to achieve these goals.

Since 2008 alone, the collective efforts of USAID and many others have saved the lives of nearly 4.6 million children and 200,000 mothers. Based on the annual rate of reduction required to reach the end of preventable child and maternal deaths by 2035, Bangladesh, India, Indonesia, Malawi, Nepal, Rwanda, Senegal, Tanzania, Uganda and Yemen are on track to achieve an end to preventable child and maternal death as defined as 20 child deaths per 1,000 live births by 2035.

Since 2012, when the U.S. Government launched the Child Survival Call to Action to mobilize countries, civil society, and the private sector around the goal of ending preventable child and maternal deaths, 19 of our 24 priority countries have developed country level

national action plans that include costed targets, and mobilization of civil society toward that effort. USAID continues to look for new ways to achieve greater impact with our EPCMD funds. In 2014 USAID issued the first "Acting on the Call" report which formulated country-specific plans for expanding interventions that would have the greatest impact on child and maternal mortality rates in our 24 priority countries, which together account for more than two thirds of child and maternal deaths. USAID followed up in 2015 with country-by-country updates, examining the progress that has been made of the past year and providing new recommendations for how to reach 38 million women with high-quality health services around the time of delivery. We are currently working to update this report – to be released in June – which will also offer recommendations and plans for further accelerating progress through an equity-based approach focused on the bottom forty percent of the population, based on wealth.

The Administration's FY 2017 request for nutrition is $108.5 million, which is $16.5 million below the FY 2016 omnibus level of $125 million. However, the aggregate nutrition request for FY 2017 is $242.5 million, which includes the accounts of Global Health Programs-USAID, Development Assistance, Food for Peace, and Economic Support Fund.

USAID addresses malnutrition using its Multi-Sectoral Nutrition Strategy, which covers from 2014 to 2025 and works across funding streams and sectors to address the root causes of malnutrition in development and humanitarian assistance settings. USAID's programs focus on the prevention of undernutrition during the first 1,000 days – from pregnancy through a child's second birthday – through comprehensive programs that integrate food security and interventions to end preventable child and maternal deaths. Undernutrition in the first 1,000 days not only puts a child at risk for early death and increased childhood morbidity, but also for long-term health problems, such as higher susceptibility to infectious diseases, cardiovascular disease, metabolic

disorders, and cancer. The response to global health problems is a shared responsibility that cannot be met by one nation alone. The United States continues to challenge the global community to also provide leadership in building healthier and more self-sufficient nations.

USAID focuses on scaling-up preventive drug treatments for seven of the most prevalent NTDs (lymphatic filariasis, trachoma, onchocerciasis, schistosomiasis, and three soil-transmitted helminthes) – diseases that impact more than 1 billion people. Currently, USAID is providing over 287 million treatments a year and the pharmaceutical companies are donating over $2 billion worth of medications in support of 31 country programs. The FY 2017 request includes $86.5 million for NTDs.

3. USAID significantly strengthened its evaluation policy in 2011 as part of the USAID Forward initiative, and has made efforts in recent years to improve both the quantity and quality of foreign assistance evaluations, as well as to foster a "culture of learning" at the agency.

An external study of how evaluation results are used was due to be released last fall. What is the status of this external report and how has this focus on evaluation impacted USAID programming?

A common critique of USAID Inspector General reports is the unreliability of data used to evaluate USAID projects. What steps has the Agency taken to improve this data to get a better picture of what is working or not?

The Committee has provided additional resources in recent years to reduce a backlog of closeout audits and de-obligate unliquidated balances. Can you update the Committee on the progress of these efforts?

USAID's Office of Learning, Evaluation, and Research within the Bureau for Policy, Planning and Learning commissioned an independent study to examine evaluation use at USAID from 2011-2014. The study was conducted by Management Systems International and the final report, Evaluation Utilization at USAID, was published in February 2016. It concluded that

evaluations are being used to improve programming in ways that contribute to better development outcomes. The data show that 71 percent of evaluations were used to design and/or modify a USAID project or activity, and at the country level, 59 percent of approved Country Development Cooperation Strategies referenced findings from USAID evaluations.

USAID has provided guidance to its programs in each country with the objective of improving the reliability of data. This guidance includes a requirement that all data reported externally undergo a process to assess data quality called a "data quality assessment" (DQA) before the data can be reported. The guidance also includes a checklist for the DQA process, which documents data limitations according to five criteria, and procedures walking staff through how these DQAs are to be undertaken.

USAID's Evaluation Policy also requires that "All quantitative data collected by USAID or one of the Agency's contractors or [recipients] for the purposes of an evaluation must be uploaded and stored in a central database." This database, the Development Data Library (DDL) is located online. USAID partners submit evaluation data to the DDL on an ongoing basis. Per USAID's Open Data Policy (ADS 579 – USAID Development Data), launched in October 2014, it is the Agency's policy to make public the data it funds, unless exempted for reasons of privacy, security, and other considerations allowable by law.

With the additional funding for audits, USAID has reduced the audit backlog as originally calculated in 2012 by 92 percent; reduced from 325 to 26 incurred cost audits. Over the last three years, USAID has completed 311 audits; 71 in FY 2013, 138 in FY 2014, and 102 in FY 2015. At the end of last fiscal year, the Agency had an audit backlog of fewer than 25 audits. However, with the recent legislative changes preventing agencies from using the Defense Contracting Audit Agency to conduct audits, USAID's backlog has grown to around 50 audits.

USAID has a plan in place to conduct these audits through an existing blanket purchase agreement. Over the coming months, USAID will procure audit services with the goal of reducing the backlog back to fewer than 25 audits.

4. Disasters are a development issue that reverses decades of progress in seconds, as we have recently seen in Haiti, Nepal and the Philippines. USAID has noted the scale of need created by the current large humanitarian emergencies, and the strain that puts on our humanitarian programs. Administration officials often cite the need to get others to take on more of that burden. What is USAID's plan for investing in the capacity of partner countries to respond on their own to small and medium-scale disasters and emergencies? What are the plans to mainstream disaster risk reduction related to development and climate change adaptation?

