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INTERNATIONAL DEVELOPMENT PRIORITIES IN THE FISCAL YEAR 2013 BUDGET

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BEFORE THE

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INTERNATIONAL DEVELOPMENT PRIORITIES IN THE FISCAL YEAR 2013 BUDGET

TUESDAY, MARCH 6, 2012

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The committee met, pursuant to notice, at 2:55 p.m,. in room SD–419, Dirksen Senate Office Building, Hon. Benjamin L. Cardin, presiding.

Present: Senators Cardin, Menendez, Coons, Udall, Lugar, Corker, Inhofe, and Isakson.

OPENING STATEMENT OF HON. BENJAMIN L. CARDIN, U.S. SENATOR FROM MARYLAND

Senator CARDIN. The Senate Foreign Relations Committee will come to order.

I want to thank Chairman Kerry for allowing me to chair this hearing.

I want to welcome Dr. Shah back to the Senate Foreign Relations Committee.

I want to first, on behalf of the committee, on behalf of all the Members of the Senate, express our deepest condolences on the loss of Congressman Donald Payne, and our sympathy goes to his family. I do not know of a more tireless fighter on behalf of foreign aid and assistance and humanitarian efforts who knew the continent of Africa better than Congressman Donald Payne. I had the opportunity to serve with him in the House of Representatives and he was always a champion for our involvement in the continent of Africa and around the globe for the right reasons. And he will be sorely missed in the Congress of the United States.

I want to compliment USAID for naming a fellowship in his name. I think it is a fitting tribute to the work that he has done throughout his career. And again, we offer our deepest condolences to his family.

At today's hearing we have the USAID Administrator, Dr. Shah, with us to provide testimony on USAID's fiscal year 2013 budget request. As you know, I believe that our international development assistance is a critical investment in America's national security. I recognize that Dr. Shah and his team have made tough choices in this year's request, and I look forward to hearing more about those in our discussion today. I believe this is a budget that protects America's security interests and maintains U.S. global leadership while also encouraging more efficient use of taxpayers' dollars.

Development, along with defense and diplomacy—the three D's—is one of the three critical prongs that help to ensure America's national security. As the chairman of the Senate Foreign Relations Committee's Subcommittee on International Development and Foreign Assistance, I know firsthand how smart investments and worthy development projects are not only the right thing to do, but they have a profound impact on global stability.

Often Americans do not understand how the work of the State Department and USAID affect their lives. Aside from the humanitarian and moral imperative of improving lives in the world's neediest places, I would also like to underscore how our development assistance overseas expands export markets and ultimately strengthens our domestic job market. We have an economic interest in what we do globally as far as our development assistance is concerned.

We will also continue to champion programs that bring greater transparency and good governance to the countries in which they are implemented and applaud the administration's effort to redouble our own Government's transparency. Good governance is a critical part to our international involvement objectives. I also hold that empowering women is one of the most critical tools in our tool box to fight poverty and injustice. Gender integration, both in programming in the field and in planning in D.C., must be a central part of all of these programs. I defy anyone's assertion that women's empowerment should take a back seat to any other so-called more important priorities. I put on that list my efforts to encourage land reform. Many women around the world are doing the agricultural work and not getting the benefits of it, and land reform is a critical part of our objectives.

Dr. Shah, I want to praise your release last week of the new USAID Policy for Gender Equality and Female Empowerment, which makes integrating gender and including women and girls central to all U.S. international assistance. This policy, which updates guidelines that were over 30 years old, recognizes that the integration of women and girls is basic to effective international assistance across all sectors like food security, health, climate change, science and technology, economic growth, democracy, and governance and humanitarian assistance. It aims to increase the capacity of women and girls and decrease inequality between genders and also to decrease gender-based violence.

As Secretary Clinton pointed out more than 15 years ago, "Women's rights are human rights," and nothing is more fundamental in my opinion. I will continue to oversight and advocate the programs under the jurisdiction of the subcommittee to receive appropriate funding and rigorous implementation with regard to these priorities and look forward to working with the Department to achieve these goals.

America's active engagement abroad serves our economic and strategic purposes but is also rooted in our national values. Under the bipartisan initiative of the President's Emergency Plan for AIDS Relief, also known as PEPFAR, we have valiantly battled the spread of HIV in Africa.

Today, in conjunction with the Global Fund to Fight AIDS, Malaria and Tuberculosis, over 4.7 million people are receiving AIDS treatment, up from only 50,000 in 2003.

The focus on global health, as well as the critical issue of food security, under the initiative of Feed the Future highlights the administration's commitment to creating sustainable solutions to fundamental development challenges.

With more than $15 million spent on development programs in Afghanistan since 2002, USAID provides its largest bilateral civilian assistance programs to that country. And with that money and effort, Afghanistan has achieved some notable development gains, and we should give credit to the dedicated men and women of USAID where credit is due. Expanded access to health services and basic education, improvements in maternal and infant mortality rates, improved irrigation systems, new women-owned small and medium enterprises—all of these success stories underscore that when executed properly and in close alignment with the Afghan people, the United States can make a huge difference in development.

The challenge now is to learn from these lessons and focus on what is necessary, achievable, and sustainable, given limited resources and the changing political and security environment in Afghanistan. I have continuing concerns that achieving those standards is increasingly slipping out of our grasp.

Our civilians are operating in a very challenging environment and have assumed considerable risk in support of the President's civilian-military strategy for Afghanistan. Since 2003, 387 USAID partners implementing its programs have been killed in action and another 658 wounded in action. Moving forward, their safety must be our upmost concern.

As we begin the challenge of transition, unity of effort across the U.S. Government will be critical to getting it right. If a civilian program lacks achievable goals and needs to be scaled back, no other actors should take over that effort. We must keep good governance, fighting corruption, and gender integration at the core of our work.

U.S. spending on international affairs has been a frequent target of budget-cutting lawmakers. But if the United States is to remain a global power, then it must sustain investments in diplomacy and foreign aid commensurate with its national security and international interests. As Secretary Clinton put it last week in her testimony before this committee, this is a "downpayment on America's leadership in a fast-changing world."

Rather than slashing America's international affairs budget, we in Congress should work with the administration to focus on reforming the international affairs budget, especially to ensure that U.S. foreign aid is used more efficiently so it continues to have a great impact. I look forward to working with you, Dr. Shah, and your team, and I look forward to your testimony.

With that, let me turn to Senator Lugar.

OPENING STATEMENT OF HON. RICHARD G. LUGAR, U.S. SENATOR FROM INDIANA

Senator LUGAR. Well, thank you very much, Chairman Cardin, and I join you in your praise in memory of our colleague, Congress-

man Donald Payne of New Jersey. Both of us, I know, have had the privilege of being with Don Payne and his brother during Aspen Institute conferences abroad and other instances of his service in the foreign policy of our country and especially in Africa. And we will miss him.

But it is a special joy to welcome you, Dr. Shah. I admire you very much for your willingness to undertake this awesome responsibility. We are grateful you are here before the committee again today.

As I emphasized to Secretary Clinton at her hearing before the committee last week, we receive budget testimony amid continued challenges here at home with the national unemployment rate at 8.3 percent and 9 percent in my home State of Indiana. Our national debt has grown to more than $15 trillion. This scenario brings great pressure on our Government's financial obligations and places our entire economy at risk.

In this context, the dollars available for global development will be limited. The task before us today is to ask whether our Government is using these dollars as efficiently as possible to achieve the most benefits for U.S. foreign policy and development goals. Our foreign assistance should be targeted at sustainable development that promotes self-sufficiency and produces demonstrable results. Ideally, it also would support the strengthening of democracies and promote the rule of law. Such a path allows nations to become effective trading partners and allies on the world stage.

The administration has identified global food security, global health, and global climate change as the highest priorities for our development assistance. Historically, there has been broad support for United States participation in international efforts to feed vulnerable populations and combat infectious diseases. I will be interested to learn from the administration the degree to which our food programs have engaged our own farmers and our highly regarded agriculture research institutions to achieve greater productivity and higher yields in countries struggling with food insecurity.

The administration's expansion of global health investments beyond those established in PEPFAR raise several questions. Is the priority of the Global Health Initiative combating and preventing infectious diseases, or is it building local health infrastructure and capacity? How is the agency setting priorities, and in what ways are policies moving to country ownership? What is our strategy and timetable for turning these responsibilities over to the recipient countries?

As Administrator Shah knows, I have had misgivings about USAID's new Global Climate Change Initiative, which under this budget would receive $470 million. I have raised questions about the rationale behind the program and about a number of specific projects proposed under this initiative, especially in the subcategory of adaptation.

My concern is that USAID is being asked to devote resources to a politically determined objective, rather than to maximizing development impact. In other words, if there were not a Climate Change Initiative basket to fill, would all of these projects be worthy purely on their development merits?

We should recognize that 470 million dollars' worth of projects is not going to yield significant global climatological benefits, and in fact USAID's own literature does not seem to make that claim. So the benefits of these projects are meant to be local. If that is the case, then we should be applying rigorous standards on that basis to every development dollar spent.

Hunger and disease are so fundamental to the human condition and are so obstructive to the advancement of societies that in most cases, their connection to basic development goals is apparent. In my observation, adaptation projects under this initiative have a much weaker connection to basic development and their results will be more difficult to measure.

My intent would be to ask the General Accountability Office to examine the program, the standards being applied to it, and whether projects will yield results that justify the expense, especially at a time of diminishing resources.

In closing, as I did with Secretary Clinton last week, I would like to express my appreciation to the men and women of USAID who toil under very difficult and sometimes threatening conditions to carry out our Nation's programs abroad. They are indeed dedicated public servants, and we are deeply grateful for their willingness to serve.

I look forward to hearing from the Administrator and to our further discussion on these topics.

And I thank you again, Mr. Chairman.

Senator CARDIN. Thank you.

Dr. Shah, I would be glad to hear from you.

STATEMENT OF DR. RAJIV SHAH, ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT, WASHINGTON, DC

Dr. SHAH. Thank you, Chairman Cardin, and thank you, Ranking Member Lugar, and members of the committee. I am genuinely honored to have the opportunity to be here and look forward to your guidance and our discussion on the President's fiscal year 2013 budget request for USAID.

I also want to take a moment to recognize Representative Payne. He took time to offer specific counsel to me and to our staff on a regular basis, had visited nearly every African mission, and we were proud to be able to support a modest fellowship to help improve our efforts to build a diverse workforce in partnership with his efforts and ideas.

Two years ago, President Obama and Secretary Clinton asked us to elevate development as a core part of our national security and foreign policy strategy. We recognize that this work is so important that it has required us to do things differently. It has required us to be more responsive to national security priorities, more effective in foreign policy priority contexts, while being much more results-oriented and efficient in achieving core development results in food, security, health, water and sanitation, education, humanitarian assistance and resilience to climate change, and democratic governance and basic respect for human rights.

In this fiscal year 2013 budget request, we believe we have made tough choices, choices that are leading us to focus and concentrate

our investments where we can generate the most value for every taxpayer dollar that is invested. In priority areas like food and health, we have taken extra efforts to cut programs and reallocate resources to those specific countries where we think we can get the most results for every dollar that we invest. Our maternal health program, for example, has been reduced to 24 priority countries in order to support those places where the burden of disease is highest and where we can get the most results. Our Feed the Future Health Program has closed out efforts in Kosovo, Serbia, and Ukraine to be able to reinvest resources where we think we can generate the biggest impact.

This approach has been a hallmark of our USAID Forward reforms. The President has issued a policy directive on global development. The Secretary and I launched the QDDR, and out of that came the USAID reform package. Those reforms involve investments in science and technology so that we can lower the cost structure of doing our work, and we are starting to see real results from that. New technologies that, for example, help babies breathe and save lives in the first 48 to 72 hours of birth in very difficult settings are already making a big difference.

We focus more on monitoring and evaluation, and the American Evaluation Association has recognized our efforts and called them a gold standard for the Federal Government and suggested that other parts of the Federal Government may also take a similar approach. We are proud of that, and this year we will be publishing more than 200 independently peer-reviewed evaluations publicly on our Web site. So American taxpayers and everyone else can see what results we are getting for the resources we invest.

And fundamental to our reforms, we have changed our model of partnership to work more directly and effectively with faith-based institutions, with private sector companies, with universities that have technology and ideas to add, and most importantly, with a broad range of local institutions, local civil society groups, local businesses and banks, and more directly with governments.

These efforts are designed to help us be more efficient. And to provide just one example: In Senegal, by restructuring our education program to work directly with local institutions, we brought the cost down by almost 55 percent. It allowed us to build twice as many schools for the same amount of money, which results in more girls getting an education.

This budget includes a focus on our top priorities. The State AID budget request includes a $770 million incentive fund to support and provide the responsiveness necessary to respond to the situation in the Arab Spring. In frontline states like Iraq, Afghanistan, and Pakistan, we continue to implement our reforms focused on accountability, making sure that we are making our work and the footprint of our work sustainable, and doing what we can to ensure that those societies and countries have a pathway to success without long-term U.S. assistance and engagement at the current levels.

In each of these areas, we believe, as you have mentioned, that there have been significant results, and the challenge will be ensuring that they are sustained through a broad international partnership and more domestic investment and responsibility.

Our core priorities are also represented in this budget. The Global Health budget request of $7.9 billion is the largest single item in the foreign assistance budget and allows us to achieve the goals we have laid out in very specific terms.

The President's program for AIDS relief will be on a path to put 6 million patients on treatment, while maintaining international commitments to make sure that we reach every pregnant woman that is HIV-positive as an international community with drugs to prevent the transmission to children.

We will be able to meet our program objectives in the malaria program, in which we have already seen more than 30-percent reductions in child mortality related to what I believe is one of the most efficient global health programs out there.

And we believe there are major new opportunities on the horizon with the introduction of new vaccines and the lowering of costs in terms of saving children's lives and saving mothers' lives, and we are very focused on achieving those opportunities in a very results-oriented manner.

Our food programs have really represented a new way of doing business over the past 2 to 3 years. The President's program, which we call Feed the Future, has helped to work in nearly 20 countries to expand access to agricultural development and has done so by engaging U.S. institutions that have technology to add, including U.S. universities and farmers groups. The program is now generating specific results. In Haiti, we are seeing rice yields increase by 170 percent. In Kenya, we note that 90,000 dairy farm households have experienced an income increase of more than $14 million on an annual basis. And Bangladesh, for the first time in 3 decades, today has enough rice to feed itself.

Overall, since Feed the Future was launched, we have seen in the 20 target countries agricultural productivity increase 5.8 percent which is more than eight times the global average of 0.7 percent. And because of a more structured and results-oriented focus on nutrition, we are seeing the rate of child-stunting in our programs go down.

It is those types of results that we hope to speak more about and deliver more effectively in a more transparent manner through our overall reform efforts and through these initiatives.

I would like to close just by thanking our staff. We have asked our staff to do extraordinary things in some very challenging and often dangerous environments. We appreciate your mentioning the issue of how many of our staff have lost lives or our partners have lost lives.

Perhaps the most telling moment for me personally this past year was at the end of a conference that we had held, the first one since I have been Administrator, with our mission directors, our leaders around the world, and they were in. And we talked through these reforms and these initiatives and this more results-oriented approach. And at the end of the conference, a number of them stood up and said that they were committed to take these reforms forward even though it often means more work and it often means more uncertainty and it means changing the way we work because they saw value in it. And they saw that by doing so, we could genu-

inely become the world's premier development agency, and this country deserves to have an institution that performs at that level.

Thank you, and I look forward to taking your questions and learning from you.

[The prepared statement of Dr. Shah follows:]

PREPARED STATEMENT OF DR. RAJIV SHAH

Thank you, Chairman Cardin, Ranking Member Lugar, and members of the committee. I am honored to join you to discuss the President's fiscal year 2013 budget request for USAID.

Two years ago, President Obama and Secretary Clinton called for elevating development as a key part of America's national security and foreign policy. Through both the Presidential Policy Directive on Global Development and the Quadrennial Diplomacy and Development Review, they made the case that the work USAID's development experts do around the globe was just as vital to America's global engagement as that of our military and diplomats.

The President's FY 2013 budget request enables USAID to meet the development challenges of our time. It allows us to respond to the dramatic political transformations in the Middle East and North Africa. It helps us focus on our national security priorities in frontline states like Afghanistan, Iraq, and Pakistan. And it strengthens economic prosperity, both at home and abroad.

This budget also allows us to transform the way we do development. It helps countries feed, treat, and educate their people while strengthening their capacity to own those responsibilities for themselves. It helps our development partners increase stability and counter violent extremism. It supports those who struggle for self-determination and democracy and empowers women and girls. And it helps channel development assistance in new directions—toward private sector engagement, scientific research, and innovative technologies.

I want to highlight how the investments we make in foreign assistance help our country respond to our current challenges, while delivering results that shape a safer and more prosperous future.

EFFICIENCY, TRADEOFFS, AND USAID FORWARD

While foreign assistance represents less than 1 percent of our budget, we are committed to improving our efficiency and maximizing the value of every dollar. American households around the country are tightening their belts and making difficult tradeoffs. So must we.

Even as we face new challenges around the world, our budget represents a slight reduction from fiscal year 2012.