How does USAID preserve its limited resilience funding in the face of competing, urgent humanitarian needs? Please estimate how much has been spent on resilience programming in FY14 & FY15.

Communities and countries are already stepping up and taking proactive action to better address and manage the growing intensity and complexity of risks they face. The global Call to Action following the drought emergencies in the Horn of Africa and Sahel 2011-12 exemplifies what countries are already doing to build resilience to recurrent crises. In places like Kenya, we are already seeing the early results. In Kenya, the government has launched a progressive Ending Drought Emergencies (EDE) strategy to address recurrent crises in the arid and semi-arid areas of the country, established a corresponding secretariat and National Drought Management Authority to guide cross-ministerial implementation of the strategy, and committed $1.6 billion in resources against it -- matched by $1.5 billion in donor resources, including from the USG.

USAID's focus on building resilience is central to protecting development gains, mitigating the effects of climate change, and achieving the President's goal of eradicating extreme poverty by 2030.

USAID's flagship resilience efforts target chronically vulnerable communities in the drought-impacted Horn of Africa (Ethiopia and Kenya) and the Sahel (Niger, Mali, and Burkina Faso) and were born out of the large-scale drought emergencies in these areas in 2011 - 2012. The focus of these efforts is building the capacity of people and places subject to recurrent crises to mitigate, adapt to and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth. Emergent resilience efforts are now also underway in Uganda, Somalia, Mali and Nepal.

USAID's climate change adaptation efforts support the Agency's resilience efforts by working in more than 30 of the world's most-vulnerable countries—including small island states and glacier-dependent areas—to build resilience to current and future climate threats. USAID assistance facilitates access by governments and other stakeholders to the latest climate and weather data to support decision-making, long-range planning and the development of climate-resilient policies and institutions. Such information is vital, whether deciding where to locate new urban infrastructure or in developing crop varieties that will thrive in different climate conditions. Adaptation efforts are also helping communities prepare for more frequent extreme weather events through early warning systems. Other efforts are lowering communities' risk from droughts or floods, such as through index insurance or by diversifying traditional livelihoods that are particularly vulnerable to climate impacts.

Competing, urgent humanitarian needs elsewhere are of global concern, and may impact the ability of USAID to respond to emergent crises. It is worth noting, however, that the majority of funding for USAID's resilience efforts is from development assistance funds.

Humanitarian assistance funding and programs have provided a foundation upon which longer-term, development investments and programs are now building. Crisis modifiers that

allow these development programs to respond quickly to acute humanitarian needs in the event of an emergent crisis have also been put in place. These modifiers are also a critical element of an integrated humanitarian and development response to El Niño-induced drought in places like Ethiopia and are helping to minimize backsliding against resilience and development gains.

The use of development resources for these efforts reflects the need for sustained investment that addresses recurrent crises as a development challenge by addressing its underlying causes. Moreover, a central aim of all of these investments is to reduce humanitarian needs (and liabilities) in the future by increasing the capacity of vulnerable households, communities and countries to manage shocks and stresses on their own.

The total investment in building resilience to recurrent crises in targeted zones of the eight countries named above was $329 million in FY 2014. In FY 2015, planned investment levels are $287 million. This represents as slight year-on-year decline as certain programs end and others begin. However, it and future year planning reflect a sustained commitment by USAID to building resilience in these zones.

5. In 2015, GAO reported on $1.7 billion in USAID assistance to Haiti and found a lack of planning for the sustainability of non-infrastructure projects in Haiti and a lack of USAID-wide guidance on how missions should plan for the sustainability of their infrastructure projects (GAO-15-517). What has USAID done to address the recommendations in GAO's report and improve the sustainability of its projects?

In February and March 2015, USAID suspended two of the contractors that had worked on its flagship $30+ million Caracol-EKAM housing project in Haiti due to faulty home construction and poor drainage that resulted in flooding of the site. New contracts were required to assess and make needed repairs to the project. What is the current status of these repairs, including the total expected cost? What steps has USAID taken to ensure that similar issues will not occur with implementing partners in the future?

USAID has been working to address the recommendations set forth in the June 2015 GAO report (GAO-15-517).

In its first recommendation, GAO instructed USAID/Haiti to perform sustainability analyses when designing non-infrastructure activities to ensure that the results to be achieved by a project will be sustainable after donor funding ends. These analyses include, for example, recurrent cost analysis, an identification of the source of future revenues, and an assessment of institutional capacity that should be put in place or developed through the project.

Based on the GAO findings outlined in the draft report, USAID/Haiti began to incorporate sustainability analyses during the project design phase for education and health (nutrition) sector activities, and for a project to combat gender-based violence. USAID/Haiti also revised its Mission Order on Project Design to incorporate language requiring that sustainability analyses be conducted during the project design phase of the Program Cycle. This Mission Order reiterates Agency-wide guidance on sustainability analysis and is applicable to both infrastructure and non-infrastructure activities. Furthermore, USAID/Haiti made specific Agency tools available on the Mission's internal website to assist with sustainability analyses, such as a checklist of sustainability considerations and a menu of illustrative questions, issues and examples to help design teams think through the sustainability objectives of projects. This revised Mission Order was issued on October 8, 2015 and remains in effect.

The second recommendation asked USAID to provide guidance for identifying capital assistance projects, including infrastructure activities, for which USAID Missions must certify sustainability, to ensure compliance with Section 611(e) of the Foreign Assistance Act of 1961 as amended. The identification of infrastructure projects and follow-through on Section 611(e) requirements for capital investments are integral to USAID's Program Cycle, particularly at the design stage. Operating units identify infrastructure activities and confirm Section 611(e)

requirements are met through completion of mandatory activity checklists and other planning requirements including initial environmental examinations.