We've prioritized, focused, and concentrated our investments across every portfolio. In global health, we propose to close out programs in Peru and Mexico as those countries take greater responsibility for the care of their own people.

We've eliminated Feed the Future programs in Kosovo, Serbia, and Ukraine and reduced support to Europe, Eurasia, and Central Asia by $113 million to reflect shifting global priorities and progress over time by some countries toward market-based democracy.

And we're keeping our staffing and overall administrative costs at current levels, even in the midst of a major reform effort. It is through that effort that I spoke about last year—USAID Forward—that we've been able to deliver more effective and efficient results with our current staffing profile and operating budget.

Our budget prioritizes our USAID Forward suite of reforms.

That funding allows us to invest in innovative scientific research and new technologies. Last year, our support of the AIDS vaccine research through PEPFAR led to the isolation of 17 novel antibodies that may hold the key to fighting the pandemic. And we're working with local scientists at the Kenyan Agricultural Research Institutes to develop new drought-resistant seed varieties of sorghum, millet, and beans, as well as a vitamin-A-rich orange-fleshed sweet potato.

It helps us conduct evaluations so we know which of our development efforts are effective and which we need to scale back. The American Evaluation Association recently cited our evaluation policy as a model other federal agencies should follow.

It allows us to partner more effectively with faith-based organizations and private companies. In fact, the OECD recognized USAID as the best amongst peers in driving private sector partnerships and investment.

And through our procurement reform efforts, among the most far-reaching and ambitious across the federal government, we are aggressively seeking new ways to work with host country partners instead of through more costly consultants and con-

tractors. This effort will make our investments more sustainable and hasten our exit from countries, while cutting costs.

For instance, in Afghanistan, we invested directly in the country's Ministry of Health instead of third parties. As a result, we were able to save more than $6 million.

That investment also strengthened the Afghan health ministry, which has expanded access to basic health services from 9 percent of the country to 64 percent. Last year, we discovered the true power of those investments; Afghanistan has had the largest gains in life expectancy and largest drops in maternal and child mortality of any country over the last 10 years.

In Senegal, we are working with the government—instead of foreign construction firms—to build middle schools at a cost of just $200,000 each. That helps strengthen the government's ability to educate its people, but it is also significantly more cost effective than enlisting a contractor.

When we do invest money in partner governments, we do so with great care. Our Agency has worked incredibly hard to develop assessments that make sure the money we invest in foreign governments is not lost due to poor financial management or corruption.

With your continued support of this effort, we can expand our investments in local systems while building the level of oversight, accountability, and transparency that working with a new and more diverse set of partners requires.

The Working Capital Fund we've requested would give us a critical tool in that effort. The Fund would align USAID's acquisition and assistance to USAID's program funding levels through a fee-for-service model, so that our oversight and stewardship is in line with our program and funding responsibilities. The result will be improved procurement planning, more cost-effective awards, and better oversight of contracts and grants.

SUPPORTING STRATEGIC PRIORITIES AND STRENGTHENING NATIONAL SECURITY

We will continue to support the growth of democracies around the world, especially in the Middle East and North Africa where the transformative events of the Arab Spring are bringing down autocratic regimes and expanding freedom.

State and USAID have requested $770 million for a new Middle East and North Africa Incentive Fund to respond to the historical changes taking place across the region. The Fund will incentivize long-term economic, political, and trade reforms—key pillars of stability—by supporting governments that demonstrate a commitment to undergo meaningful change and empower their people. State and USAID will continue to play a major role in helping the people of this region determine their own future.

In Iraq, Afghanistan, and Pakistan, USAID continues to work closely with interagency partners including the State and Defense Departments, to move toward long-term stability, promote economic growth, and support democratic reforms. Civilians are now in the lead in Iraq, helping that country emerge as a stable, sovereign, democratic partner. Our economic assistance seeks to expand economic opportunity and improve the quality of life throughout the country, with a particular focus on health, education, and private sector development. With time, Iraq's domestic revenue will continue to take the place of our assistance.

In Afghanistan, we've done work to deliver results despite incredibly difficult circumstances. We established our Accountable Assistance for Afghanistan—or A3—initiative to reduce subcontracting layers, tighten financial controls, enhance project oversight, and improve partner vetting. And with consistent feedback from Congress we are focusing on foundational investments in economic growth, reconciliation and reintegration, and capacity building, as well as to support progress in governance, rule of law, counternarcotics, agriculture, health and education. We continue to focus on the sustainability of these investments so they ultimately become fiscally viable within the Afghan Government's own budget.

In Pakistan, our relationship is challenging and complex, but it is also critical. Our assistance continues to strengthen democratic institutions and foster stability during a difficult time. Crucial to those efforts are the efforts we make to provide electricity. Over the last 2 years, we've added as many as 1,000 megawatts to Pakistan's grid, providing power to 7 million households. We've also trained more than 70,000 businesswomen in finance and management and constructed 215 kilometers of new road in South Waziristan, expanding critical access to markets.

THE GLOBAL HEALTH INITIATIVE

Thanks in large part to the bipartisan support we've had for investments in global health, we're on track to provide life-saving assistance to more people than ever be-

fore. Although this year's request of $7.9 billion for the Global Health Initiative is lower than FY 2012 levels, falling costs, increased investments by partner governments, and efficiencies we've generated by integrating efforts and strengthening health systems will empower us to reach even more people.

That includes PEPFAR, which will provide life-saving drugs to those around the world afflicted with HIV and expand prevention efforts in those countries where the pandemic continues to grow. We can expand access to treatment and lift a death sentence for 6 million people in total without additional funds.

We're also increasingly providing treatment for pregnant mothers with HIV/AIDS so we can ensure their children are born healthy. And because of breakthrough research released last year, we know that putting people on treatment actually helps prevention efforts—treatment is prevention. All of these efforts are accelerating progress toward President Obama's call for an AIDS-free generation.

Our request also includes $619 million for the President's Malaria Initiative, an effective way to fight child mortality. In country after country, we've shown that if we can increase the use of cheap bed nets and antimalarial treatments, we can cut child death—from any cause, not just malaria—by as much as 30 percent. In Ethiopia, the drop in child mortality has been 50 percent.

Last year, we commissioned an external, independent evaluation of the Presidential Malaria Initiative's performances. That report praised the Initiative's effective leadership for providing "excellent and creative program management."

And we will continue to fund critical efforts in maternal and child health, voluntary family planning, nutrition, tuberculosis, and neglected tropical diseases—cost-effective interventions that mean the difference between life and death.

FEED THE FUTURE

Last year, the worst drought in 60 years put more than 13.3 million people in the Horn of Africa at risk. Thanks to the humanitarian response led by the United States—and the investments we made in the past to build resilience against crises just like these—millions were spared from the worst effects of the drought.

But as is well known, providing food aid in a time of crisis is 7 to 10 times more costly than investing in better seeds, irrigation, and fertilizers. If we can improve the productivity of poor farmers in partner countries, we can help them move beyond the need for food aid. And we can prevent the violence and insecurity that so often accompanies food shortages.

That's why we are requesting $1 billion to continue funding for Feed the Future, President Obama's landmark food security initiative. These investments will help countries develop their own agricultural economies, helping them grow and trade their way out of hunger and poverty, rather than relying on food aid.

The investments we're making are focused on country-owned strategies that can lift small-holder farmers—the majority of whom are women—out of poverty and into the productive economy. All told, the resources we're committing to Feed the Future will help millions of people break out of the ranks of the hungry and impoverished and improve the nutrition of millions of children.

We're also leveraging our dollars at every opportunity, partnering with countries that are investing in their own agricultural potential and helping companies like Walmart, General Mills, and PepsiCo bring poor farmers into their supply chain.

These investments are working.

In Haiti—where we continue to make great strides thanks to strong congressional support—we piloted a program designed to increase rice yields in the areas surrounding Port-au-Prince. Even while using fewer seeds and less water and fertilizer, Haitian farmers saw their yields increase by almost 190 percent. The farmers also cut 10 days off their normal harvest and increased profit per acre. Today that program is being expanded to reach farmers throughout the country.

These results complement our work to cut cholera deaths to below the international standard. And we worked with the Gates Foundation to help nearly 800,000 Haitians gain access to banking services through their mobile phones.

And in Kenya, Feed the Future has helped over 90,000 dairy farmers—more than a third of whom are women—increase their total income by a combined $14 million last year. This effort is critical, since we know that sustainable agricultural development will only be possible when women and men enjoy the same access to credit, land, and new technologies.

Overall, since we began the initiative in 2008, our 20 target countries have increased their total agricultural production by an average of 5.8 percent. That's over eight times higher than the global average increase of 0.7 percent

BUILDING RESILIENCE

We all know that a changing climate will hit poor countries hardest. Our programs are aimed at building resilience among the poorest of those populations. By investing in adaptation efforts, we can help nations cope with these drastic changes. By investing in clean energy, we can help give countries new, efficient ways to expand and grow their economies. And by investing in sustainable landscapes, we can protect and grow rainforests and landscapes that sequester carbon and stop the spread of deserts and droughts.

That work goes hand in hand with our efforts to expand access to clean water to people hit hard by drought. In 2010 alone, those efforts helped more than 1.35 million people get access to clean water and 2 million people access to sanitation facilities. Increasingly, we're working with countries to build water infrastructure and with communities to build rain catchments and wells to sustainably provide clean water. We're currently in the process of finalizing a strategy for our water work designed to focus and concentrate the impact of our work in this crucial area.

STRENGTHENING EDUCATION

Last year, we made some critical decisions about how we strengthen global education. Since 1995, USAID's top recipients have increased primary school enrollment by 15 percent. But even as record numbers of children enter classrooms, we have seen their quality of learning sharply drop. In some countries, 80 percent of schoolchildren can't read a single word at the end of second grade. That's not education; it's daycare.

The strategy we released last year will make sure that our assistance is focused on concrete, tangible outcomes like literacy. By 2015, we will help improve the reading skills of 100 million children.

CONCLUSION

Thanks to these smart investments, every American can be proud that their tax dollars go toward fighting hunger and easing suffering from famine and drought, expanding freedom for the oppressed and giving children the chance to live and thrive no matter where they're born.

But we shouldn't lose sight that these investments aren't just from the American people—as USAID's motto says—they're for the American people. By fighting hunger and disease, we fight the despair that can fuel violent extremism and conflict. By investing in growth and prosperity, we create stronger trade partners for our country's exports.

And above all, by extending freedom, opportunity and dignity to people throughout the world, we express our core American values and demonstrate American leadership.

Senator CARDIN. Dr. Shah, thank you very much for that update on the budget.

And I join with Senator Lugar in complimenting the dedicated people that you have working for you under extremely difficult circumstances. I had a chance to meet with some of your mission leaders and they are incredible people, and I applaud you for the people that are working with you on this.

I want to talk a little bit about the overall budget problems. You have certainly put a good face on this, but the truth is that the budget is very tight. It is basically a no-growth budget, and you have to make some very difficult decisions. So far, you have indicated that you want to be more efficient, and we all want you to be more efficient. And your example in Senegal is certainly very impressive.

But we also know that you are moving forward with new initiatives, as you indicated, the Middle East with Arab Spring, the initiative there. There are additional resources being made available in several other areas.

Last year, in a speech that you made to the Center for Global Development on the modern development enterprise, you mentioned by 2015 USAID could graduate away from assistance in

at least seven countries, actually closing the missions in those countries.

Can you just give us an update, with this tough budget—and I am one who would like to see you have a larger budget, but with this tough budget, what type of programs are likely to see—might have to be compromised in order to be able to meet the highest priorities that we have, knowing full well that efficiency can only take you so far?

Dr. SHAH. Well, thank you, Senator. I think this budget does represent our best effort to focus and concentrate. We have cut or reduced significantly more than 165 specific programs. We have made real reductions in each area where we work to concentrate our resources. I mentioned maternal health where we shut down 20 or 25 country programs in order to reallocate those resources to places where the burden of disease was higher and where we felt we could generate more lives saved with the investment of the same dollars.

We are on path to, as I mentioned in that CGD speech, close out a number of our missions, places like Panama and Montenegro, that can take on the costs of doing what we were doing. And that transition to country ownership and responsibility is a major part of the strategy. We think of that as success when we are able to achieve that outcome.

And there are 11 more missions where we are actively reducing our expenditures quite significantly, and ultimately we will go down to zero as those countries take on more responsibility.

So part of it is a geographic focus and reallocation. Many of the results-oriented initiatives, by focusing in places where the problem is most acute and most solvable, are investing resources in Africa perhaps at the expense of other regions and geographies. These are just tough tradeoffs that we need to be able to make.

Some are around different issues and topics. We have reduced in this budget commitments to certain parts of our environmental portfolio in order to focus on delivering human outcomes in a clear and specific way. And when we are forced to do that, we try very hard to make sure we work with our international partners and explore whether others can take up the burdens of those costs and those programs so that the benefits do not go away. But we have had to make those types of tough decisions in this budget.

Senator CARDIN. Well, thank you.

The administration has said it wants to make AID more transparent, a goal that I know Senator Lugar and I both agree. Transparency is important so that we can actually trace how the funds are being used. Part of that is to deal with the corruption in countries around the world and to protect whistleblowers who can help us in making sure that our funds are being used for its intended purpose.

Can you just give us an update as to how you are proceeding on advancing transparency in USAID and our goal of more sustainable governments where the funds are actually being used for the people?

Dr. SHAH. Well, thank you.

I think this has been an area where we have really tried to move from being seen as intransigent in the global community to being

the world leader in the global community. We have signed on to join the International Aid Transparency Initiative, which is the premier entity that sets standards for fiscal transparency and investment transparency, and we announced that in Busan, South Korea, recently.

We have launched the foreignassistance.gov Web site that puts all of our program expenditures and obligations in the public domain, for every country, by sector so there is clarity of where the resources are going.

We are testing different strategies to use our Web site and to use different programs in-country to expand transparency, and I would highlight the new Pakistan country Web site that lists every program that we support in Pakistan. It has a ways to go and can get better and we will be relaunching our site completely this June, and I think that will improve transparency. People can click through and see every program we have everywhere.

And we will be launching a valuation database so that all of our program evaluations are made public within 3 months of completion of the program. There will be no effort to edit those independently conducted evaluations. They will be part of a public database, and by the end of this calendar year, we will have 250 of those evaluations. It will be the largest and most significant repository of real evaluation data on development programs of any institution worldwide.

So we are very proud of what we are trying to do there, but we also know that we have a long way to go and we will stay very focused on that space.

Senator CARDIN. And please keep us informed on those initiatives. There is a great deal of interest.

I mentioned in my opening statement the initiative on gender equality for a focus on women and girls. Would you just bring us up to date briefly as to how you are integrating that priority into all of our USAID programs?

Dr. SHAH. Sure. We have launched a new policy, as you mentioned, just last week that is the culmination of more than a year's worth of work to make sure that we integrate gender programming in everything we do.

The challenge has not been knowing that that is the right thing to do. The challenge has been for this field for decades operationalizing it. And this was the first operational policy issued in the last 3 decades by USAID to achieve that goal.

In agriculture and health, in education, in countering trafficking in persons, in all of these areas, we will begin measuring with specificity the impact of our programs on women and girls. For example, in agriculture, we have launched a women's empowerment index, which is a sophisticated and appropriate tool for actually generating data on how our programs preferentially help women, and where they do not, learning why and exploring what we can do there.

I think those kinds of measurement and policy tools will make a big difference. That is just one part of a suite of activities that is being coordinated by our new gender coordinator in the office they represent, and I think it is making a very, very big difference.

Senator CARDIN. Thank you.

Senator INHOFE. Mr. Chairman, are you going to hold the record open for questions to the record? I am not going to be able to stay, but I had several questions to ask.

Senator CARDIN. Yes, we will be holding it open for the record.

Senator INHOFE. Thank you.

Senator CARDIN. Thank you.

Senator Lugar.

Senator LUGAR. Dr. Shah, you mentioned that since Feed the Future was launched, we have witnessed great advances in agricultural productivity worldwide in target countries. While agricultural productivity increased by 5.8 percent across the board, you also mentioned very dramatic increases pertaining to rice and dairy production.

With these facts in mind, let me just ask a fundamental question. One of the great disputes in the past in terms of agricultural advancement has been resistance to genetically modified seed, and this has come perhaps because of European influence among policymakers in the developing world. But in the absence of the use of genetically modified seed in many of these countries, efforts to realize productivity increases have resulted in minimal gains, and in cases of bad weather, they have been almost nonexistent.

Now, I am curious how you have overcome that resistance, which endures among the Europeans. As I have visited with German farmers or even those in Ukraine, there is continued adherence to the thought that somehow this modification infects the soils or the waters or is an environmental hazard, quite apart from a boost in nutrition.

Given these barriers, can you describe your success or how you have moved to realize success in these matters?

Dr. SHAH. Thank you, Senator.

We have, as we have discussed previously, been very focused on making sure we use all available appropriate technology to help in particular vulnerable, small-scale farmers—70 percent of whom in sub-Saharan Africa are women—improve their production of food. And we know that that is directly correlated—that agricultural productivity—with improved human outcomes and child nutrition.