Nevertheless, USAID recognizes that, especially where infrastructure is not the primary objective of an activity, identification and sustainability planning can fall short of reasonably expected planning levels. The recently completed USAID Construction Assessment (November 2014) broadly recommends developing further policies "around successfully designing, implementing, and administering construction activities" in order to more effectively and efficiently manage investments and risk around capital projects. To this end, the Agency is already taking action to address Section 611(e) compliance as follows:

- Select operating units, including the USAID/Haiti Mission, have already developed Mission Orders (operating unit specific guidance) for construction activity management, including compliance with Section 611(e) requirements.
- The Agency's Global Acquisition and Assistance System (GLAAS) was modified to allow for a simple (check box) identification of infrastructure activities in each active award. This modification allows for a search of GLAAS data fields (location, budget, contract value, etc.) for all activities that include construction across the Agency's portfolio.
- A training program on Section 611(e) compliance and best practices was delivered at the Agency's global infrastructure conference held in Washington, DC in December 2014. Attendees at the conference included Agency engineers and contracting officers. Training on the 611(e) process is a part of USAID's five-day Engineering and Construction Contracting Management course. In the past 12 months, the Agency has trained over 100 USAID staff.
- The Agency's Acquisition and Assistance Planning system now includes a field to track construction activities in planned upcoming awards. This allows the Agency to generate

reports that track construction activities by location, technical sector, award value, anticipated award date, etc.

The third recommendation seeks to ensure that USAID management has access to all information necessary to certify a host government's capability to maintain and operate a capital assistance project and provides guidance specifying the types of information that missions should include in 611(e) certifications.

In USAID's effort to revise ADS 200 (Programming Policy), new language has been drafted to make the identification and screening of risk mandatory at the planning stage of all construction activities. Risk screening protocols are being piloted across USAID operating units at present. Sustainability is considered a significant category of risk for USAID construction. Risk screening protocols emphasize rigorous compliance with policy requirements, like 611(e), in order to achieve appropriate levels of risk management and mitigation. Guidance is expected to be completed and linked to the Agency's Automated Directive System in the next six to 12 months.

Caracol:

USAID/Haiti was deeply concerned to discover deficiencies detected in the housing and related site works constructed at the Caracol-EKAM site.

The Agency is working to remedy deficiencies at the Caracol-EKAM housing site—starting with the hiring of a U.S. construction firm to address the most urgent deficiencies. USAID has already reinforced the nine individual footings that support a water tower on site. Planned repairs include: site storm drainage improvements, sanitation system upgrades, water system upgrades, strengthening of roof fasteners, and structural upgrades of house walls. The current total estimated cost of repairs and needed improvements to the Caracol-EKAM site

includes an estimated $4.5 million for the assessment, the design to address the deficiencies, and the construction management to oversee the work; and an estimated $7.9 million for the actual repairs and improvements.

USAID is committed to ensuring that American taxpayer dollars are used wisely, effectively, and for their intended purpose in every place we work, including Haiti. The two contractor companies that performed the deficient work are currently excluded from competing for most federal government construction contracts, thus protecting the USG and the U.S. taxpayer from future harm. The Agency can and does exclude vendors that do not perform, helping to ensure that the federal government does business only with responsible partners. In addition, in March and July 2015, USAID terminated for default two contracts that were held by the contractors who worked on housing construction at Caracol-EKAM.

Finally, USAID's Office of the Inspector General routinely audits Agency programs, which is a standard practice for USAID programs worldwide. These audits help ensure proper financial and management control and give us the opportunity to make adjustments as warranted.

6. The fast rise in incidence of non-communicable diseases is having a negative impact on people living in poverty in developing countries and jeopardizes the investment made by the United States to combat infectious diseases. In many instances, current efforts focused on infectious disease, and non-communicable disease specific interventions are mutually reinforcing and complementary to health systems strengthening and health sector development.

Is USAID able to quantify their efforts to equip developing country partners to fight non-communicable diseases? How is USAID integrating their global health programs to the maximum extent possible to combat both infectious and non-communicable diseases together such as cervical cancer and maternal mortality or HIV and hypertension? Who is responsible within the Global Health Bureau for tracking and supporting such joint efforts?

The U.S. Agency for International Development (USAID) has taken steps across a range of programs to address the impact of non-communicable diseases (NCDs) in the achievement of

our global development objectives. Beginning with measurement, USAID continues to document prevalence and trends of NCDs and behavioral risk factors through NCD and adult-health modules in the country-level Demographic and Health Surveys, which the Agency has pioneered. Within USAID's Bureau for Global Health, coordination on NCDs takes place through the various technical offices that include NCD in their programming. USAID is able to quantify funding for NCDs, which occurs outside of the Global Health Programs account and is tracked as NCD programming through the standard program structure. There is currently no system for tracking NCD efforts that are integrated through other health programs. Following are several examples of where USAID has integrated NCDs into existing work.

USAID's Multi-Sector Nutrition Strategy for 2014-2025 defines malnutrition as both undernutrition and overnutrition, or overweight and obesity. Programs focus on the prevention of malnutrition in the 1,000-day window, based on the evidence that good nutrition in this period promotes healthy growth and development and helps prevent overweight and obesity, as well as NCDs in adulthood.

In the Middle East region, premature deaths and disability from pneumonia and diarrhea decreased by 47 percent and 69 percent over 1990 to 2010, respectively. However, heart disease and diabetes increased by 44 percent and 87 percent, over the same period, respectively. In response, USAID is in the process of initiating a regional learning exercise on NCDs through: assessments of health systems gaps, which serve as barriers to effective prevention, diagnosis and treatment of high-burden diseases; and sharing of best practices for health systems strengthening and quality improvement.

In addition, USAID is working in partnership with the National Cancer Institute to address tobacco control issues. In Indonesia, with one of the highest male smoking rates in the

world (87 percent), researchers are studying the effect of a smoke-free home on neo-natal health and the effect of air pollution in early life on infant and maternal health. Another country program is addressing the effect of a smoking cessation program for families of children diagnosed with TB. Health-related factors that suppress an individual's immune system can increase a person's risk of developing active TB, including smoking and diabetes.