Our strategy here has been one of just engaging real partnerships with countries so that today we are actually testing both hybrid conventional and transgenic technologies on the ground with countries on their research stations at their leadership. And I think once African scientists and scientific institutions develop their own products that have a broad range of technologies, they ought to have the capacity and the regulatory awareness and ability to make their own judgments about what technologies are appropriate as opposed to, you know, taking guidance from outside partners, whether it is the European partners or anyone else.

And I think we have seen in places like Tanzania where we have been engaging that way a change in the mindset and an eagerness to use some of the improved seeds that are currently mostly conventionally improved but are yielding real results, a more than tripling of maize yields in western Kenya. There are any number of new seed varieties in Tanzania that are ready for introduction, and I think it will be a slow and steady process. I do not think we have overcome it completely yet, but we are very focused on making sure

that farmers have the tools and technologies that help them escape poverty.

Senator LUGAR. Well, I appreciate that. I have an almost emotional bias on the subject. On my own farm, we are getting 400 percent more production in corn than my dad did 50 years ago. And I have seen in my lifetime the change on the same acreage with the change in seed, fertilizer, and other agricultural methods. Now, that kind of change worldwide would make an enormous difference in humankind.

But you have an influence right now to be able to make those breakthroughs, and this is why I am pleased that there is some good data. But more power to you in moving ahead.

I am curious on the health front. How and to what extent are institutions changing as positive developments take place on these issues? Do you see the building of institutions that are going to continue to work when they are no longer receiving direct financial support from USAID? I know you are working on this, but what sort of markers can you give us of progress?

Dr. SHAH. Well, this has been a central part of our health strategy and our entire strategy in terms of how we work with countries. And I would just preface by saying before we invest directly in local institutions for the purpose of building up their capacity and their experience in delivering services and using new vaccines or new improved insecticide-treated bed nets to help save kids lives, we do a rigorous assessment to make sure we can vouch for the accountability and the resources, that they are not lost or stolen and that they are generating results.

That said, I think the big defining trend in global health over the next 5 to 10 years will be countries taking more direct responsibility for providing health services to their populations. We can play a critical role in starting that process, and so we are very focused on doing that.

There are some countries that are doing a particularly effective job of that, and one example of success is Afghanistan. Seven or eight years ago, we made the determination to work to build up the capacity of the Ministry of Public Health there. Today we now have data that shows over the last 8 years, Afghanistan has seen the most rapid reduction in maternal mortality of any country on the planet, has seen a huge reduction in child mortality, and importantly, has a ministry that is essentially in charge of their health system. They still need a lot of help from outside partners and for securing finance, but that is the pathway to sustainability. And people would not have thought 8 or 9 years ago when they had no capacity to do this, that this would have been one of the biggest success stories in the global health arena.

Senator LUGAR. Well, I hope your reports will give data about this so-called sustainability in Afghanistan and, for that matter, in Iraq, where we still have an important program.

I would ask about just one controversial country situation now. We have run into a lot of problems with Egypt, and we have heard from polling efforts that 70 percent of the Egyptian people do not care that the United States is threatening to withdraw $1.5 billion of support. It appears that they perceive this assistance as interference.

What is the on-the-ground situation in Egypt with your program at this point?

Dr. SHAH. Well, you know, it has been a challenging few weeks, of course, as you are aware. We took the position that we really wanted to see resolution to the issue with respect to NDI and IRI and their staff. That situation is still active and is still being worked. We are pleased to see the U.S. staff be able to leave or the international staff. There are still remaining and outstanding issues there that we are working through.

With respect to the remainder of our programmatic approach, we remain focused on trying to make sure that is successful, it is responsive to the critical needs, but in a context where we are really trying to work through some of these issues as a condition to continue that overall approach.

Senator LUGAR. Thank you.

Senator CARDIN. Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Dr. Shah, thank you for your service.

I have to be honest with you, though. I do not understand—and I know what you answered last year when I raised this question. So you are going to have to do better this year than last year because I have waited to see, and remain concerned about what is happening in Latin America and the Caribbean.

As in many regions of the world where USAID works, the absolute level of U.S. assistance to the countries of Latin America and the Caribbean has begun to decline; however, in Latin America, unlike Africa, South and Central Asia, and the Middle East, so too has the proportion of USAID going to the region. So that is a compounding factor.

Between fiscal year 2008 and 2012, United States assistance to Latin America and the Caribbean fell from $2.1 billion to approximately $1.8 billion, a 13-percent decrease since 2008. Assistance to Latin America has also declined proportionately. Latin America now receives only 8 percent of the bilateral aid pot, whereas in 2008, it received 10. And looking over this year's funding requests, I am alarmed by what I see. For example, the spending request for ESF is down 7 percent from last year and a whopping 21 percent from 2008. Even direct assistance to Guatemala is down slightly even though the Miami Herald shocked no one when it asked the President of Guatemala whether his country had the possibility of being the next Somalia and knowing, as we do, that the drug cartels are overwhelming not only the Guatemalan Government, but other Central American governments as well.

I know you told me in response to my question last year in this regard—and this has only gotten worse—that your theory of budgeting is to fund what gets the best bang for the buck but not if that means ignoring the areas where some of the need is the greatest.

I look at the Western Hemisphere, our own front yard, I look at what is undermining these countries through the narcotics trafficking. I look at the resurgence of health issues that were once cured like tuberculosis and I see it rise. Of course, health and disease know no borders.

When I look at the question of undocumented immigration that we debate in this country and think about what creates that move-

ment, it is either dire economic necessity or civil unrest. I see the movements that are antidemocratic in the region continuously challenging their citizens in terms of their fundamental rights—and the list goes on and on.

I do not quite understand what it is that the administration does not see that I and maybe others see. So my question is, what is your justification in this regard and how do you rank the needs of the region versus the needs of other regions? What indicators did you consider when making these types of cuts in your budget? And if we start there, maybe I will get a sense of how you came to your conclusions. But this is not a budget I can support.

The final point I will make before giving the balance of time to your answer is within that context as well. I know that ESF accounts took a hit, but I see what you did to the account for our democracy programs in Cuba. We have an American citizen languishing in Castro's jails, and so our response is to cut the democracy program in Cuba. Is that a deal that we made, that we are going to cut the program in Cuba in response to an American who is sitting in jail? Are we going to get anything for that? Because otherwise we send the absolute wrong message at the end of the day.

We never in the world—in the world—Vaclav Havel, Lech Walesa, Alexander Solzhenitsyn—cut our democracy assistance programs because of the disapproval of a regime. Here you are cutting it by 25 percent. It is pretty significant. So make me feel better, if you can.

Dr. SHAH. Thank you, Senator, for the comments. I will take them in order.

Our approach overall to budgeting is to do our best to maintain core results or achieve new ones given the overall budget situation, and this was a budget and is presented as a budget that has a real reduction in overall foreign assistance within the 150 Account.

Within Latin America, our No. 1 priority has been security in Mexico, Central America, and the Caribbean. Programs like CARSI have seen real and significant and sustained increases year on year under this administration that are significant, and we would like to continue on that path and that trend for that No. 1 priority.

We have experienced savings that have come in large part from ESF in places like Colombia or Peru—Colombia was the second-largest program—and where by our criteria of country readiness—country willingness—to take on the costs of implementing certain programs, basic levels of per capita income and revenues at the country level, we are able to transition those efforts to domestic responsibility. And we believe that that is an appropriate tradeoff to make and, in fact, is part of the pathway and vision for success, most notably exemplified by a place like Panama where we can close our mission and move on.

Senator MENENDEZ. But with respect, Dr. Shah, you are talking about where you reduced in one country. I am talking about a whole region. You cannot tell me that Central America and its present challenges today are the equivalent of a Colombia or some of the other examples you have cited.

Dr. SHAH. Well, for Central America—and I would have to review and come back to you with the specific numbers. I think for Central

America we have maintained a commitment and we have maintained our budgets and in some areas, like in the CARSI program, seen significant increases. When you look at the region overall, because of the significant growth in Latin America because many of these countries are making the transition from recipient to donor themselves like Brazil, we believe the criteria are applied in an effective way.

I would also add that in places like Guatemala and El Salvador, we have made them priority countries for initiatives like Feed the Future, the Global Health Initiative, the President's Partnership for Growth effort. In some cases, that does not necessarily come with a tremendous amount of additional investment, but it does come with a lot of additional support for improving the quality of the programs, for making sure we bring partners like Wal-Mart to those economies to help move farmers out of poverty in a sustainable way.

And we are seeing some very real results, and western Guatemala is a good example where we are seeing 15,000 farmers move out of poverty. We are seeing a serious reduction in child stunting rates in the western highlands. And those are sort of model initiatives and even though we can do them at lower cost because we are building real partnerships with others that can sustain it.

With respect to Cuba—and I know my time is short—I would just say we did not make any proposed reduction because we were urged to by an external regime. We are presenting a budget we think we can implement effectively, and we recognize and have done quite a lot especially through our State Department to try to deal with the situation with Alan Gross and have taken some extraordinary steps to support his situation and his family, and we hope to see him released and continue to ask for and work toward that objective.

Senator MENENDEZ. Well, I will close, Mr. Chairman, by simply saying it is remarkable to me that you could sit there and tell me that at a time of greater repression, at a time when two hunger strikers whose only crime was speaking out against the regime have died, at a time when the women in white get attacked by security forces, at a time in which a recent roundup of 100 peaceful protesters ended up in jail—we reduce our democracy program in Cuba by 25 percent. I do not understand how you figure the metrics, but those metrics do not work.

Senator CARDIN. Senator Corker.

Senator CORKER. Thank you, Mr. Chairman.

And, Mr. Shah, thank you for the work you do and for being with us in advance to let us know a little bit about what you are laying out.

If you look at growth around the world, the developed countries are where rapid growth is taking place. In the developed countries there is lesser growth happening. And as we watch some of the other powers around the world and the way they invest in developing countries, much of that is done in a way that furthers their own growth also. And I am just wondering as you look at these investments in the developing world, do we give any thoughts to how that might benefit our own country in creating a relationship that is symbiotic and allows jobs to be created here in our own country.

Dr. SHAH. Thank you, Senator, for that question. And I think we have also studied carefully some of the models that countries like China have deployed to essentially position themselves aggressively in what are going to be the emerging markets of the next few decades. It is worth noting that in Africa you have 15–17 countries that have been growing at 6 or 7 percent annually consistently for more than a decade. You have a common market that is larger than the market in China, and there is very clearly serious and important business opportunities on that continent.

The same is true even in lower income populations in Asia where we think globally the bottom 2 billion, 3 billion, 4 billion in the world represent a real significant emerging market.

A lot of what we have done in our public-private partnerships and in our major efforts and initiatives have been designed to help American institutions participate in development both to generate very concrete and specific development results and to innovate and create business models that will help them serve and, in some cases, profitably very low-income communities today that I think will be the emerging markets of the future.

In Ethiopia, for example, we have worked with Pepsi to help them build out a supply chain to reach 30,000 chickpea farmers, most of whom are women. By growing chickpeas, they are able to then have a product, the humus product, which they will sell in commercial markets. But about half of the total product that is produced will be packaged as a ready-to-use, high-nutrition paste that is provided in food aid programs to stunted and vulnerable children in that region. I think that is a good example of the kind of partnership that achieves concrete results and allows for positioning and engagement in these markets.

With Procter & Gamble, we have a major partnership to help them develop and sell to low-income communities improved products to purify water. And in slum communities in Asia and Africa, that is a major product, and they have some unique technology and can do that and generate really great results.

So we have tried to adapt the way that frankly the whole development community has traditionally thought about partnering with the corporate sector and the private sector and try to engage in a more creative and results-oriented approach to develop new business models, new technologies, achieve our development outcomes, often at lower cost, and create a countervailing system to what we are seeing some other countries do.

Senator CORKER. It would be great over time to develop some metrics so we could see results in that regard.

And I thank you for certainly the focus. I know we have talked about that some privately.

We notice in the PEPFAR budget—I know this is something that has been very bipartisan as far as support goes—that you set a pretty ambitious goal of increasing the number of people on ARV's from 4 million today to 6 million in 2013; at the same time, reduced funding from $5.1 billion to $4.5 billion. So you have a substantial increase in your goal of over 2 million and yet a reduction. I know that all of us need to be focused on the amount of resources we are putting into all these programs, but I am just wondering if those two are lining up or if the goal itself is overly ambitious.

Dr. SHAH. We have studied this very carefully, Senator. We believe this is an achievable goal. We think that with the budget request we are making for global health with the significant efficiencies in the program as we both reduce the cost structure of doing our work and, importantly, as the cost of providing antiretroviral therapy to patients has come down very significantly and continues to go down, we believe this is an achievable goal. We think we will hit the 6 million target. We are at 4.7 million right now, having exceeded previous expectations already, and we believe we will have the resources to continue to really lead the world in a global effort to address the transmission of HIV from pregnant mothers to children and end that transmission so that we can get to, as the President and the Secretary have both committed to, a situation where we have a generation that is free of HIV/AIDS.

And we are very committed to those objectives. We are very committed to making sure that institutions like the Global Fund that have been important places for us to leverage our dollars with other donors continue to be successful. And we have presented a budget that we think can achieve that.

Senator CORKER. Senator Lugar in his opening comments referred to the Climate Change Adaptation Fund of $407 million. It is kind of curious with all the other issues that we are pursuing right now. What exactly are we planning to do with that $407 million as it relates to climate adaptation and what effect do we think it is going to have with our aid programs?

Dr. SHAH. Well, thank you.

First, the resourcing for the climate change program overall includes adaptation but it also includes an effort to improve access to energy and an effort to address deforestation and do that in a way that creates business opportunities for local populations and sources of income.

On the adaptation in particular, it covers a pretty broad range of activities, but some of them, such as creating climate-resilient agriculture, for example, I think are going to be very important and will very directly deliver specific results and specific outcomes. Other activities are designed to really help countries develop their own adaptation strategies to hotter and drier growing conditions to more droughts like the one we saw in the Horn of Africa to resilience efforts. Sometimes that may even include getting insurance to pastoralist communities that are vulnerable to climate shocks or helping farmers in Bangladesh who are vulnerable to floods. So we are trying to find alignment between our Feed the Future program, our climate change initiative, and our health efforts, and we are trying to point resources toward those types of things that do deliver specific development results in a logical manner.

Senator CORKER. So it is really more about in the ag community getting people to plan for weather trends. Is that what you are saying?

Dr. SHAH. I am sorry? Weather?

Senator CORKER. It sounds like it is really in developing countries trying to get farmers there to look at weather trends that are taking place and plant agriculture crops accordingly.

Dr. SHAH. Those are some of the examples. One in particular—we have a really exciting partnership with NASA called SERVIR

that allows us to marry some of their earth observation systems and weather collection systems with the reality of what is happening in certain parts of the world that are vulnerable to climate shocks or to extreme weather events and plan for and adapt to that. In our field, it is called resilience programming. I know that is a technical term, but it is helping communities really protect themselves against what we know is happening which is more droughts in the Horn of Africa, more floods in the delta in Bangladesh, and those types of situations.

Senator CORKER. If it is oriented that way—I know my time is up—I would suggest a title change or something. I think it sort of sends out a different signal when you first hear it, and what you are talking about obviously fits, if it is described as you just said, very much into much of the agriculture efforts that Senator Lugar and others have talked about.

I know my time is up. I look forward to talking to you in more detail, and thanks for coming.

Dr. SHAH. Thank you.

Senator CARDIN. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Administrator Shah, thank you very much for being here and for your efforts on behalf of the country around the world.

I know that Senator Cardin raised the concern about investing in women and the importance of doing that. I know it is something that Secretary Clinton is very committed to, and I happen to support the belief that investing in women is one of our best development strategies if we are going to get the most out of our dollars. And the hope is that we are coordinating these programs and making those investments across all our development efforts.

So I wonder if you could talk a little bit about how USAID staff and contracting agencies are held accountable, what kinds of metrics they have for integrating gender throughout all of their planning and budgeting throughout program design, throughout implementation and monitoring.

Dr. SHAH. Thank you so much for that question and that comment.

You know, we really do believe and understand and think there are decades of strong data to substantiate the point that if you can effectively engage women in development solutions, you get better results, more sustainability, more kids in school, reduced child malnutrition, and the structure of what you are trying to accomplish becomes easier to accomplish and solve and more sustained over time.

For that purpose we have really helped to put together the national action plan for women: peace, and security. We have introduced a new gender and women and girls policy that will make sure that we do exactly what you suggest, which is establish metrics and measures in our major programs to be able to assess whether our efforts are preferentially focused effectively on women and girls and whether we are seeing results from that.

Senator SHAHEEN. So can I just interrupt you? I am sorry. So that effort is underway now? The metrics are not in place yet. You are in the process of developing those?

Dr. SHAH. Well, they are being developed for every area we work in. In most of our major areas, we do have them. We have spent a year putting this together and are steadily rolling them out. Some examples include—we have a major effort in using mobile phones and mobile banking to help people who otherwise are not connected to a cash economy but do actually have a mobile phone, use that tool to connect better to receive financial services, be part of the economy. We believe and have established specific targets within those efforts to make sure they preferentially target and reach women and are seeing that make a huge difference in Haiti where there have been more than a million banking transactions, the majority of which have been conducted by women on mobile phones who previously did not have bank accounts or access to finance. The same is true in Afghanistan and Kenya and other Asian countries where we are prioritizing that effort.