Other investments addressing NCDs include USAID's American Schools and Hospitals Abroad program which, in partnership with the Fred Hutchinson Cancer Research Center and the Uganda Cancer Institute, constructed a state-of-the-art cancer training and outpatient treatment facility in Kampala, Uganda, using Development Assistance funds. The facility extends patient access to cancer diagnosis and treatment and conducts research on the links between infectious diseases, such as HIV and Epstein Barr virus, and cancers, such as Kaposi sarcoma and Burkitt's lymphoma.

Further, USAID/Jordan is designing a NCD project to prevent the premature onset of chronic diseases, detect chronic diseases at an earlier stage, and improve access to high quality treatment using Economic Support Funds. Jordan has undergone a significant epidemiological transition towards NCDs in recent years as a major cause of mortality and morbidity; this is aggravated by the prevalence of NCDs among the country's Syrian refugees. USAID/Jordan will respond to the immediate NCD-related needs of refugees while building sustainability and resilience of Jordanian health systems so they can respond to the growing needs of changing demographics. To implement this program, USAID will work closely with a range of partners, including the Department of State, the National Institutes for Health, the Government of Jordan, UN Agencies, local non-government organizations, and the private sector.

7. The Global Health Security Agenda was launched in 2014 as a global effort to increase country capacity and keep the world safe from emerging infectious threats. The recent outbreaks of Ebola and Zika have created a new urgency behind these efforts. How is the Global Heath Security Agenda working to ensure that we are ahead of the next disease outbreak? What is the breakdown of responsibilities between the United States, other donors, and international organizations? What is the division of labor between USAID and other U.S. government agencies, specifically the Centers for Disease Control? Are there new capacities or personnel required by USAID to carry out its ascribed role?

The Global Health Security Agenda (GHSA) provides a platform for the international community to improve national systems to prevent, detect, and rapidly respond to high consequence pathogens.

With USAID's broad development capacity, the Agency has embraced a strategy for promoting global health security that targets the skills and capacities needed across the animal and human health sectors to prevent, detect and respond to emerging health threats. USAID is working with international, government, and regional and in-country partners to characterize the key drivers of disease emergence -- from deforestation and land use change to wildlife trade and livestock product demands. Along with other investments to strengthen country-level capacities for routine infectious disease detection and outbreak response, efforts are underway to improve surveillance and response, as well as develop risk-mitigation strategies.

USAID, the Centers for Disease Control and Prevention (CDC) and other U.S. government agencies engaged in the Global Health Security Agenda (GHSA) have jointly developed GHSA country-level plans in conjunction with country governments, Embassy staff and other stakeholders. This joint planning process has ensured that activities supported hy each agency complement one another and do not duplicate or leave major gaps. USAID has a unique and central role among our U.S. government counterparts in implementing the GHSA based on our Missions' broad bilateral partnerships and our multi-sectoral capacities -- spanning human

health, agriculture, food security, environment, economic growth and education. USAID's work also builds on and incorporates our long-standing efforts in infectious diseases, immunization and health systems strengthening, including laboratory capacity building in tuberculosis and malaria, workforce development, and antimicrobial resistance through improved drug management and resistance surveillance.

Other U.S. Government agencies are also core to GHSA. CDC plays a critical role in responding to a threat once it has human-to-human transmission capabilities with deep technical knowledge and expertise; extensive ability to conduct epidemiological training at scale; and capabilities for rapid mobilization of emergency health personnel during outbreaks.

The Agency is examining options to ensure that Mission staffing patterns accommodate the management needs of the GHSA mandate. USAID/Washington is currently supporting Missions in the recruitment of GHSA-specific staff.

Questions for the Record Submitted to
USAID Administrator Gayle E. Smith by
Representative Crenshaw
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations

1) The Caucus for Effective Foreign Assistance that I co-chair aims to promote the policies and activities of US agencies that make our assistance more efficient and effective and to encourage those that aren't to improve. Under my friend, former Administrator Raj Shah, USAID established a number of new policies in an attempt to improve the effectiveness of U.S. foreign assistance, part of USAID Forward reform agenda. One of them, USAID's Evaluation Policy, which was released in 2011, would strengthen your agency's programs by requiring that they be evaluated so that the programs may be improved upon if they fall short or replicated if they produce results. Through this Evaluation Policy and by making more information available about its programs, USAID has increased its focus on data and evidence over the past few years.

Administrator Smith, how has this policy changed the way your agency does business, and how is the taxpayer getting more bang for their buck under this program? Are there programs, such as democracy promotion, that are more difficult to evaluate and make information public? How do we overcome this challenge? How do we ensure we are evaluating for outcomes and not just outputs? What are you doing to ensure that this data and evidence is actually being used by people in partner countries to hold their governments accountable for results, and being used by USAID to improve its programs and inform decision-making?

With the release of the *Evaluation Policy* in 2011, USAID renewed its commitment to investing in high-quality evaluation practices that provide evidence for decision-making. This has resulted in the number of commissioned evaluations rebounding from an annual average of about 130 the five years prior to the *Evaluation Policy* to an annual average of about 230 over the last five years. Evaluation practice has been further enhanced by bringing back a holistic approach to strategic and program planning, implementation, monitoring, evaluation and learning, known as USAID's Program Cycle.

Within USAID, data and evidence is required to inform decisions at every phase of the program cycle, including strategic planning, project design, project implementation, monitoring, evaluation and learning. For example, a recent study on evaluation utilization at USAID conducted by Management Systems International found that 59 percent of approved country

strategies were found to have referenced findings from USAID evaluations, and 71 percent of respondents reported that evaluations had been used to design or modify a USAID project or activity.

While some programs, such as disaster or emergency response, may pose more challenges to using traditional evaluation approaches, all final USAID evaluation reports are made public except for a few rare exceptions related to the safety and security of partners, protection of proprietary data or personally identifiable information, and impairment of foreign assistance objectives. USAID's Center of Excellence on Democracy, Human Rights and Governance (DRG Center) within the Bureau for Democracy, Conflict, and Humanitarian Assistance has made a renewed commitment to using evidence through its Learning Agenda, including by defining a set of evaluative questions linked to the Agency's DRG portfolio that, when answered, will enable the Agency to assess, design, implement, and evaluate more effective DRG programs.

To examine whether USAID interventions are achieving higher-level outcomes, USAID's new guidance, which will be released in the fall of 2016, will introduce requirements for project-level evaluations at Missions. These evaluations will not take the place of evaluations at the activity level, but will examine the extent to which individual contracts, grants and other activities are adding up to achieve higher-level results.

To support accountability in partner countries, USAID works with Voluntary Organizations of Professional Evaluators that strengthen the enabling environment for evaluations in their countries. For example, USAID provided a grant to EvalPartners, an organization that brings together international and local organizations in a global movement to strengthen national evaluation capacities. EvalPartners established a Parliamentarians Forum, an

initiative to enhance the capacities of civil society organizations to engage in a strategic and meaningful manner in national evaluation processes, contributing to improved country-led evaluation systems and policies that are focused on equity and responsive to gender equality concerns.

2) Administrator Smith, over the past decade, the world has seen the steady rise of authoritarianism, with only a couple of exceptions. Every year since 2006 more democracies have experienced erosion in political rights and civil liberties than have registered gains, according to Freedom House. In all, 110 countries out of almost 200 countries have suffered some loss in freedom during the past 10 years. This is a negative trend for the people in those countries, it's negative for the US's relationship with those countries, and it is a negative for the stability of the current global order. When dictators oppress their people, the whole country, and sometimes the entire region, becomes unstable.

What can be done to combat this? How can the US better support civil society and government reforms so that this oppression doesn't lead to more crises? Can you comment on the Administration's views on supporting democracy, rights and governance programming?

In countries that are experiencing an erosion in political rights and civil liberties, USAID supports civil society, legislatures and judiciaries in order to foster a balanced and productive relationship among the main branches of government. Such a relationship is one of the hallmarks of democratic governance.

Countries with stronger civil societies are better positioned to resist government attempts to undermine freedoms and rights. Over the past 22 years, USAID has worked to defend and improve the legal environment and expand civic space around the world with programs that seek to improve NGO organizational capacity, advocacy skills, constituent-building, networking, and financial viability. As governments increase pressure on civil society, our efforts have expanded. USAID is a leading implementer of President Obama's Stand with Civil Society agenda, which supports, defends, and sustains civil society amid a rising tide of restrictions globally. USAID's NGO Legal Enabling Environment Program helps strengthen CSOs' capacity to defend

themselves from attempts to limit freedoms of speech and association. In partnership with 19 other donors, USAID also supports the Lifeline Embattled Civil Society Organization Assistance Fund that provides emergency financial assistance to organizations under threat as well as advocacy grants targeting broader threats to civil society and freedom of association and assembly. Lifeline has assisted 600 CSOs in 90 countries, including indigenous rights activists, journalist associations, union organizers, student groups, and others.

Countries with strong democratic governance have active, effective legislative institutions; conversely, authoritarian regimes lack independent legislatures. USAID's assistance to legislatures helps protect political and civil liberties under attack by opening up space for opposition parties to operate. USAID's long-term support in a dozen countries helps parliaments fulfill their constitutional role of overseeing the executive and voicing peaceful opposition in countries such as Armenia and the Kyrgyz Republic. USAID support to parliaments has included a broad range of technical assistance and training that has helped to build legislative support services, strengthen internal policy research and analysis, improve committee operations and staff expertise, and enact legislative rules and procedural reforms that have made legislative sessions and operations more effective and efficient.

USAID also supports independent judges, prosecutors, public defenders and court administrators. USAID has played a key role in strengthening justice systems in every region of the developing world over the past 20 years, and continues to train tens of thousands of legal professionals in countries such as Morocco and Kazakhstan. USAID works in partnership with the American Bar Association and other U.S organizations to support bar associations, public defenders and human rights advocates in dozens of countries, including Egypt and Nicaragua. These include groups and organizations that are instrumental in pushing for judicial

independence as a bulwark against executive overreach. USAID also creates and supports networks of human rights defenders and defense attorneys to promote and defend the civil rights of marginalized groups, including indigenous persons.

3) At this turbulent time in the world, the United States must be a leader in advancing principles of democracy and good governance. In previous years, democracy funds have been used to support special projects or initiatives in other sectors, at the expense of democracy programming. That practice has led to a 38 percent decline in expenditures for democracy programs since 2010. Last year, Congress gave a strong increase to democracy and governance funding, as well as changing the language to specify that this funding is only to be used for these specific programs. The Administration has requested another large increase this year but without the specification on funding use.

How will the FY16 increase impact the US's engagement in democracy and civil society work in the coming year? Is USAID getting support from State, MCC, and other agencies in its governance work?

USAID appreciates Congress's support of democracy, human rights and governance (DRG) programs, which are an essential part of U.S. development assistance. The $2.3 billion directive included in Fiscal Year (FY) 2016 will be allocated to core democracy, human rights and governance programs, sucb as those that enhance political competition, improve governance, strengthen rule of law, and support civil society. An increase in DRG funding in FY16 will strengthen and further enhance the role of the United States as the global leader in democracy promotion, particularly in work to protect fundamental human rights, support democratic political transitions, and address democratic backsliding and closing political spaces by promoting government accountability and citizen participation.

In addition to the $2.3 billion directive for core DRG programs, USAID promotes the integration of DRG principles and practices across development sectors as a way to improve broader development outcomes. This is consistent with the 2015 Quadrennial Diplomacy and Development Review (QDDR), which contends that "accountable, democratic governance is the surest way to expand social and

economic opportunities" and "societies that allow citizens a say and a stake in their success are more stable, prosperous, and secure."