In our agriculture program, we have launched a women's empowerment index so that every one of our 20 Feed the Future priority countries will report on the extent to which their programs are empowering women farmers. And it actually has been highlighted as a best practice in the field because it does not just measure women's incomes, but also their relative standing compared to men and their position in decisionmaking in their communities.

In our civil society and democratic governance programs, we are taking new efforts, together with Ambassador Verveer at the State Department, to ensure that we are identifying women leaders of NGOs and civil society organizations, providing support as appropriate, but also bringing them into the embassy fold and using our diplomatic resources to elevate their visibility and their standing in country.

These are just some of a broad range of actions and activities that get as operationally detailed as making sure there is better lighting and safe spaces for women in IDP camps and refugee camps from the get-go through our U.N. partners.

So I am very excited about the approach. I think it will generate very concrete and real results, and we have a lot of this detail. We would be happy to share that with you in more detail as well.

Senator SHAHEEN. Great. Thank you very much.

And while we are talking about women, obviously one of the issues that is very important to women is family planning. International family planning remains a controversial issue. We had former President Clinton and Bill Gates before this committee last year, and I had the opportunity to ask them what we could do to try and get beyond that controversy and recognize that family planning is actually very pro-family, pro-women. It is important to saving the lives of both women and infants.

I wonder what experience you have had in your position today and whether you have any thoughts about how we can make this issue less controversial and more supportive of what women and families need around the world.

Dr. SHAH. Well, thank you. I perhaps also look forward to learning your thoughts on that or Bill Gates' and President Clinton's.

But at the end of the day, we know that our history of program support in family planning has been one of our most successful areas of work. We do not, as you know, in any way support or fund

abortion or any counseling related to abortion. We have very strict controls on that.

We have seen in country after country a common pattern that gets you to a place where you have a better demographic situation for development, and that is, first, a significant reduction in child mortality, and we know when that happens, people and families invest more in kids, get them into school, and they become the pathway out of poverty. And then that is generally followed by a long-term and more effective approach to family planning and reducing the total fertility rate in countries. And the combination of those two things has been a major part of the development success story in nearly every success story we see around the world. So it is incredibly important.

We have seen in our own programs that effective birth spacing reduces maternal and child mortality by 25 percent, and we think that there are relatively noncontroversial ways to achieve that outcome simply as part of having trained community health workers, the same people who are visiting people's homes and making sure kids who are malnourished have access to protein and micronutrients, also engaging in conversation about just the facts related to the effectiveness of that approach.

In Pakistan, for example, we have helped train more than 22,000 health providers and have seen significant and positive results in terms of reducing the birth cohort year on year as a result of that effort over a number of different years.

Senator SHAHEEN. Thank you very much.

Thank you, Mr. Chairman.

Senator CARDIN. Thank you.

Senator Isakson.

Senator ISAKSON. Thank you, Mr. Chairman. I appreciate it.

Dr. Shah, thank you for being here and your great contribution to not just the United States but the whole world community.

Let me, first of all, start off with a parochial interest, if I might, and I doubt if you will know the answer, but if you would check it out and let me know, I would appreciate it.

There is a program called the Peanut CRSP program which is a collaborative research support program through USAID. It is a 5-year contract that ends at the end of this year and is being reviewed for extension. There are a number of universities, of which the University of Georgia is one, that are participating in the program. And they have recently isolated a microtoxin known as aflatoxin and tied it to the decline in human immune systems, and they are making a major breakthrough in turning that around and improving health.

So my interest would be to find out what the status of that review is and what the agency thinks of what has been produced so far by the Peanut CRSP program, if you would not mind.

Dr. SHAH. Certainly. That has been an external evaluation that is currently underway. We have tried to restructure our entire research strategy in agriculture and food security, and this is part of that review. I will explore the details and come back to you on that.

But I do want to note that certainly aflatoxin is a critical issue that we have expanded our focus on under the new strategy, and

we also would note that through some of our other mechanisms, we have been working with, I believe, a group in Georgia that is producing a peanut-based, high-nutrition product for some of our food aid as our food aid makes the shift to include more high-nutrient, high-protein, prepackaged foods that have a bigger impact on helping kids survive and overcome acute child malnutrition in certain settings. But I will explore the details of the Georgia Peanut CRSP.

Senator ISAKSON. Well, at the risk of grandstanding, I was not going to bring that up, but since you brought it up, that is the Manna program, which is in Fitzgerald, GA, which is where my mother was born. And they are making the packets that are bringing nutrition to Somalia and Kenya right now during the difficult drought, and it is a 3.5-ounce peanut paste with fortified vitamins and powdered milk in it that is remarkable. And it is produced by a not-for-profit. The other big producer is a French company that is for-profit. So when you all make note of that, make note that we are not-for-profit down in Georgia.

Would you explain to me the role of USAID and the role of CDC in PEPFAR?

Dr. SHAH. Sure. Thank you, Senator.

I think from the beginning, PEPFAR was established to both support countries to develop health systems and systems for expanding service access to affected populations and to have a very focused, disease-specific disease control model. So initially the approach was CDC did what it does best, which is epidemiological analysis, training of field workers, identification of the structure of an epidemic, and development with the host country of the strategy to address HIV/AIDS. And USAID does what it has done best, which is support service delivery, the development of a long-term sustainable health system inclusive of financial models that will help it sustain over time.

Over time, the reality is those lines have blurred, and now both partners do a lot. When I started certainly, the degree of overlap and duplication was pretty extraordinary. I want to compliment both Tom Frieden and Eric Goosby, the Ambassador for PEPFAR, and Tom, of course, the CDC Chief. But we have worked very closely with them to try to improve our coordination in countries to make sure we are getting to a much more efficient approach to the provision of services and to ensuring there is more country ownership and local responsibility for seeing the program through. And it has been hard. It has been challenging work, but I think we are seeing results because we are seeing situations like in Kenya where without spending extra resources, we were able to expand services considerably by bringing these platforms together across CDC and USAID and PEPFAR and just being more integrated about delivering services to affected populations.

Senator ISAKSON. Is that specifically the program where you isolated the 17 novel antibodies that may hold the key to fighting the disease? Is it in Kenya?

Dr. SHAH. That is part of a USAID program with an outside partner called the IAVI, the International AIDS Vaccine Initiative, that has helped to identify some novel antibodies that we think will be an important breakthrough to try to actually get a real HIV/AIDS vaccine.

Senator ISAKSON. Well, the reason I asked that question is—and I am not a scientific guy by any stretch, nor a doctor of medicine but it seems like to me that that is sort of a CDC role not a USAID role. How much collaboration do you all do to make sure you are not working at either cross purposes or duplicating good purposes?

Dr. SHAH. We do quite a lot of collaboration. Just being perfectly honest, joining the U.S. Government from a different entity, I was struck by how much coordination we do do. I think it is necessary because there are these areas of overlap and partnership. But at the end of the day, especially on our research and development and technology efforts, of which that is a part, we work with CDC but also the NIH, and the NIH is actually the sort of hub within the Federal Government for supporting those types of activities. So when we do work against that goal, we do it with complete joint review of programs and against an aligned strategy. And I think that is why you are seeing some of the big efficiencies in the PEPFAR program and in our health efforts create new opportunities for the level of patient coverage and the level of impact we believe we can achieve with constant budgets.

Senator ISAKSON. Well, I commend you and Dr. Frieden both because we are getting more bang for the buck in PEPFAR than we ever have, and a lot of that is because of the countries that are receiving the help are doing more of the delivery. And our cost is down to the retrovirals and the testing in a lot of cases.

But I appreciate what you do in that, and I would love to talk to you more when we get a chance about the comparable roles because I think your programs provide a great service and help open the door for the United States of America in some places where we might not be as popular as we should be.

Thank you.

Dr. SHAH. Thank you, Senator.

Senator CARDIN. Thank you, Senator.

Senator Coons.

Senator COONS. Thank you, Senator Cardin.

I will just follow on with a line of questioning Senator Isakson was hitting on there. As you can see, we have a great partnership on the Africa Subcommittee.

And I would like to join Senator Cardin and Senator Lugar in opening by expressing my regret at the passing of Congressman Donald Payne who was deeply knowledgeable about Africa and a great advocate both for your work in USAID and for the work all of us are trying to carry forward in terms of meeting basic human needs in Africa.

And I think, Administrator Shah, you have been a true visionary and an innovator. You have really brought a new level of energy and leadership and focus. In these difficult budgetary times, championing USAID Forward has been difficult, but I think has made real progress with procurement. I also think in a number of the areas of initiative I have been able to see in Africa, whether it is Feed the Future or the Global Health Initiative, as Senator Isakson was referencing, you have been able to both reduce the total cost of service delivery while improving outcomes. So I am grateful for what you have done in improving development assistance and saving lives of women and children and improving transitions.

If I could, I would be interested in just asking about how we are going to continue to meet the challenges of global development in these difficult budget times and what in particular we can do to apply science and technology solutions to the very complex challenges of development. In February at the White House Innovation in Science and Technology, you announced an RFA, a request for application, for a higher education solutions network. And it is my understanding this is part of a larger initiative to harness cutting-edge innovation in science and technology to American universities to implement new solutions to development challenges. Senator Lugar mentioned previously the dramatic increases in agricultural production and output on his farm in just a few decades. I think we are seeing comparable advances potentially in Africa in farming.

Can you describe how this RFA will further help USAID's innovation agenda while also helping universities here at home and how this particular budget request advances science, technology, and innovation at USAID? Sorry for the long question. I know you can handle it.

Dr. SHAH. Thank you, Senator Coons, and thank you for your extraordinary leadership and counsel on this range of issues.

I think the basic premise around your question about how do we drive the most significant transformational results in an environment where budgets are going to be tight is that we have to lower the cost structure of doing our work and we have to literally invent new solutions that make extraordinary things possible. That happened a couple of times in our history. In the 1960s and 1970s the Green Revolution, as Senator Lugar has certainly talked to me about, happened in part because of great new technologies created by scientists, in that case Dr. Norman Borlaug. In the 1980s the USAID worked to create an oral rehydration solution which since then has saved 11 million children because it basically took the power to save a life out of the hands of a doctor and put it in the hands of a mother, and it turns out that is a much more effective way to save children's lives.

We basically believe we are on the cusp of an era of a whole new range of technological and scientific breakthroughs and innovations that will do that again. Whether it is orange flesh sweet potatoes that help kids avoid river blindness because it has more vitamin A or whether it is new seeds that use appropriate technologies and have more yields and more resilience to climate shock or some things that come straight out of U.S. universities. One of my favorite examples is a CPAP device, which is a continuous positive airway pressure device, that would normally cost thousands of dollars. A group of students at Rice University invented one that costs $160. That is going to save countless kids' lives in the first 48 hours after birth in very difficult environments around the world.

So with that as our motivation, we launched this request for partnerships with U.S. universities and institutions, and we did it basically saying we want to find more dramatic, game-changing, cost-reducing technologies and innovations and approaches that will help us achieve the outcomes we have said we are going to achieve with the investment of taxpayer dollars. On three webinars, we have had more than 1,000 people express interest.

Every time I have gone to a U.S. college or university, I am struck by the passion that students have. I was at Bethel University outside of Minneapolis a few weeks ago, and the students there had read our entire countertrafficking in persons program. A student NGO had already gone out to their partner country in Uganda and had all these ideas.

We are not going to fund every idea, but we do want to engage the power of American innovation and the power of American research institutions and universities to really change what is possible in development. It is something the President and Secretary feel strongly about, and we have done it before in our history and we can do it again in a way that is responsible, cost-reducing, and hopefully inspiring to students across this country.

Senator COONS. Thank you, and I am eager to work with you in carrying that forward. And hopefully that will be a part of this budget submission that will not just be sustained but contribute to the success of your agency in our development efforts.

You worked, along with many others, not the least of them, Dr. Jill Biden, on drawing attention to the very real humanitarian crisis in the Horn of Africa. Recently it has been downgraded from a famine largely due to U.S. and other multinational aid. I would be interested in an update on what is the current status of the humanitarian situation in Somalia and the Horn and what additional assistance is needed and how the learnings from this particular famine are going to be implemented and how these ongoing humanitarian needs are reflected in your budget request.

Dr. SHAH. Thank you.

As you point out, more than 13 million people were affected because of the worst drought in more than 6 decades. When I had the chance to travel with Dr. Biden and Senator Frist, we actually met a young woman who had to make just a harrowing choice because she had to walk with her two children for 70 kilometers to safety at the Dabaab refugee camp and actually had to chose which child she could physically take forward because she could not physically carry both on that dangerous and difficult trek. It is extraordinary the stories we heard and the conditions people were under.

In that context, the United States—and I think Americans—can be proud. We are nearly 60 percent of the global response. We put in place efforts that were both informed by prior experience, targeting children who were most vulnerable, and at a time when the U.N. was estimating that up to several hundred thousand people might die, we were able, with our international partners, to do some innovative things, some of which I can talk about, some of which I really cannot, to make sure we had access in very difficult environments. And I am convinced those efforts helped save tens of thousands of lives. We will get specific evaluations done and we will know very soon.

I think what we learned from that is that we have put in place something called the Famine Early Warning System that allows us to predict where these types of disasters will happen. We have learned that we need to be more aggressive about taking those predictions and creating an international consensus to plan for the year ahead to try and get out in front of disasters before they strike. And that is what we are doing.

And later this month, we are organizing the entire international community in Nairobi so that we plan for the year ahead in the Horn. We know there are still more than 7 million people at risk. We expect because of the current estimates are, the rains will be poor again, we expect some ups and downs, but we expect things to get worse before they get better. We want to see as much burden-sharing across the international community as possible, and we want to learn rigorously from the things we did that worked and the things we did that did not work so that we can be even more effective at saving lives this year.

I also think most of this work is reflected in our IDA account, the International Disaster Assistance Account, and I thank the committee for its support of those budgets.

And I would finally just conclude on that point by saying that at the same time that we saw that extraordinary disaster, that afternoon we had a chance to see some of our Feed the Future programs actually working. We saw kids receiving orange flesh sweet potato and the impact that made on their health and their livelihoods. We heard from farmers on a research station working with scientists that were doubling or tripling their yields of maize in the western part of Kenya. And the estimates are that in Kenya alone, about 4.5 million people did not need assistance because of improvements in their agriculture over the last few years. And that is the trend we really want to see in a consistent, focused, results-oriented way to really take hold over the next decade.

Senator COONS. Thank you. Thank you, Dr. Shah.

Senator CARDIN. Dr. Shah, you mentioned about specific evaluations which I think are very important as related to our famine relief but also as it relates to all of our programs.

Feed the Future is an initiative of the Obama administration. You have mentioned it several times in your testimony, most recently on dealing with nutrition and life and also dealing with gender issues and women. I think it would be helpful for us if you could give us how we can evaluate progress made on Feed the Future, what your objectives are. I know that you have done this, but if you could provide that to the committee as to the progress you believe we can make in Feed the Future in the short term and long term, I think it would be helpful for us to have that information.

And I would encourage you to provide as much specifics about the results of USAID as you can because it is important not just for us to feel good, but it helps provide the type of support we need here in the United States for these programs but also I believe encourages stronger partnerships, not just with other governments but with private entities, when we know that what we do has real consequences. For a mother to have to make a decision as to what child to take is heartbreaking, and we all can do better. So I think the more specifics you can give us, the better we will be.

I want to ask you one or two more questions before we conclude and turn to Senator Lugar.

Afghanistan. We have not talked a lot about Afghanistan here. I am very concerned about the safety of our workers in Afghanistan. We see daily reports about the Afghan people expressing not only lack of interest in what the United States is doing, but the

fact that even though we are the largest donor of aid, they do not believe we are doing anything to help them. I do not know how we continue a program without the support of the people of the country. So I just really want you to be able to comment with us as to the safety of our workers and those who are working with us in Afghanistan, and that needs to be our highest priority, protecting their safety.

Dr. SHAH. Thank you, Senator.

I appreciate your expressing such a strong commitment to the safety of our personnel. As you know, we have pulled our personnel from specific technical assistance roles where we felt they were exposed to undue risk, given the current situation and environment, and we will only be putting them back in after Ambassador Crocker is convinced on a case-by-case basis that that is an appropriate situation from the perspective of their safety.

We also know that later this month there will be the implementation of the decree around the Afghan public protection force, and we have worked hard over the last 18 months to make sure we reduce our need for private security contractors. Today more than 75 percent of USAID programs do not require private security contractors, but 25 percent do. And we have been working very actively with those implementing partners to make sure that they have a pathway to safety and security as they work to complete these programs and transition them to Afghan host country institutions.

We will stay very focused on the safety of our United States direct-hire staff and the safety of our Foreign Service nationals, the Afghan nationals, that really do take incredible risks to carry out this mission and do it in a visible and transparent manner.

I am also glad in your opening statement you made reference to some of the accomplishments of the program. It has been my belief that we have done a better job over the past 2 years or so of aggressively communicating some of the specific advantages these programs have had to the Afghan people, the fact that longevity has increased for Afghan women by nearly 2 decades, the fact that health services have gone from 7 percent to 64 percent, that there are 7 million kids in school, 35 percent of whom are girls. Compared to when we started that work, it was just a few hundred thousand. And we have built out 800 kilometers of road and seen year on year annual growth rates of nearly 10 percent.