USAID coordinates closely with the State Department, MCC and other agencies that provide assistance that advances democracy, human rights and governance, and we will continue to explore opportunities to enhance coordination and collaboration to provide more effective DRG assistance in support of U.S. foreign policy objectives.

4) Nutrition has been an important issue for me over the last few years, and I was glad to see USAID complete the Multi-Sectoral Nutrition Strategy for 2014-2025. In 2014, my Caucus for Effective Assistance co-chair, Adam Smith, and I wrote President Obama a letter supporting nutrition and the development of this strategy. However, to reach our goals to save lives, we must continue to improve how we fight malnutrition, as it is the underlying cause of 45% of deaths in children under the age of 5. When children are well-nourished, they do better in school, global health interventions are more effective, and communities thrive. This summer, the Brazilian government is hosting the second Nutrition for Growth Summit on the eve of the Olympics. At the Summit, we have an opportunity to announce concrete commitments for improving nutrition.

Will the US continue our strong commitment to combatting malnutrition at this summit? Do you have a position yet that USAID will take at the Summit and a plan to push other countries and the global community to prioritize the issue, including countries that have not been traditional donor countries? How can you use your position as Administrator to increase effectiveness and visibility of this issue?

USAID is committed to continuing robust support of country-led, nutrition-specific and nutrition-sensitive priorities.

The second Nutrition for Growth Summit in Brazil in August 2016 marks a pivotal moment for reinforcing commitment and accountability to address malnutrition. It is a key opportunity for the U.S. Government to continue to demonstrate its leadership and contributions to fighting hunger and undernutrition globally. USAID is currently in the process of determining resource pledges for the summit, including investments in the form of expertise and partnerships

with other donors as part of a broader push to get new countries to step up and contribute to the global effort.

In conjunction with the U.S. Government's commitment through Feed the Future (FTF) and Global Health, efforts are underway to track nutrition investments that catalyze robust domestic resources towards nutrition in the countries where we work. While the U.S. Government is proud of its leadership role, fighting hunger and undernutrition is a global responsibility. As the lead international development agency, USAID seeks sustainable solutions to development challenges like malnutrition with host country partners and stakeholders.

As Administrator, I will ensure that nutrition remains a cornerstone of USAID's development objectives through FTF, Global Health, and humanitarian assistance. I will also work to secure new partners to invest in nutrition, such as the private sector, and will press for greater country-level resources invested in high-impact nutrition outcomes.

Questions for the Record Submitted to
USAID Administrator Gayle E. Smith by
Representative Chris Stewart
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations

1. Every year over 3 million tuberculosis patients around the world either do not receive a diagnosis or are not reported to national programs, including 24% of which are in India.[1] As a result, most of these patients will not receive appropriate medical care and risk transmitting the disease to others. Can you please describe USAID's current efforts/programs to improve identification of tuberculosis patients, especially those that are currently being "missed"? How is USAID coordinating with other countries or agencies, particularly in India, to improve the identification of these patients?

One of the key components of USAID's Tuberculosis (TB) Strategy is to find TB cases early to reduce suffering, prevent the spread of disease, and improve the outcomes of treatment. We have a multi-pronged, country specific, case-finding approach that focuses on identifying the "missing" individuals in the community with TB symptoms, instituting rapid screening and testing and immediately initiating TB treatment in both the public and private sectors. Individuals and groups at highest risk of TB infection and disease (e.g., persons living in cramped quarters or congregate settings, persons with impaired immunity due to diseases such as HIV/AIDS, diabetes or cancer, or those experiencing malnutrition) receive heightened attention, and a patient-centered care approach is implemented to address the needs of those communities.

TB is a major cause of morbidity and mortality in India, which, with more than two million cases each year, has the highest burden of TB disease in the world. Early diagnosis and initiation of curative treatment is essential to avert the high mortality associated with the disease, prevent transmission to others, and decrease prevalence so that TB ceases to be a frequent source of illness and death, especially in poor and vulnerable populations.

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[1] The Times of India. 24% of global missed TB cases in India: WHO. October 24, 2014. http://timesofindia.indiatimes.com/india/24-of-global-missed-TB-cases-in-India-WHO/articleshow/44921039.cms

India's scientific and technical sector is clearly well-developed. The country is at the forefront of scientific and medical breakthroughs, and has great capability in the fields of diagnostics, drugs, and methodological innovation. As a result, USAID/India sees its role as that of a "knowledge partner"-- sharing information, expertise, and experience with counterparts in the Government of India, private sector, and civil society to build effective and easily scalable health solutions to major challenges such as tuberculosis. Through this partnership approach, USAID provides technical assistance to the Government of India, as well as the private, philanthropic, and non-profit sectors to catalyze India's considerable intellectual, human, and financial resources in TB control. In addition, the collaboration provides a global learning platform in research and innovation.

USAID recently launched with India's Revised National TB Control Program a new program called The TB Health Action Learning Initiative. This initiative will focus on vulnerable TB populations by systematically mapping and targeting TB "hotspots" (including urban slums, prisons and high-risk workplaces), integrating community-based organizations into TB prevention, diagnosis and care tuberculosis activities.

2. Although there are many TB diagnostic tests available, there is currently a lack of an effective screening or triage test. Most available tests require access to stable infrastructure and trained healthcare personnel, have long lead times, and can be cost prohibitive. Tests typically used for screening, including microscopic sputum smear and chest X-ray, are less expensive but have relatively low sensitivities and specificities, limiting their utility as a screening test. What programs is USAID currently supporting to develop more effective screening technologies to better identify TB patients? Once developed and validated, what resources does USAID have to support the deployment of an improved screening technologies?

USAID's approach to identifying individuals with tuberculosis (TB) starts with the community – training individuals, communities, and community health workers to identify signs

and symptoms of the disease, as well as next steps to ascertain a proper diagnosis; and helping to ensure access to services capable of screening for active disease, followed by access to facilities able to perform accurate, rapid, and free diagnostic tests. USAID supports the development and maintenance of comprehensive, integrated, and high-quality TB diagnostic networks in countries with high burdens of TB, as well as those with high prevalence rates, to expand access to these essential services. This component is the foundation upon which all TB care rests.