We know that this situation needs to focus on and we have been very aggressive about making it more sustainable and have a number of different approaches we have been taking over the past 2 years to enhance the sustainability, including working with the Afghan Government to increase their own domestic revenue collection, which has gone up fourfold, and we think will continue to rise as they assume more direct responsibility.

But these are important results and they are the results that have accrued because our team has been there, has taken risks, and has focused on delivering those outcomes.

Senator CARDIN. Our involvement in Haiti pretty much parallels your leadership in USAID. Well, we were involved before, but since the tragedy occurred. Can you just give us a brief update as to the capacity of the Haitian civilian authority to take on responsibility

to maintain the progress that has been made through international assistance?

Dr. SHAH. Sure. We have seen steady and now accelerating progress in areas like agriculture, access to financial services through mobile phones, improvements in health. The cholera epidemic, which was so devastating, is now down well below international norms and standards. And we have been working aggressively to help the new President, President Martelli, build the capacity to assume greater responsibility.

They have gone through a long process that had an effective democratic election of a new President and new Parliament. But it has been a slow process of building the institutional capacity in the Haitian Government to effectively take on all of these responsibilities. That is why we will continue to work with them as a partner, consulting and taking their guidance on when they want to really hold hands and do activities and programs together and when the priority needs to be, as it has been with efforts to get people out of settlements and tents and into homes, a more directed effort to just get the job done as quickly as possible in discussion, dialogue, and partnership.

I would also say in that context the role of the private sector has been I think underdiscussed in the context of Haiti, but our partnership with Coca-Cola to reach 20,000 farmers and create a mango juice value chain I think is a good example of what is possible when we work effectively with the private sector. And we are now seeing new announcements by Marriott to build a hotel in Port-au-Prince and the opening of an industrial park in the north that can create nearly 60,000 jobs. And those are the kinds of partnerships we have been eager to build together with our Haitian counterparts.

Senator CARDIN. Thank you.

Senator Lugar.

Senator LUGAR. I just want to thank again Dr. Shah for very informative testimony. I have no more questions, only commendation for the hearing.

Senator CARDIN. And let me join again Senator Lugar in the compliment to our witness and to the work that you are doing and that your agency is doing in furtherance of U.S. objectives in a very difficult environment.

The record will remain open for 1 week for questions by members of the committee. I would ask that you respond as promptly as possible if questions are propounded.

And with that, the hearing will stand adjourned. Thank you.

[Whereupon, at 4:20 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF USAID ADMINISTRATOR RAJIV SHAH TO QUESTIONS SUBMITTED BY SENATOR JOHN F. KERRY

Question. Earlier this year USAID released its new "Climate Change and Development Strategy" highlighting the Agency's commitment to addressing the impacts of climate change and capturing opportunities to promote solutions. This strategy is an important step forward for increasing the effectiveness of development assistance by providing a roadmap for integrating climate change efforts throughout the Agency's programs.

- Given that integration is one of the three pillars to the new strategy, please describe how USAID is working to integrate climate change throughout its development portfolio. How will USAID measure that integration?

Answer. Global challenges, particularly in development, are increasingly complex and interrelated, and thus demand integrated solutions that bridge traditional programming sectors. Climate change is an inherently cross-cutting issue that presents risks and opportunities for numerous areas of USAID programming. For example, more variable rainfall, stronger storms, and increasing temperatures have the potential to reduce agricultural productivity; warming ocean temperatures and ocean acidification are already negatively impacting fisheries. These impacts are poised to undermine the livelihoods of millions in developing countries, especially the poorest. Similarly, increased incidence of flooding and drought, saltwater intrusion into drinking water supplies, and the migration of disease vectors into new areas (such as mosquitoes carrying malaria) will affect public health by undermining access to clean water and sanitation, undercutting nutritional gains, and changing disease distribution patterns and prevalence. Strategic integration of climate change offers the opportunity to increase impact and achieve sustainable, resilient development solutions that address interrelated issues simultaneously. For example, USAID's experience in disaster risk reduction provides a solid foundation for expanded efforts to build resiliency by helping the most vulnerable populations adapt to and avoid climate change impacts, and to quantify the costs associated with increasing climate change risks. Many years of leadership in biodiversity conservation and natural resources management inform climate-sensitive approaches to land-use planning and sustainable use of natural resources such as forests and water.

In support of the new Climate Change and Development Strategy, USAID has embarked on a series of integration pilots that will help to develop a suite of practices and tools that can be adopted throughout the Agency's development portfolio. Pilots will emphasize integration of climate change considerations into other administration priorities such as the Feed the Future and Global Health Initiatives, sustainable economic growth, water, gender, democracy and governance, youth, and security. Pilots will demonstrate the potential to generate lessons and tools over the next 1 to 4 years. An integration pilot, for example, might test ways to reduce energy consumption as part of a USAID agriculture program. The results will inform the Agency's wider development portfolio moving forward.

Crucial to integrating climate change is integrated program planning that is problem-oriented and maximizes cobenefits. Consideration of climate change in strategic planning, program design, and project implementation across a wide range of development sectors is essential to the success of USAID's mission. It must become the responsibility of all USAID development professionals to consider the impact climate change will have on their efforts and to search for opportunities to promote greener, cleaner, more resilient approaches to driving development results. To enhance the ability of staff to do integrated programming, USAID has already developed and fielded specific training modules on Integrating Global Climate Change in Development, as well as sector specific training modules, and has developed climate change guidance for country strategies. Current efforts are also analyzing ways to enhance Agency project design, management, monitoring and evaluation practices to be better able to integrate climate change issues.

In addition, the Agency has developed a comprehensive climate change results framework and a set of metrics to measure progress, which will be refined over time as lessons and trends emerge. Over the coming years, the Agency will evaluate a series of climate change integration pilots that are testing different approaches to integrating adaptation and mitigation into other USAID development endeavors. For instance, a pilot to help smallholder farmers in the Dominican Republic adapt their agricultural and business practices to better cope with climate variability and change will help the Agency evaluate the efficacy of its adaptation interventions and better integrate climate adaptation into its broader food security portfolio. In addition, Agency GCC and monitoring and evaluation specialists are engaging actively with other donors and experts to develop more robust adaptation indicators that will better estimate the impact of climate adaptation programs.

Question. It is important for USAID to consider climate change throughout relevant program development, from supporting research to in-country programmatic implementation. Please describe a few noteworthy examples of interventions that will showcase this holistic and comprehensive integration.

Answer. USAID's newly adopted Climate Change and Development strategy has three objectives—mitigation, adaptation, and integration. The integration objective seeks to mainstream climate change across USAID's core programs, in recognition

of the fact that climate change is not a sector unto itself; rather it is a set of global, national, and local challenges that can undermine progress and increase vulnerability and insecurity in development sectors throughout developing countries.

It is incumbent upon USAID to consider the impacts of climate change on our development goals and objectives, the country's development plans, and public and private investments when designing strategies and programs. USAID has therefore asked its missions to inform themselves of the potential impact of climate change on their host countries and their development priorities in the earliest stages of developing a Country Development Cooperation Strategy (CDCS) and has provided guidance to help them do so. Many missions are pursuing explicit climate mitigation and adaptation results within their broader development objectives. Others will monitor climate-related measures as they design and implement traditional development objectives, such as food security and health.

For instance, one mission is building an "improved economic governance" subobjective into its economic growth objective, which, among other things, will monitor the quantity of reduced greenhouse gas emissions, providing a "more responsible management and development of natural resources" subobjective. This will allow the mission to monitor and report on total investments facilitated by USG for hydropower development and number of hectares under improved management practices.

Question. The administration is not seeking Global Health Program funds for Pakistan for FY 2013. Global Health and Child Survival (USAID) funds amounted to $29.7 million in FY 2010 and $28.4 million in FY 2011. How much funding are you providing for Global Health activities within the Economic Support Fund (ESF) account for Pakistan in FY 2013 and what are the objectives? Is the proposed funding level sufficient to achieve them?

Answer. U.S. Government (USG) efforts in global health are a signature of American leadership around the world. The Global Health Initiative (GHI) is saving and improving the lives of millions, spurring economic growth, and strengthening families, communities, and countries.

Pakistan is a vital country within the GHI, and its importance is reflected in the administration's FY 2013 $70 million request for the health portfolio. The USAID/Pakistan health portfolio is focused on enabling the provincial governments to strengthen the provision of health services, improve the management of the health care system, and increase coverage of services. The FY 2013 request will contribute to the reduction of maternal and child mortality and unintended pregnancy through strategic programming of high-impact integrated family planning and maternal and child health, and health systems strengthening interventions.

Question. Polio remains endemic in Pakistan. Last year, more than 175 cases of polio were reported, which was the highest caseload in the world. According to UNICEF, "roughly 700,000 children in [Punjab] province already miss immunization drives . . . [and] medical experts fear this number will now rise." What steps is USAID taking to help support efforts to eradicate this disease in Pakistan?

Answer. USAID, working through the World Health Organization (WHO), supports the national polio surveillance system, which identifies and investigates suspected polio cases; collects and analyzes laboratory samples to determine the type of virus circulating; and publishes weekly surveillance updates, which are widely disseminated. USAID also supports UNICEF's work to develop communication networks that build public trust in immunizations, increase community awareness about immunization campaigns, and increase demand for immunizations. This network of community mobilizers is targeted in areas with high refusal rates. USAID believes that surveillance and communication networks are the two components of the polio eradication initiative that will lead to eradication and strengthened disease control efforts. It is important to note that there are other donors who support the procurement of vaccines and the operational costs of the immunization campaigns (e.g., per diem, transportation, ice packs and other supplies). USAID works in partnership with these donors, which include the World Bank, JICA, DFID and the Bill & Melinda Gates Foundation.

Question. I recognize and appreciate the efforts of USAID to update its Pakistan Web site to improve the information available about its development assistance program. I also believe it is important to publish this information in local languages, such as Urdu, to ensure that it is readily available to key audiences. Does USAID have plans to translate its newly updated Web site into Urdu, and if so, when will this occur?

Answer. While USAID does not have immediate plans to translate the Web site to Urdu, we understand the importance of communicating in local languages in Pakistan and are including Urdu information in a variety of other communications

efforts in Pakistan. USAID is reaching out to key Pakistani audiences, which include Urdu-speakers, through multiple mediums to advance U.S. foreign policy goals.

Over the last year, in particular, USAID has prioritized raising awareness of U.S. assistance and mitigating unfavorable opinions of the United States by sizably increasing communications efforts, including in Urdu as well as Sindhi, Punjabi, Balochi, and Pashto. Public opinion research has shown that the vast majority of Pakistanis receive information from radio and television broadcasts rather than by the Internet, so our initial emphasis in increasing awareness is to utilize these mass media outlets. USAID now conducts a weekly call-in radio program in Urdu that features USAID staff, partners, and beneficiaries. It is widely broadcast and receives call-ins from across the country. Television and radio are where 70 percent of Pakistanis receive information and have accordingly been a focus of USAID efforts. Already this year USAID has placed more than 10 documentaries about U.S. assistance projects on five television stations for a total of 38 showings. USAID has also recently begun a multifaceted communications campaign that will use television, radio, and print public service announcements to increase awareness of U.S. civilian assistance.

Question. What activities did the Task Force for Business and Stability Operations (TFBSO) undertake in Afghanistan in FY 2011? Which Task Force activities in FY 2011 will be continued by USAID in FY 2012? How is the Task Force working with USAID to transition those activities it would like to see continue post-2014? What are the advantages and disadvantages of transferring TFBSO activities to USAID?

Answer. TFBSO undertook activities in five programmatic areas in FY 2011: (1) Minerals; (2) Energy; (3) Indigenous Industries; (4) Agriculture; and (5) Information Technology. Currently, there are no plans for transitioning any of the FY 2011 TFBSO activities to USAID in FY 2012 as TFBSO has received funding from Congress to continue operations in Afghanistan through FY 2012. A new process of quarterly coordination meetings between TFBSO, State, and USAID was recently initiated to enhance dialogue and coordination. The Department of Defense, the Department of State, and USAID are jointly developing a proposed plan of action on the future of TFBSO and the possible transition of its activities to the Government of Afghanistan, other USG agencies, or the private sector. We expect the plan to be cleared through the three agencies and submitted to Congress shortly.

Question. Please provide me with an update and description of your new Monitoring and Evaluation (M&E) framework for Afghanistan.

Answer. As you are well aware, monitoring and evaluation in a high threat environment remains a longstanding challenge, including in places such as Afghanistan. Our Agency understands that a framework of clear, measureable goals and expected results is the heart of effective programming. Direct monitoring of results not only enables us to improve the quality of implementation abut also to inform others of progress and lessons learned in Afghanistan. Under such tough conditions as exist in Afghanistan, we are constantly refining and improving our approaches to increase impact, improve oversight of projects, and build Afghan capacity. The following constitutes the major elements of our monitoring and evaluation program in Afghanistan:

Results Frameworks: USAID's Results Framework in Afghanistan graphically represents the development hypothesis, defines goals, development objectives, and multilevel results, along with corresponding performance indicators for each objective and result. Results Frameworks serve as the basis for project design, monitoring, evaluation, performance management and reporting, and ultimately, the Performance Management Plan.

Performance Management Plan: Since fall 2010, USAID/Kabul has been reporting against a mission-level Performance Management Plan (PMP) which illustrates how programs contribute to achieving overall U.S. Government goals in Afghanistan. The Afghanistan mission's results framework and PMP outline eight overarching assistance objectives, with related intermediate results and indicators. All USAID programs are mapped to results frameworks and report quarterly on indicators linked to those results, showing progress toward goals. USAID's implementing partners are also realigning their projects as needed to map against the Results Framework and its PMP. The data for the Mission Results Framework and PMP is tracked and monitored in a central database known as Afghan Info.

Afghan Info: Afghan Info is the USAID mission's information storage and retrieval system. In the first quarter of 2010, the mission began using Afghan Info, a database through which implementing partners directly report results against

project indicators. In February 2011, USAID/Afghanistan's 53,000 project site locations, PMP indicators for the eight overarching strategy goals, and spending figures were added to the system. Since February, the system has transitioned to a new Web-based platform to provide increased U.S. Government oversight of partner reporting and provide the mission with additional management tools that can be accessed in Afghan Info, including performance management functions, project evaluation documentation, and project financials. Additionally, geospatial data is included in Afghan Info for all USAID projects with specific locations. By knowing the location of the project sites and examining program performance, USAID can (1) ensure better integration of its programs and coordination among its implementing partners; (2) manage resources; and (3) maximize impact of its programs.

Third-party Monitoring and Evaluation: USAID/Afghanistan has had a monitoring and evaluation (M&E) contract in place since 2006 that provides the entire USAID mission with M&E services. The mission is committed to maintaining the constant presence of a missionwide third-party monitor in addition to support from other third-party monitors as needed.

Monitoring & Evaluation Unit: In 2011 the mission established a monitoring and evaluation unit to improve oversight, ensure compliance with required agency M&E policies, and see that relevant information is shared and understood widely within the mission. In 2011, the M&E team of 3–4 full time staff has also established an extended M&E team throughout the rest of the mission. All USAID/Kabul technical offices have designated M&E liaisons who meet regularly with the core M&E Unit.

Third Party Monitors are also engaged by the mission. They are not subject to Chief of Mission (COM) authority and therefore often have fewer security restrictions than USAID direct hire employees to visit projects and assess progress on the ground in real time. USAID Contracting officers and key mission staff are encouraged to visit their project sites to the maximum extent allowable under Chief of Mission authority.

EVALUATION OUTLOOK FOR 2012

Increased Evaluation: USAID's Afghanistan evaluation program is aligned with the USAID Evaluation Policy issued in January 2011: http://www.usaid.gov/evaluation/. It adheres to Agency guidelines for high quality evaluations. Afghanistan has identified seven high quality performance evaluations that will be completed between July 1, 2011, and December 31, 2012.

Question. What are your projected levels of spending in FY 2014, FY 2015, and FY 2016 for Afghanistan and Pakistan?

Answer. The USAID Afghanistan and Pakistan missions are currently in the process of preparing their FY 2014 Mission Resource Requests, which will in turn inform the FY 2014 budget submission by USAID and the Department of State to the Office of Management and Budget and, subsequently, the FY 2014 Congressional Budget Justification. USAID's budget request in FY 2014, FY 2015, and FY 2016 will ultimately be determined by overall U.S. Government policy. In Afghanistan, the FY 2014 resource request will be guided by the ongoing comprehensive review of our assistance portfolio in consultation with the Government of Afghanistan. USAID is aligning programs with a focus on activities that are the most necessary, achievable, and sustainable, and with the intent of setting a foundation for an economically sustainable and stable Afghanistan post-transition. As you know, in Pakistan, FY 2014 will be the last year under the Enhanced Partnership with Pakistan Act of 2009. The FY 2014 budget request will be guided by an ongoing review of our assistance portfolio in five priority areas of energy, economic growth, stabilization, education, and health. It will also be guided by consideration of broader foreign policy goals in Pakistan and the region.