USAID contributes to the global evidence base for diagnostics by developing and sharing implementation strategies and practices and ensuring this evidence is incorporated into country and global policies. USAID works closely with relevant U.S. Government agencies and international partners to inform research agendas and use research findings to develop new tools and approaches to detect TB more effectively. We work with ministries of health to evaluate the programmatic and patient-level impact of newly developed tools throughout the health care system. USAID supports countries to deploy tools and practices aimed at improving comprehensive TB diagnosis throughout the entire network, including the operationalization and scale-up of new rapid diagnostic tests, diagnostic monitoring tools, and other technologies that support the diagnostic network as they become available or endorsed by international organizations.

The USAID Global Health TB Team is currently supporting and participating in the Global TB Laboratory Initiative through the World Health Organization Global TB Program to review and evaluate promising new diagnostic technologies, including the development and review of target product profiles. USAID actively seeks out new diagnostic technologies and helps to link promising diagnostics and developers to opportunities within USAID projects or priority programs. For example, USAID facilitated a successful review of a USAID

Development Innovation Ventures application from APOPO (which trains rats to detect TB). USAID also linked a promising "sputum stabilization" product from DNA Genotek to USAID in-country TB projects. USAID is also currently helping to optimize TB diagnostic networks in priority countries for the introduction and roll-out of a new Xpert test called "Omni," which will potentially enable TB and drug-resistant TB testing close at point-of-care.

3. Most TB tests are designed for use in a more centralized laboratory or clinical setting. But, many TB patients do not have ready access to these facilities or have a limited ability to follow-up on the testing that is conducted. As a result, one of the major challenges in the fight against TB is overcoming the logistical challenges of getting the test to the patient. If there was a test that could be easily taken to the patient in their home, workplace, etc., would USAID have an interest in assisting with the deployment of that technology?

USAID supports the strengthening of a comprehensive and quality tuberculosis (TB) diagnostic network with access to TB testing at all levels, including the ability to quickly and accurately screen for TB within an individual's community. TB diagnostic services are currently available at most primary health facilities in USAID priority TB countries. USAID has been instrumental in deploying and scaling-up new TB diagnostics in high burden TB countries. Decentralizing TB diagnostics and deploying new TB diagnostics requires not only an accurate test, but systems to support the entire system at all levels, including commodities logistics, quality assurance systems, monitoring and evaluation, and links to appropriate care and treatment.

The introduction of the Xpert MTB/RIF assay to high burden TB countries since 2011 has increased TB case notifications in many settings, reduced "incorrect" diagnoses in people with smear-negative results or empirically treated HIV-associated TB, and significantly reduced the time to diagnosis for people with multi-drug resistant TB and smear-negative TB. Future

improvement of the Xpert MTB/RIF assay, including a more sensitive Ultra assay and portable Omni test system, should further increase access to TB diagnosis and reduce the time that people are put on treatment. USAID has just embarked on a new partnership with Cepheid, building on the previous one, to introduce a new point-of-care diagnostic tool "Omni." USAID will continue to be in the forefront of deploying any new point-of-care technologies in a holistic manner to ensure weak infrastructure and underlying systems do not threaten successful uptake.

4. There are a number of groups for which TB is particularly difficult to diagnose, including children or those diagnosed with HIV. Can you please describe USAID's efforts to address the challenges of diagnosing TB in these groups?

USAID has made great efforts to ensure that tuberculosis (TB) diagnostics, especially new technologies like GeneXpert, are effective and available for all populations, including children and people living with HIV (PLHIV). Members of the USAID TB Team serve on global working groups and task forces that influence policy to ensure that all groups can access rapid, quality TB diagnosis. USAID-supported projects provide the operational and implementation data, evidence and guidance on how best to use existing diagnostic technologies in children and PLHIV, and the considerations needed when developing or adapting diagnostics for these groups. USAID has supported a four-city implementation project in India to use Xpert as the first-line diagnostic for children suspected of having TB. The project collected non-sputum specimens from children through pediatricians (both private and public sector) and proved that Xpert was effective to diagnose TB and multi-drug resistant TB in children. This project led to a significant policy change in India, and has served as a model for use in other high burden countries.

A review of diagnostic algorithms in African countries has shown clearly that most countries were not using the Xpert test as a first-line TB diagnostic for PLHIV; most algorithms focused on using the test only in persons suspected of having drug-resistant TB. This led USAID to implement a pilot project in Nigeria and Zimbabwe to develop models of linking TB and HIV services and ensure that all PLHIV had timely access to Xpert testing, either when they developed TB symptoms or as a routine screen when testing positive for HIV. Through these pilots, Xpert testing increased for PLHIV and certain systems were improved, such as specimen referral mechanisms.

The introduction of the Xpert MTB/RIF assay to high burden TB countries since 2011 has increased TB case notifications in many settings, reduced "incorrect" diagnoses in people with smear-negative results or empirically treated HIV-associated TB, and significantly reduced the time to diagnosis for people with MDR-TB and smear-negative TB. Future improvement of the Xpert MTB/RIF assay, including a more sensitive Ultra assay and portable "Omni" test system, should further increase access to TB diagnosis and reduce the time that people are put on treatment. USAID has just embarked on a new partnership with Cepheid, building on the previous one, to introduce the improved test system.

5. A group at the University of Utah is currently developing a new breath-based screening test to overcome the challenges of current screening methods to better identify TB cases, especially the "missed" TB cases. What opportunities are there for this group to work with USAID, or groups that USAID supports, to further develop and deploy this technology?