Question. What steps are you taking to ensure that USAID Forward and other reforms you have made to agency operations are maintained and strengthened beyond your tenure? What legislative measures have you considered to strengthen these reforms in the long term?

Answer. I have spent a great deal of time working with USAID staff in Washington and with our leaders and managers overseas to make the USAID Forward reforms "irreversible."

- We have approached this priority task on three levels:
    - By establishing and empowering a select number of new organizational units where this was necessary to bring back core competencies into the Agency;

- By improving our recruitment, assignment and career development services, ensuring we get the right staff in the right place with the right skills;
- By conducting a full review of all key regulations and guidelines to ensure they do not stand in the way of our officers' success.

- In support of Implementation and Procurement Reform (IPR):
  - We are reviewing and revising relevant policies and regulations in order to provide an enabling environment that enables our staff to more easily work through partner country systems and with local NGOs and businesses while guarding against corruption or other improprieties. We are also streamlining and simplifying our procedures and compliance requirements so that we can be more cost effective and broaden our partner base.
  - We are building sustainability into our country development strategies and project design and requiring that all our programs consider how to build more local capacity. We want to transition out of certain countries or at least out of certain sectors within the next few years because we have built stronger local institutions that lead their own country's development.
  - We are training staff in both Washington and the field to ensure that staff across the Agency have the knowledge and skills to make IPR an integrated part of the way we do business.

- Following the establishment of the Bureau for Policy, Planning and Learning (PPL):
  - We are revising our policies mandating country strategies, project design and evaluation to ensure these practices are embedded in Agency operations.
  - We are training staff across the Agency to ensure USAID is guided by evidence-based policy making and strategies.
  - We have reinstituted the AAAS program to bring high quality scientists back to USAID and developed partnerships with the scientific and university communities.

The new Office of Budget and Resource Management (BRM) and the associated increase in budget responsibility at USAID is institutionalized in the QDDR, which codifies reforms already underway through USAID Forward.

- BRM is making us more cost-effective:
  - By focusing budgetary resources on development and humanitarian assistance activities and in countries where there is a greater return on investment;
  - By strengthening the development voice in the formulation of the International Affairs budget, through the Administrator's comprehensive development and humanitarian assistance budget as envisioned in the QDDR; and
  - By strengthening budgetary practice and attention to cost-effectiveness throughout USAID.

- To support and further talent management:
  - We have concentrated overseas expansion funded through the DLI program in Africa, Asia and the Middle East, and more than doubled the number of engineers, economists, agricultural, health, financial management, and contracting and project development cadre through new hiring.
  - We have launched an ambitious mentoring program, and expanded career development counseling and staff care services for our workforce, enabling us to better meet the needs of USAID's larger and more diverse workforce.
  - Recognizing that the success of any change management program rests on leadership, we have published and widely discussed a set of leadership principles that senior managers are being held accountable for. We have also expanded both the use of survey tools and social media to generate more awareness and enthusiasm for the reforms among our staff.

- To advance innovation through the newly established Office of Innovation and Development Alliances (IDEA):
  - USAID has reformed and improved the application process for public-private partnerships that has resulted in multiple multimillion dollar partnerships as well as small grants to growing entrepreneurs, both domestic and international, to achieve targeted development goals.
  - USAID has created a new tool, Development Innovation Ventures, to engage with new partners and embrace a venture capital approach to develop-

ment that leverages small scale investments to have a significant development impact.
  - USAID is using mobile technology to integrate electronic payments and mobile banking into our development programs and host-country financial systems to increase aid effectiveness, transparency, and accountability across the board and to cut costs associated with cash payments (i.e., transportation, security, and printing).

- To sustain the momentum we have achieved, I ask your help with the following:
  - (Implementation and Procurement Reform) To ensure that USAID can manage the increased partner base, we have requested the authority to create a Working Capital Fund resourced from program funds obtained via a fee-for-service model of up to a 1 percent charge on estimated annual acquisition and assistance obligations worldwide. We will use the fees collected to improve acquisition and assistance services to bureaus, offices, and missions, and to realign our workforce to match evolving Agency policy and priorities. This new way of operating will allow USAID to enhance its procurement capacity, build local capacity, provide better service, and increase strategic sourcing of supplies and services.
  - (Budget) To continue the progress we have made, we ask that you continue your strong support of USAID's development assistance, humanitarian assistance, and especially its operational expense budget which is essential in making USAID truly the world's preeminent development agency.

RESPONSES OF USAID ADMINISTRATOR RAJIV SHAH TO QUESTIONS SUBMITTED BY SENATOR RICHARD G. LUGAR

AFGHANISTAN

Question. The administration has long been engaged with President Karzai's government in concluding a longer term Partnership Agreement, as other allies have done, with little progress and diminishing prospects for success. Some now suggest an agreement may be unlikely. How will the United States effectively implement foreign assistance at the levels proposed by the President with this situation of diminishing cooperation, especially given the lessons we must draw from Iraq?

Answer. The United States and Afghanistan have signed a strategic partnership agreement that demonstrates the enduring U.S. commitment to Afghanistan, strengthens Afghan sovereignty, and allows us to continue targeting terrorists together so they cannot outlast us.

A prime example of our ongoing cooperation and close collaboration with the Government of Afghanistan (GIROA) is the joint review of U.S. assistance programs held in March 2012. These reviews were unique in that they focused on U.S. assistance at the project level, and provided a comprehensive and frank review of each project's performance and any outstanding issues from the perspectives of the U.S. and Afghan Governments. Afghanistan's participation was led by the Ministry of Finance at the Deputy Minister level, and included the Minister of Mines and high-level representatives from the Ministry of Agriculture, Irrigation and Livestock, the Ministry of Justice, the Ministry of Reconstruction and Rural Development and the Independent Directorate for Local Governance. Key issues raised by both sides included alignment with key deliverables for National Priority Programs under the Afghanistan National Development Strategy, coordination with other donors, and sustainability and progress toward transition goals.

This joint review process reflects an unparalleled and increasing level of dialogue and cooperation between the U.S. Government and the Government of Afghanistan on development issues. It also comes at a critical time—despite the various challenges to U.S.-Afghan cooperation in recent months. The U.S. Government's continued collaboration on development issues sends a strong signal to our fellow donors and GIROA about our commitment to Afghanistan. Furthermore, the willingness of the Afghan Government to engage in detailed and critical dialogue and take an active role in the implementation of U.S. assistance is a sign of an ongoing commitment to collaborate productively with the U.S. Government and an increasing and critically important ability to take ownership of development as we approach the transition in 2014.

Question. How will our assistance and planning be affected in the absence of such a strategic agreement?

Answer. We are committed to a strong, enduring partnership with Afghanistan and we were heartened that the Loya Jirga expressed its support for this partnership at its meeting in November 2011. The donor community, including the United States, has been working closely with Afghan Government officials to plan assistance post-2014. And as mentioned above, USAID has conducted an extensive review of its portfolio with the Afghan Government, to ensure that its activities support Afghan development priorities, build Afghan capacity, and promote sustainability of development. These reviews reflect a commitment on both sides to work productively to achieve jointly responsible development results over the long term. In addition, at the December 2011 Bonn Conference, the United States, along with the broader international community, committed to supporting Afghanistan as it consolidates its development and security gains, and moves toward self-sufficiency. This commitment will be reemphasized in the coming months at both the May G8 meetings and the July 2012 Tokyo Conference on Afghanistan. One of the key dimensions of this commitment is the principle of "mutual accountability," in which the United States and broader donor community continues to closely coordinate with and align its assistance in support of the Afghan Government, while the Afghan Government for its part fulfills key governance commitments it outlined at the Bonn Conference.

Question. How have you ensured that the available assistance that is appropriated is closely managed and applied to only the highest national security purposes rather than an Afghan wish list that might perpetuate the misgovernance present in many parts of the country?

Answer. USAID programs in Afghanistan are designed to further U.S. policy objectives and regularly evaluated to assess whether they are having a positive impact in support of U.S. national security. USAID's country program, as approved through and guided by the interagency process, supports the administration's goal of disrupting, dismantling, and defeating al-Qaeda in Afghanistan and Pakistan and eliminating its capacity to threaten America and our allies by stabilizing key districts and enabling Afghans to develop a foundation of sustainable economic growth and effective, legitimate governance.

As the United States and international partners prepare to transition greater security responsibility to Afghan forces, USAID is focusing its assistance on the development of a stable Afghanistan by working to enhance the ability of Afghanistan to withstand the economic, security, and governance challenges associated with the transition and drawdown of the international forces.

Importantly, USAID is implementing the Administrator's Sustainability Guidance for Afghanistan to ensure sustainability and accountability. USAID's country program, as a result of the sustainability review conducted within the USG and with the Afghan Government, will focus on (1) driving inclusive economic growth; (2) enabling increasingly effective governance; and (3) fostering a more resilient and capable population able to demand and receive government services. As we go forward, USAID programs will: (1) increase Afghan ownership and capacity; (2) contribute to stability and confidence in the Afghan Government; and (3) be scrutinized for efficient cost and results.

Each technical area in USAID/Afghanistan has a high-level goal which contributes to establishing stable and effective Afghan-led development. Some key sector goals include improved performance and accountability of governance. The mid-level results, assuming success, will combine to achieve the higher level goals. Indicators are associated with every level of goal to signal to the mission whether progress is being made or if managers need to make adjustments to the program.

USAID also works with other USG entities and donors operating in Afghanistan to ensure that its assistance is aligned with the work of others and there is no duplication of effort. As USAID plans for the 2014 security transition, and noting a decline in its resources, USAID is focusing its program on key foundational investments in priority sectors—such as energy, agriculture, extractive industries, and human capital—that will help develop Afghan capacity, promote economic growth, and increase government revenue generation to support a sustainable, durable transition in Afghanistan.

Coordinating interagency USG assistance to Afghanistan is important for maximizing the developmental impact of donor funds, avoiding duplication of effort, and strengthening our partnership with allies in Afghanistan. In Washington, USAID works closely with our counterparts at the Department of State to ensure close coordination in our programming and overall assistance goals. In Kabul, all of USAID's activities in Afghanistan are closely overseen by State's Coordinating Director for Development and Economic Affairs. Beyond Kabul, USAID works hand in hand with field staff from State, the U.S. Department of Agriculture, Department

of Defense, and other agencies as part of the Regional Platforms, Provincial Reconstruction Teams, and District Support Teams.

Question. What is the current level of USAID assistance in the following areas:

- Humanitarian assistance such as that needed for the fierce winter they are experiencing;
- Development assistance such as agriculture or infrastructure;
- Stabilization assistance such as pay for work and diesel fuel for generators?

Answer.

Humanitarian assistance such as that needed for the fierce winter they are experiencing

The USAID/Office of Foreign Disaster Assistance (OFDA)'s funding in Afghanistan has totaled approximately $36 million since 2010, with $17.7 million programmed thus far in FY 2012. In response to the severe winter this year, USAID/OFDA mobilized to provide cold weather-related emergency relief supplies, including blankets, winter clothing, shoes, and shelter materials, to approximately 28,000 of the estimated 30,000 residents of the Kabul Informal Settlements. To quickly address humanitarian needs of newly displaced people, USAID/OFDA supports the prepositioning of emergency relief supplies in strategic locations throughout Afghanistan, which relief agencies draw upon when population displacement or other emergency needs occur, such as the avalanches this month.

Other examples of OFDA's humanitarian assistance activities in Afghanistan include providing humanitarian air services to allow humanitarian workers to access vulnerable populations in remote areas; building emergency preparedness and response capacity among local NGOs and community leaders; and increasing public awareness of natural hazards and building local emergency preparedness through community-based training programs. USAID/OFDA is also supporting efforts to advocate at the national level for child protection in emergencies and to enhance the capacity of government and civil society organizations to meet children's emergency protection needs.

Development assistance such as agriculture or infrastructure; and stabilization assistance such as pay for work and diesel fuel for generators

The following table provides a summary of how USAID expects to program its FY 2011 foreign assistance resources in Afghanistan. In agriculture, for instance, USAID expects to invest approximately $83 million of FY 2011 funds. Agriculture is a critical sector of the Afghan economy, with approximately 75 percent of Afghans deriving their livelihoods from agricultural activities. USAID resources in this sector support activities such as irrigation and watershed management; improving food security by strengthening agricultural value chains; promoting agribusiness; and building the capacity of the government to manage this sector. Our FY 2011 investments in infrastructure, including approximately $538 million in power, underpin the USG's economic growth and job creation strategy in Afghanistan and will be used to expand power transmission and strengthen revenue generation and commercialization to improve cost recovery and strengthen the government's fiscal position. Going forward, our focus in the infrastructure sector is increasingly on operations and maintenance and the sustainment of investments to date by Afghans. We have no plans to fund diesel fuel for generators.

USAID Assistance by Sector—Afghanistan

[Dollars in millions]

	FY 2011 Enacted
Total USAID Assistance	**2,037.5**
Governance	**817.4**
Stabilization and Local Governance	240.8
Democracy, Governance	576.6
Justice/Rule of Law	**89.9**
Rule of Law	23.9
Counternarcotics—Alternative Development	66.0
Economic Growth	**874.7**
Roads and Water	140.0
Power	538.3
Agriculture	83.3
Economic Growth/ Private Sector Development	113.1

	FY 2011 Enacted
Social Sector	**255.6**
Education	95.0
Health	160.6

USAID's programs also support the hold-build-transfer stages of the military's counterinsurgency strategy in Afghanistan. USAID expects to program approximately $240 million of FY 2011 resources for programs such as the Afghanistan Stabilization Initiative, the Community Development Program, and the Stabilization in Key Areas program, which work in key areas to build confidence in the government and create an environment that is more conducive to the transition of Afghanistan to a stable and productive state that is responsive to citizen needs. While USAID continues to engage in some cash-for-work programs, going forward, our stabilization programs will be increasingly focused on supporting the transition to Afghan-led development and building the capacity of the Afghan Government to address sources of instability. In addition to these programs, other USAID programs, such as those in democracy, economic growth, and health and education, contribute to long-term stability by building the capacity of Afghan Government and improving its connection with, and service to, the Afghan people.

IRAQ

Question. Iraq recently passed a 117 trillion dinar budget (about $100 billion), based principally on revenues generated from an average oil price of $85 per barrel and 2.6 million barrels per day (bpd) in crude exports. World crude oil is now trading at $107 per barrel and rising. These new numbers should bring Iraq yet another budget surplus. Given Iraq's budget reality and ours and the tremendous cost of simply housing, protecting, and feeding USAID employees and contractors in Iraq and the difficult political and security environment there, what impacts are USAID programs having?

Answer. USAID continues to meet the challenge of operating effectively in a dynamic security environment while still maintaining the safety of our personnel.

Iraqi Government Cost Sharing

On April 9, 2009, in accordance with congressional mandates in the 2009 Supplemental Appropriations Act (Public Law 111–32), the State Department adopted a set of policy guidelines on Iraqi Government matching for U.S. assistance funds, which require financial or in-kind Iraqi Government counterpart contributions for most U.S.-funded foreign assistance programs and projects that directly benefit or involve the Iraqi central government. USAID has applied this requirement to the budget planning process for Iraq. USAID requires that the program costs of assistance that directly benefits Iraqi Government institutions—except certain extraordinary costs such as security and life support—be matched on a dollar-for-dollar basis in cash or in-kind. The Iraqi Government's contributions are specifically quantified prior to the initiation of assistance and include a plan for transitioning responsibility for the project to the Iraqi Government, and semiannual reporting requirements.

USAID's previous Tatweer National Capacity Building project was the first project to formally seek cost-sharing from the Iraqi Government, but only partially since it had been awarded in July 2006 before the congressional mandates. USAID's Primary Health Care Project awarded in March 2010 was the first USAID project to fall fully under the congressional cost-share mandates. So far, the Iraqi Ministry of Health has committed to share the $56 million cost of USAID assistance to improve the delivery of primary health care services. USAID is currently negotiating cost-sharing agreements for the following projects which directly benefit the Iraqi Government and fall under congressional cost-sharing mandates.

- Governance Strengthening Project ($39M)—capacity-building assistance to provincial and local governments as well as community groups.
- Administrative Reform project ($113M)—assistance in strengthening central Iraqi Government ministries and executive departments.
- Received approval for three education cost-share activities ($53M).

USAID projects are having some of the following impacts:

Community Development

The USAID Community Action Program (CAP) assists Iraqi communities in identifying their priorities, and then formulating and implementing solutions using local resources including advocating with Iraqi local governments. Since 2008, over 850

community groups have implemented more than 2,500 projects with USAID assistance. Recently, USAID-supported community groups have been working with international oil companies in southern Iraq to rehabilitate local schools, improve water purification systems, and provide economic livelihoods to disadvantaged women.

Microfinance

Since 2004, USAID-supported microfinance institutions have provided more than 344,590 loans worth a combined value of over $808 million. One component of the project focuses on vulnerable communities in Iraq which include Internally Displaced Persons, ethnic and religious minorities, and female-headed households. Another component of the project focuses on expanding economic opportunity to Iraqi youth. The project has benefited more than 4,000 Iraqi youth through Small Business Development Centers by providing assistance in improving business skills, finding employment, starting businesses and getting loans.

Women

The USAID-supported Women's Awareness and Inclusion program, which is implemented in southern Iraq has benefited 23,000 women since 2005 by empowering them through literacy and social inclusion programs. The program assists women by providing 1-year basic literacy and numeracy trainings which are supplemented with educational modules on cultural and social awareness topics, such as democracy and governance, human and women's rights, needs identification and prioritization—vital tools for women, as they work to become powerful advocates and leaders in their communities. Today, over 10,000 women and teenage girls are enrolled in the program through 226 centers across the southern governorates of Basra, Maysan, Muthanna, and Thi Qar.

Question. What are the top priorities for USAID Iraq in the medium term?

Answer. USAID will continue efforts to assist Iraqis in using their own resources to strengthen democratic governance and promote broad-based economic prosperity through private sector growth. This includes technical assistance to the Government of Iraq to improve its ability to govern effectively, deliver essential services, and generate economic growth.

USAID will also continue to support Iraqi microfinance institutions, the private banking sector and the Central Bank of Iraq to expand access to credit to Iraqi entrepreneurs, small and medium enterprises, strengthen the private financial sector and promote reforms that will encourage private sector investment.

PAKISTAN

The population of Pakistan is estimated to increase from 170 million to 260 million by the year 2030. It is further estimated that by 2030, the urban population will become double, and about 50 percent of the total population of Pakistan will be living in urban area. Experts examining U.S. civilian aid to Pakistan recommend that assistance now focused primarily in rural areas be refocused urban and periurban areas going forward. The growing dissatisfaction of the populace in these areas stems from a combination of limited economic opportunity, physical insecurity, and misguided or ambivalent governance.

Question. To what extent are you examining investments in civilian assistance in urban areas in addition to rural areas? What assumptions are you using for such assessments, as they relate to our national security interests in a long-term relationship with Pakistan? How does the urban development element fit in the near term given the existing threats that emanate from some of Pakistan's major cities? What opportunities are there for collaborative development in such areas, and what obstacles hinder their impact?

Answer. Several analyses have pointed to the importance of urban and periurban areas to Pakistan's future, both in terms of economic growth and countering violent extremism. As such, our approach to civilian assistance to Pakistan—which is centered around five priority sectors, namely energy, economic growth, stabilization, education and health—very consciously strikes a balance between programming that promotes urban versus rural development.

Our assumptions for assistance include that: (1) overall, U.S. assistance is a nationwide program to benefit Pakistan's population writ large, rather than any particular region; (2) that programming will be intentionally split between urban and rural populations, including the remote border areas of KP and FATA; and (3) that opportunities to counter violent extremism will be a consideration in program decisionmaking and design. These considerations acknowledge that some of the greatest

discontent and potential for extremism and violence do indeed emanate from urban areas.

A number of economic growth programs oriented toward urban development complement those with a rural orientation. Those focused on urban growth include the ongoing entrepreneurs program, which has to date trained 70,000 women entrepreneurs in financial literacy and other skills, including in Karachi and other urban areas. In addition, a program currently under design to provide investment capital to Pakistani small and medium-sized enterprises will also foster urban employment.

In energy, our top assistance priority, we are focusing primarily on helping Pakistan resolve the shortfall it currently faces on its national electric grid, in lieu of focusing on providing electricity to rural populations off-grid or adding populations (and by extension increasing demand) to the national grid. Such a decision has the effect of focusing effort and resources on urban development, as only 60 percent of Pakistan's population is connected to the national grid, predominately in urban areas. Prioritizing energy assistance and development is also designed to address a core obstacle to urban investment and employment, since insufficient energy supply is responsible for large-scale unemployment and furloughs in industrial areas.

SUDAN

Our committee will hold a hearing next week to examine the ongoing crisis in Sudan following the secession of South Sudan. It appears the Government in Khartoum is continuing to implement policies of violence and forced isolation to bend the will of its remaining population. Khartoum has also prompted South Sudan to cut off the flow of oil due to allegations of theft and manipulation.

Question. What is the status of international assistance to Sudan, especially to the conflict areas near the border with South Sudan?

Answer. Since the outbreak of violence first in Abyei in May 2011, then Southern Kordofan in June 2011, followed by Blue Nile later in the summer, virtually all international management of humanitarian and development activities has come to a halt. The Government of Sudan (GOS) continues to restrict international access and assistance to government-controlled and nongovernment-controlled areas of Southern Kordofan and Blue Nile.

Southern Kordofan and Blue Nile

Access for humanitarian and development organizations throughout Southern Kordofan and Blue Nile states is highly restricted by the GOS. USAID's humanitarian partners are limited to operating scaled-back programs run by national staff with no direct monitoring or oversight from expatriate program managers. The Sudanese Red Crescent Society (SRCS) operates in GOS-controlled areas. Through $1.2 million in funding to the International Federation of Red Cross (IFRC) and Red Crescent Societies, USAID supports SRCS to provide humanitarian assistance—including food, relief items, basic health care services, and access to safe drinking water and sanitation facilities—to internally displaced persons (IDPs) and other conflict-affected populations in GOS-controlled areas. SRCS is also conducting family tracing, mine risk education, and protection activities in child-friendly spaces, in collaboration with local staff of U.N. agencies. USAID also maintains a Rapid Response Fund, managed by the U.N. Children's Fund (UNICEF), which enables relief organizations to quickly access funding to meet emergency needs through both local and international partners. To date since the outbreak of conflict in Southern Kordofan in June 2011, USAID has provided assistance to people in Sudan People's Liberation Movement/North (SPLM/N)-held areas.

Despite the GOS authorization in January for the return of a limited number of U.N. international staff to Kadugli, the capital of Southern Kordofan State, the movements and ability of U.N. international staff to assess conditions and organize a response are limited to Kadugli, where humanitarian needs are fairly well managed. The U.N. international staff do not have access to the Nuba Mountains, where up to 150,000 people are in dire need of humanitarian assistance.

USAID's partner, the U.N. World Food Programme (WFP), recently modified its previous position that it would only provide food assistance in Southern Kordofan if granted access to providing assistance to all areas of the state, including SPLM/N-controlled areas. While WFP will continue to press the GOS for unfettered, statewide access, it will now assist in any location where the GOS permits international WFP staff to participate in food security assessments, even if this means that WFP can only provide food aid in Sudan Armed Forces (SAF)-held areas. In early May, WFP national and international staff and GOS technical staff conducted a joint assessment of the food security situation among IDPs in four SAF-controlled local-

ities in Southern Kordofan. Subsequently, WFP distributed full, 1-month rations to approximately 30,000 IDPs in these locations.

Since the outbreak of conflict in Southern Kordofan in June 2011, international humanitarian organizations have not been permitted to resupply or deliver aid to newly vulnerable populations. The U.S. Government is doing all it can do through indirect support to try to save lives within the tight confines of limited access due to the security environment. USAID is also closely coordinating with the U.S. Department of State's Bureau of Population, Refugees, and Migration, which is leading the response to the needs of the growing refugee population in South Sudan.

The strong coping mechanisms of the population along with the small amount of assistance that is getting in is helping mitigate the immediate impact of the crisis, but we remain gravely concerned for the innocent civilians caught in the midst of the conflict.

With respect to transition/development activities, these are largely suspended due to insecurity and open conflict. USAID has had a historic role in supporting the people of Sudan, particularly along the fragile border. Since the signing of the Comprehensive Peace Agreement (CPA) in 2005 until its close in July 2011, USAID worked with civil society and political parties to support key CPA political processes in the Three Areas (Abyei, Southern Kordofan, and Blue Nile), increase the capacity of local government to be responsive to the needs of the population, mitigate conflict between various tribal and ethnic groups, and promote citizen participation in the CPA-mandated "popular consultations" in Southern Kordofan and Blue Nile. However, since the outbreak of violence along the border last year, virtually all international management of these activities has come to a complete halt. With open conflict ongoing in Southern Kordofan and Blue Nile, and political stalemate between the GOS and Republic of South Sudan over post-CPA issues including the status of Abyei, prospects for local-level support to outstanding post-CPA processes in the Three Areas are bleak.

When the operating and political environment allow, USAID stands ready to provide humanitarian assistance and address outstanding CPA issues. We are currently exploring how best to support building the capacity of civil society organizations; developing and targeting support to local governance; and expanding avenues for citizen participation through civic education and engagement in the Three Areas, and throughout Sudan, as appropriate.

Darfur

Despite a lack of consistent access to all areas in Darfur, USAID, supported by other countries, including Japan, Canada, Norway, and the United Kingdom, continues to provide critical humanitarian assistance in Darfur.

USAID continues to meet emergency needs among internally displaced and other conflict-affected populations while supporting early recovery programs where conditions of security and access permit. Approximately 78 percent of USAID food assistance supports more than 3.2 million IDPs, refugees, returnees, and conflict-affected residents of Darfur. In FY 2011, USAID provided approximately $31 million—representing 44 percent of its FY 2011 nonfood humanitarian budget for Darfur—for early recovery activities aimed at promoting sustainable livelihoods among conflict-affected and IDP populations, including significant numbers of returnees.

USAID recently completed an early recovery water assessment in Darfur to better understand livelihood-related water needs and the viability of various potential initiatives to increase sustainable access to water for communities in stable and secure areas. USAID is currently conducting a broader early recovery assessment to improve ongoing and future early recovery programming. However, the ability to implement a program based on recommendations from these assessments is severely limited without the issuance of travel permits and implementation protocols by the Government of Sudan.

Returnees

USAID funds Catholic Relief Services to support vulnerable, transiting returnees in and around Khartoum and the International Organization for Migration (IOM) for returnee tracking and monitoring. In addition, USAID supports IOM to provide onward transport for returnees once they arrive in South Sudan from Sudan. Onward transport allows returnees to quickly reach their home areas throughout South Sudan and begin their new lives. Currently, the humanitarian community is facilitating the airlift from Khartoum to Juba of 12,000 to 15,000 returnees who had been stranded in Kosti—a key transit point in Sudan—for long periods of time. The international donor community is funding the airlift, and once the returnees arrive in South Sudan, they receive onward transport to their final destinations through

USAID assistance and are supported by USAID partners to help them assimilate and reintegrate in South Sudan.

Other Donors

The top five donors supporting the 2012 U.N. humanitarian appeal are the United States, Japan, the United Kingdom, Canada, and Norway. The U.N. appeal is nearly 29-percent funded at $306 million.

As of February, Canada, Japan, Norway, Sweden, and the United Kingdom had contributed a total of nearly $1 million to the IFRC appeal to support SRCS. The European Commission's Directorate-General for Humanitarian Aid and Civil Protection (ECHO), the International Committee of the Red Cross (ICRC), Germany, Qatar, Saudi Arabia, and various U.N. agencies have also provided bilateral support to SRCS.

Question. How have you prioritized with the new mission in Juba, South Sudan, the effective implementation of significant assistance in an environment with little infrastructure, governance capacity, and now no revenue since the oil pipeline has been closed?

Answer. Since the signing of the Comprehensive Peace Agreement (CPA) in 2005, and through the agreement's conclusion in July 2011, the regional Government of Southern Sudan benefited from oil revenues mandated by the CPA and from generous humanitarian and development funding by international bilateral and multilateral institutions. With this support, many gains were made during the CPA years, including tripling primary school enrollment and increasing access to potable water. The decision by the Government of the Republic of South Sudan (RSS) in January to shut down oil production, thereby reducing its revenue to almost nothing (98 percent of past revenue was derived from oil), disrupted this positive trajectory. Amid budget cuts in essential services and growing inflation, South Sudan has begun to backslide on prior developmental gains, forcing donors to reconsider long- and medium-term growth and capacity-building strategies in favor of humanitarian assistance to address looming conflict and food security crises.

The RSS prepared an "austerity" budget for the remainder of the fiscal year (through June 2012) that reduced operating and capital expenditures and eliminated block grants to state and local governments but maintained existing levels of salaries and allowances. While that "austerity" budget did little to reduce overall expenditures, a budget newly proposed by the Council of Ministers for the upcoming fiscal year would reduce expenses to only about U.S.$2.2 billion; however, the RSS has cash guarantees for only half of the budget and no plan yet for financing the remainder.

In the absence of alternative financing or resumption of oil operations, estimates indicate that the RSS will spend down its remaining revenue and reserves by sometime between June and October. At that point, the RSS will have almost no money for salaries, operating and maintenance costs, and investment. Without public resources, basic health, education and other services will likely stop, as will RSS maintenance of infrastructure and roads.

South Sudan loses an estimated $650 million in oil revenue each month its oil wells remain closed, whereas combined donor contributions constitute only about $550 million per year. Consequently, donors have advised RSS that their support will not be sufficient to supplement the fiscal gap between RSS resources and the anticipated needs. Moreover, donors will be unable to support the programs planned in Government's South Sudan Development Plan 2011–2013. The donors have also communicated to RSS their concerns that the "austerity" environment undermines the ability of South Sudan to build the institutions and capacity necessary for inclusive economic growth and sustainable development, and that RSS needs to develop an accelerated approach to resolve all outstanding CPA issues, the chief issue being that of oil production.

USAID's current strategy for working in South Sudan was predicated on the assumption that the RSS would maintain uninterrupted revenue flows and continue as an engaged partner, responsible for significant contributions to basic service provision, procurement of essential medicines, maintenance of roads and operating systems. A basic challenge that USAID anticipates, even if the oil dispute is resolved in the near term, is pressure to respond to increasing humanitarian needs while still seeking to protect some of the state-building gains realized over the six years of implementation of the CPA. USAID expects that, if oil production is not restarted, humanitarian needs will increase as the RSS becomes unable to fund basic state services. Institution-building gains such as the automated systems introduced over the last couple of years that have improved tax collection, customs fees, and govern-

ment budgeting may be jeopardized if funds are not available to pay salaries for individuals who have been trained to maintain them.

USAID is conducting a detailed review of existing programming to respond to current priorities and needs in light of South Sudan's current economic and humanitarian crisis. We are closely monitoring the situation in coordination with our G6 partners (the United Kingdom, Norway, European Union, United Nations, and World Bank). We will notify the committee should conditions indicate that a shift in our basic approach to working in South Sudan becomes necessary.

HORN OF AFRICA DROUGHT

For more than 18 months, the Horn of Africa has been experiencing the worst drought the region has seen in 60 years. Tens of thousands of Somalis have lost their lives, including women and children. Thousands of others have walked for days seeking food and shelter, and more than 730,000 Somalis are now displaced throughout Kenya, Ethiopia, and Djibouti. In FY 2011 and to date in FY 2012, the United States has provided more than $934 million in humanitarian assistance to the region, making it one of the largest donors to the humanitarian effort.

- What is the status of the Horn of Africa drought? What additional funds do you anticipate requesting for the effort, and what is the current outlook for the Horn?

Answer.

Current Status and Outlook

As of early February 2012, famine conditions had abated in Somalia, and food security conditions had improved in Djibouti, Ethiopia, and Kenya due to the favorable October-to-December rains in 2011. The estimated number of people requiring humanitarian assistance in the region declined from a peak of approximately 13.3 million people during the second half of 2011 to an estimated 10.4 million as of February 2012. However, the food security situation throughout the region, particularly in Somalia, remains extremely fragile and could deteriorate.

Need for Continued Humanitarian Assistance

A continued large-scale response is critical in preventing a deterioration of humanitarian conditions or a reversal of recent food security gains throughout the Horn of Africa, particularly in Somalia. Evolving needs in the region will determine the precise levels of funding required from humanitarian donors. A number of factors will affect humanitarian needs in the Horn of Africa, including another anticipated season of below-normal rainfall combined with an incomplete recovery of household asset losses, harvest yields, security conditions, levels of humanitarian access, and local and regional food prices.

Commitment to Building Resilience in the Region

USAID is committed to building greater resilience in the Horn of Africa more effectively by connecting humanitarian and development efforts. Through enhanced, joint humanitarian and development planning and implementation, USAID is building resilience amongst the most vulnerable populations in the Horn of Africa and mitigating the impact of future droughts. USAID is engaging regional actors and other donors to improve the link between humanitarian response, longer term development, and donors.

Anticipated Needs in the Region

Despite recent improvements in food security, the outlook for the Horn of Africa remains uncertain. The current USAID and U.S. Geological Survey forecast indicates that the upcoming March-to-May rainy season is most likely to be 10 percent below average and poorly distributed in the eastern Horn of Africa. In the worst-case scenario, the upcoming rains could be between 50 and 70 percent of average rainfall levels. Below-average rains could negatively impact rain-dependent crops, as well as pasture and water availability. Given the impact of the 2011 drought, USAID is actively preparing contingency plans to address the potential effects of below-average rainfall in 2012.

USAID recognizes the urgency of improving resilience among families and communities vulnerable to chronic drought and food insecurity around the world, particularly in the Horn of Africa and the Sahel. USAID is working to help communities throughout the Horn of Africa recover from the recent drought and build resilience so that they can withstand future crises while reducing the need for emergency assistance. By investing in agricultural development in the region, USAID is helping communities become more food secure and prevent future food crises. In addition, by investing in livelihood diversification and asset-building activities, USAID

can increase the resilience of vulnerable communities to withstand the impacts of future shocks.