USAID welcomes the opportunity to learn about new diagnostic technologies for tuberculosis (TB), including screening tests, and we would be pleased to facilitate a meeting between the University of Utah and the Agency's Bureau for Global Health. Depending on the

development stage of the test and amount of evidence available, USAID can guide the developer to potential opportunities within the Agency (e.g., Development Innovations Ventures grants) or in other agencies (e.g., National Institutes of Health, National Institute of Allergy and Infectious Diseases). USAID can also link the developer with the Global TB Laboratory Initiative and other organizations to understand the "endorsement" process for new diagnostics, and potentially link the technology with National TB Programs or USAID-supported projects, as the technology shows promise to impact and increase TB case detection.

6. Tools for tracking and understanding TB are currently limited and often include paper-based or call-in reporting. What are USAID's largest challenges in tracking and understanding TB at the neighborhood/village to population level? If a real-time tracking platform could be developed to address these challenges, what would be the highest priority features or capabilities of such a platform for USAID?

In its high burden tuberculosis (TB) countries, USAID has implemented recording and reporting information systems at the laboratory and treatment sites for each test and patient. In addition, USAID has supported analysis and use of this data through the district, state, and national-level routine surveillance and monitoring systems. However, effective management of TB programs and individual TB patients depends on the availability of high quality data, among other basic program elements. Standard information on TB diagnosis and treatment is the mainstay of routine TB reporting, including rigorous assessment of treatment outcomes. This routine information allows program managers to identify strengths and weaknesses in the implementation of TB services so that they can provide the strongest possible response to the local TB epidemic and reduce morbidity and mortality. While USAID has been strengthening the quality of this data, it is the single largest challenge in tracking and understanding TB at the

neighborhood/village level to population level. Data quality and data use are part of a rapidly evolving landscape that USAID seeks to strengthen through technical assistance. For example, over the last five years, USAID has supported the introduction of a new standard recording and reporting tool by the World Health Organization, the launch of electronic data capture systems at all levels of the health system, new information systems for TB diagnostics, as well as specialized statistics systems to manage the complex tasks needed to diagnose and treat drug resistant TB. USAID's TB Program will continue to help countries improve their information and surveillance systems to track population and patient-based data for better quality care.

Question for the Record submitted to
USAID Administrator Gayle E. Smith by
Representative Ruppersberger
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations

1. Administrator Smith, I remain concerned about our response to the tuberculosis (TB) pandemic following your response to my question about drug resistant TB and the implementation of the President's National Action Plan to Combat MDR-TB. The World Health Organization (WHO) reported in October 2015 that the number of TB deaths in 2014 was 1.5 million, of which 0.4 million were HIV-positive, and the number of HIV deaths was 1.2 million, of which 0.4 million were TB deaths in HIV-positive people. These numbers show that TB deaths have surpassed HIV/AIDS deaths. I understand that PEPFAR and our contributions to the Global Fund to Fight AIDS, TB and Malaria (GF) support TB control, treatment and prevention, but these additional investments are also relatively modest compared to TB's overall disease burden. Approximately $160 million of PEPFAR's $4.3 billion was devoted to HIV-TB co-infection in FY2016, however, PEPFAR does not fund non-HIV-TB co-infected cases. According to the WHO, HIV-TB co-infection represents just 12% of global TB cases. Concerning GF funding of TB programs, it is estimated that less than 20% of the GF budget is devoted to TB. Can you provide full justification for the proposed 19% funding cut to the USAID categorical TB program at a time when global TB deaths have surpassed HIV/AIDS?

The FY 2017 request for tuberculosis (TB) of $191 million is a reduction of $45 million from the FY 2016 appropriated level. However, this figure does not represent the totality of the U.S. Government's response to TB in FY 2017. USAID collaborates with other agencies, including PEPFAR on TB/HIV co-infection interventions, and the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) to integrate and expand TB health services and strengthen delivery platforms. The Global Fund is a major donor for international TB control, and the U.S. Government remains the largest donor to the Global Fund. In fact, the U.S. Government is the world's leading donor to TB, and USAID is the lead agency for international TB. Over the last five fiscal years (FY 2012-16), through USAID-Global Health Programs account funds, USAID's funding for TB reached $1.17 billion.

Furthermore, middle-income countries, which have higher burdens of TB and multidrug-resistant tuberculosis (MDR-TB), have a greater ability to pay for their programs and are increasingly stepping up to this responsibility by bearing a larger share of the costs. To further increase their share of resources, USAID is continuing its work with these countries on domestic resource mobilization.

While the rate of TB cases has been declining for the past decade, and the world almost met the Millennium Development Goals of a 50 percent reduction TB incidence and mortality by 2015, compared to 1990, 1.5 million people die each year from TB globally, with 9.6 million new cases annually, including 480,000 cases of MDR-TB. TB is now the leading infectious disease killer of adults. Since 2000, TB treatment has saved the lives of more than 43 million people, and over the last five years, USAID has contributed to curing over 10 million TB patients and initiating treatment for more than 220,000 MDR-TB patients.

USAID will lead the international component of the *National Action Plan for Combating Multidrug-Resistant Tuberculosis* (National Action Plan) by introducing new point-of-care diagnostics, new MDR-TB drugs and regimens, and new approaches to improve adherence. USAID is already leveraging additional resources and creating efficiencies through innovative partnerships with two American companies and a global partnership to achieve more with existing resources, which include:

- Janssen Pharmaceuticals will provide $50 million for the National Action Plan, through the donation of new drugs, strengthening of surveillance systems, and improving adherence to MDR-TB treatment;
- Through a partnership among Cepheid (the producer of the Xpert TB and MDR-TB diagnostic), USAID, PEPFAR, UNITAID and the Bill & Melinda Gates

Foundation, Cepheid agreed to reduce the price of the Xpert diagnostic cartridge from almost $17 to less than $10. The Cepheid diagnostic test price reduction has already increased our ability to accurately and quickly diagnose TB and MDR-TB, and saved over $50 million in two years, including for countries like South Africa's purchasing of tests with domestic resources; and

- USAID has partnered with the Stop TB Partnership's Global Drug Facility to achieve a 50 percent price reduction for MDR-TB drugs, thereby stretching resources for the U.S. Government, Global Fund and country partners.

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