FY 2013 Funding Requirements

In 2011, the United Nations (U.N.) and affected country governments requested approximately $2.41 billion in assistance to respond to humanitarian needs in Ethiopia, Kenya, and Somalia. In 2012, the U.N. and affected country governments requested approximately $2.45 billion, excluding a forthcoming revised appeal for refugee needs in Ethiopia.

In FY 2011, USAID provided nearly $544 million in humanitarian assistance to respond to needs in Djibouti, Ethiopia, Kenya, and Somalia. To date in FY 2012, USAID has provided more than $261 million in humanitarian assistance for the region. USG funding for the region totals more than $934 million for FY 2011 and FY 2012 to date.

USAID continues to provide additional support to respond to assessed needs and evolving conditions. As USAID's humanitarian funding accounts are global and contingency-based, the FY 2013 request does not include country specific levels for the Horn of Africa. However, USAID projects that funding requirements in FY 2013 will be commensurate with FY 2012 levels, pending future assessments of humanitarian needs. The FY 2013 request includes a total of $960 million for International Disaster Assistance (IDA) for humanitarian needs worldwide and $1.4 billion in Food for Peace Title II funds, including $390 million allocated for Title II development programs.

Chronic drought cycles and persistent development and humanitarian needs will necessitate continued, robust assistance in the Horn of Africa in FY 2013. USAID plans to continue prioritizing life-saving initiatives to reduce mortality associated with food insecurity and prevent a return to famine conditions in Somalia, while supporting resilience and asset-building programs that will help mitigate the impacts of future crises in affected areas throughout the region.

Question. FWD Campaign—I understand that for the first time USAID has partnered with the Ad Council to raise awareness of the serious plight of more than 10 million people who have been at risk from the drought on the Horn of Africa. What is the status of this effort, and how much funding has it raised from individual donors?

Answer. The purpose of the campaign, which launched in September 2011, was to inform, connect, and engage the American public with the crisis in the Horn of Africa. Despite the severity and size of the crisis nearly 60 percent of Americans knew nothing of the crisis, or were unaware of the situation.

The text-to-give piece of the campaign, which USAID endorsed, was run by a consortium of NGOs. World Vision organized and managed the text campaign, distributing funds to the consortium of organizations. No funds went through USAID or the Ad Council.

The campaign's tag line, "Do More than Donate, FWD the Facts," highlighted the need to raise awareness of the situation. To date, the campaign has garnered more than 150 million FWD actions through Facebook, Twitter, e-mail, and YouTube.

FWD campaign public service announcements (PSAs), which featured celebrities, professional athletes, and well-known personalities, have aired nearly 20,000 times, reaching an audience of more than 45 million people, and representing more than $1.1 million in donated advertising time.

As a part of the FWD campaign, USAID partnered with several major corporations to raise awareness—including Google, Verizon, Facebook, MTV, Twitter, YouTube, Cargill, and General Mills. YouTube dedicated space to the FWD campaign on their homepage and worked with "YouTube Celebrities" to create additional FWD campaign PSAs (see youtube.com/FWD). Cargill donated more than 5 million dollars' worth of rice to the World Food Programme to help feed people in the Horn of Africa.

ADMINISTRATION INITIATIVES

Feed the Future

The administration is requesting $1.2 billion in FY13 for its agriculture programs, the majority of which, about $1 billion, will fund its food security program, Feed the Future. The Initiative has designated 19 countries as focus countries, which means that these countries have completed or are in the process of completing Country Investment Plans (CIPs) with the United States and are held to high standards in terms of transparency and the demonstration of country ownership of the goals of agricultural growth and improving nutrition.

Question. Of the 19 focus countries in the program, how many now have completed Country Investment Plans (CIPs) with the United States?

Answer. We know that sustainable development goals cannot be achieved by our efforts alone. Country-owned approaches and building local capacity are the foundation for countries to improve food security and promote transparency. Feed the Future partnered with selected countries and other stakeholders to assist host countries in developing and implementing their own multiyear Country Investment Plans (CIPs) for agricultural development, such as those under the Comprehensive Africa Agriculture Development Program (CAADP). These plans are based on transparent and inclusive consensus-building processes, including engagement of the private sector, civil society and other stakeholders, and take into account the interests of women and other disadvantaged groups. In addition, CIPs lay out priority areas, clear costing and projections of financial need, defined targets, and desired results.

A review of the technical rigor of the CIP is conducted by a multistakeholder team comprised of technical experts, development partners, and other stakeholders from civil society and the private sector to identify gaps or weaknesses in the CIP and create a clearly defined action plan for addressing them. The focus country government must demonstrate broad consultation and coordination has occurred with key stakeholders around the development of the CIP and financial commitment to the CIP, including the creation of a policy reform agenda to improve environment conducive for investment essential for sustainability and success.

To date, seventeen Feed the Future focus countries have technically sound and peer-reviewed CIPs: Bangladesh, Cambodia, Ethiopia, Ghana, Guatemala, Haiti, Honduras, Kenya, Liberia, Malawi, Mali, Nepal, Rwanda, Senegal, Tanzania, Tajikistan, and Uganda. Mozambique is coordinating the review process before adoption. Through Feed the Future support, Zambia signed the CAADP Compact in January 2011 and is finalizing its CIP before conducting a technical review.

Question. Feed the Future was originally conceived as an initiative that placed focus countries in two different "phases." Is this still the case? If so, which focus countries are in which phases, and how does the phase of a country's status affect how the USG works with these countries through the Feed the Future initiative?

Answer. State and USAID are making deep investments in 19 countries through Feed the Future—representing 53 percent or $534 million of the total FY 2013 request of $1 billion. Focusing significant resources on a select set of countries will allow us to demonstrate that major progress is attainable to meet our food security goals. Modeling USAID Forward, Feed the Future invests in country-owned implementation plans that support results-based programs and partnerships, so that assistance is tailored to the needs of individual countries through consultative processes, and plans are developed and led by country governments.

Phase II investment countries are selected based on recommendations that take into account assessments of a technically sound country investment plan and implementation strategy, coordination, and consultation with key stakeholders, and country commitment and capacity. The three criteria for elevation to Phase 2 status were detailed in the Feed the Future guide released to the public in May 2010. To qualify, a country must have:

- A technically sound country investment plan;
- Completed coordination and consultation with key stakeholders;
- Commit to creating a conducive policy environment.

In addition, Feed the Future uses additional public performance data such as democratic rights indicators as well as agriculture business and economic growth enabling environment indicators. These indicators ensure selection transparency and promote improved performance on macroindicators that will impact U.S. agriculture assistance. These indicators will ensure that the number of countries that meet these criteria matches budgetary realities and that these countries share the administration's commitment to democracy and governance.

Within the $534 million FY 2013 request for 19 focus countries, $135 million, or 25 percent, is requested for Phase II countries. Ghana and Tanzania are the first countries to meet Phase II criteria, based on their sound Feed the Future strategy and country environment conducive to agriculture-led growth. Ghana is a strong performer and partner for the USG, with high-level commitment to agricultural development in the northern region of the country and to increasing private sector investment in agriculture. Ghana performs well on governance criteria, rated as "free" and ranked in the 3rd quartile worldwide for corruption. Tanzania is a showcase for public/private partnership in agricultural growth, exemplified by the development of its Southern Agricultural Growth Corridor; this strategic investment blueprint decided jointly with government, donors, and private sector is a model for

other African countries. Tanzania also performs well on governance criteria—and ranked in the 2nd quartile for corruption. Currently, we are reviewing seven countries for Phase II investments based on their Feed the Future strategy, country environment, and performance under Phase I investment levels.

As we accelerate implementation of Feed the Future over the coming year, we will continue to evaluate the application of the concept of two different phases.

Question. How is the Feed the Future Initiative engaging U.S. farmers, as well as agricultural research institutions and land-grant universities, to expand capacity in the 19 countries participating in the Initiative.

Answer. The FY 2013 budget requests $142.3 million in research and development to reduce long-term vulnerability to food insecurity and harness science and technology to help populations adapt to increasingly erratic production seasons. These efforts stand alongside the administration's ongoing commitment to humanitarian assistance that alleviates the immediate impacts of hunger and undernutrition. Economic studies on sources of agricultural growth have consistently found that investments in agricultural research, when effectively combined with links to public and private extension and commercial partnerships, have been a major driver of that growth. Scientific breakthroughs in agriculture achieved investment rates of return of 11 to 33 percent in Africa alone.

Feed the Future partners with U.S. farmers through the Farmer-to-Farmer Program, in which a wide range of U.S. universities, NGOs and cooperatives provide U.S. expertise. The Farmer-to-Farmer program links U.S. farmers to host individuals and organizations to build local institutions and linkages to resolve local problems. Programs build institutions and transfer technology and management expertise to link small farmers with markets that exploit comparative advantages in production, processing, and marketing in order to generate rapid, sustained, and broad-based economic growth in the agricultural sector. Farmer-to-Farmer works with FTF focus countries as well as other countries. USAID and the program implementers are exploring opportunities to increase Farmer-to-Farmer participation with mission investments in value chains, capacity-building, and market development.

On the research side, USAID's Collaborative Research Support Programs (CRSPs) have undertaken a series of steps that enhance their relevance to FTF and the focus countries in particular. In a number of cases, CRSPs have wound down activities outside of the FTF focus regions, and redirected those resources toward programs that more directly mesh with other FTF investments. In addition, in association with the Board for International Food and Agricultural Development (BIFAD), we are supporting a strategic review on how to best support and engage the land-grant community in Feed the Future, via CRSP and similar mechanisms.

USAID recognizes the unique global asset presented by the CRSPs and the land-grants more generally, and is exploring additional opportunities for engaging them. Capacity-building of the full range of agricultural innovation systems partners is a growing area of investment under Feed the Future, and U.S. land-grant institutions play an integral role. We have new land-grant-based programs in graduate student training, U.S. researcher involvement, extension and other key aspects of FTF. We are continuing to refine a capacity-building framework in support of USAID and USG investments in FTF that will increasingly draw on the expertise and program resources of land-grant universities.

Question. How are you engaging the private sector, which is also a way to find efficiencies and cost savings?

Answer. Feed the Future views the private sector as an equal partner in the development community and embraces its role in creating jobs, enabling economic growth, and bringing much-needed innovation and expertise to the countries and people that we aspire to serve. The private sector is particularly important in increasing the sustainability of U.S. assistance and fostering private sector-led growth in emerging markets, which is critical to reducing poverty, fighting hunger, and improving nutrition. In addition to the private sector, Feed the Future builds off the U.S.'s comparative advantage in advanced technologies through its emphasis on promoting innovation. This agenda goes beyond science and technology to include the use of innovative financial instruments such as indexed insurance and more inclusive agriculture financing, as well as a new application of existing technologies to increase food security.

The FY 2013 President's budget request for Feed the Future includes $32 million to promote and leverage increased private sector investment in Feed the Future focus countries. Engagement of the private sector at all stages of this initiative, from the development of Agriculture Country Implementation Plans to program

execution, is critical to the success and sustainability of our investments. FY 2013 funded programs will increase private sector investment in focus areas, mitigate private sector risks, access private sector innovation, improve the enabling environment for greater private sector investment, and facilitate the commercialization of new technologies that improve agricultural production. This funding will also be used to catalyze new private/public partnership models and promote innovative investment models.

To leverage private sector investments and intellectual capital, we have:

- Signed a Memorandum of Understanding with Walmart to increase production of high quality vegetables and fruits for the Central American regional markets by supporting new, small, and medium independent growers and exploring linkages to Walmart's national, regional, and global supply chains.
- Helped establish the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), a public/private partnership that aims to boost agricultural productivity in Tanzania and the wider region. SAGCOT will promote "clusters" of profitable agricultural farming and services businesses, with major benefits for smallholder farmers and local communities.
- Announced a unique, trilateral partnership between PepsiCo, USAID, and the World Food Programme that will provide a nutritionally fortified feeding product while helping to build long-term economic stability for smallholder chickpea farmers in Ethiopia by involving them directly in PepsiCo's product supply chain.
- Launched an alliance with the World Cocoa Foundation and the Sustainable Trade Initiative (IDH) to invest in sustainable cocoa programs in West Africa. The partnership includes private sector participation from key chocolate-producing companies including Cargill, The Hershey Company, Kraft Foods, Lindt & Sprungli, Nestle, and Mars, among others.

Question. As the Feed the Future Initiative enters its 4th year with your FY13 budget request, what is the status of the monitoring and evaluation (M&E) of the program?

Answer. Feed the Future established a rigorous monitoring and evaluation (M&E) system that monitors performance and measures progress toward Feed the Future goals at the country, regional, and initiative level. Feed the Future M&E system development required that all USAID missions define the development hypotheses behind their strategies, develop a country-specific results framework that aligns with the FTF framework, clearly identify beneficiaries, undertake baseline studies, and establish targets for all indicators.

Key M&E accomplishments are:

- Design and public vetting of a comprehensive list of indicators for Feed the Future that will be used by all USG agencies who are supporting Feed the Future activities.
- Development of the Feed the Future Monitoring System, an online performance monitoring system used by USAID, MCC, USDA, Peace Corps, and the Department of Treasury to track Feed the Future investments in the field.
- Creation of the Feed the Future learning agenda, which identifies the development questions based on our investments that we will answer through impact evaluations, performance evaluations, standard monitoring, and policy analysis.
- Development of a tool—The Women's Empowerment in Agriculture Index—to measure changes in women's empowerment in the agriculture sector. The concept of Women's Empowerment in Agriculture is broad and multidimensional and measures change in the following: decisions over agricultural production; access to and decisionmaking power over productive resources; control over use of income; leadership roles within the community; and time use.

Question. Have you found areas of both strength and weakness in the program through your M&E framework? If so, what are you doing to bolster, and perhaps scale, successful components, as well as address and reevaluate weaker components?

Answer. The FY 2013 budget requests $15 million for a fully resourced monitoring and evaluation (M&E) system that will continue to monitor performance and measure progress toward Feed the Future goals at the country, regional, and initiative level. Feed the Future is committed to rigorous monitoring and evaluation of our investments in order to facilitate strategic planning, performance-based management, and monitoring and evaluating results. In the last 2 years, we developed a comprehensive M&E framework, which involved extensive review and analysis among all the various Feed the Future stakeholders. The M&E framework has evolved substantially based on feedback received. For example, based on the feedback, we are expanding the scope to better incorporate resilience measures under-

taken by Feed the Future and Food for Peace. In addition, to address concerns in the ability to measure the impact of our investments on women, Feed the Future incorporated into its M&E system the Women's Empowerment in Agriculture Index, which measures progress in gender integration. The concept of Women's Empowerment or Inclusion in Agriculture is broad and multidimensional and measures change in the following: decisions over agricultural production; access to and decisionmaking power over productive resources; control over use of income; and time use.

Feed the Future is improving the quality and rigor of program evaluation of food security programs at the local level. We are also promoting the use of impact evaluations to more effectively assess the results and long-term sustainability of our Feed the Future investments. Currently, monitoring systems are tracking near-term performance of our new programs in the field. Several more years of performance data will be needed before we can draw definitive conclusion with respect to the design and implementation of our programs. As time goes on, we will be able to pull more from this robust M&E system to contribute to the more effective program design and implementation of future food security activities.

Question. What progress is being made through the Feed the Future Strategic Partnerships with Brazil, India, and South Africa?

Answer. The FY 2013 President's budget requests $7 million for strategic partnerships in Brazil, India, and South Africa to leverage the expertise, resources, and leadership of these countries for the benefit of focus countries. These countries were selected because of their influence on neighboring focus countries, their role as a regional anchor for food security, and/or their potential to contribute to the development of focus countries outside their region.

Through strategic partnerships, we seek to foster trilateral cooperation in the following areas:

- Joint research and dissemination of technical assistance related to agriculture, nutrition, and poverty reduction that builds on the technical expertise in strategic partner countries.
- Promotion of regional or bilateral economic reforms based on the strategic partner's participation in regional economic organizations or trade relationships.
- Development of a strategic partner's role as a regional anchor through projects and policies that increase its stabilizing influence on focus countries.
- Political leadership to advance action in the focus countries.
- Mobilization of the private sector to participate in private/public partnerships and to invest in focus countries.

In India, Feed the Future partnered with the Government of India trilateral activity that would train Africans from Kenya, Liberia, and Malawi on agribusiness and management at agricultural training institutes that are part of the Ministry of Agriculture. The Ministry of Agriculture requested proposals from three training institutes and has received two proposals so far from the National Institute of Agricultural Extension Management and the National Institute of Agricultural Marketing. Training should begin in the next couple of months.

In South Africa, the government is taking a leadership role to provide technical assistance to SADC-level priority activities such as regional seeds harmonization by providing training to seed certification agents; the Free Trade Area that will increase intraregional trade; and formation of the Sub-Regional Research Organization—the Centre for the Coordination of Agriculture Research and Development for Southern Africa (CCARDESA) that will coordinate agriculture research, innovation, and development in the region. In 2011, the South African Government signed 19 Bilateral Assistance Agreements with countries in the region to assist them to develop their agriculture sectors and to address food security issues according to their needs.

With Brazil, we have developed a successful strategic cooperation partnership in Mozambique where USAID and the Brazilian Cooperation Agency have jointly designed activities in collaboration with the Government of Mozambique. This allows the Mozambique Ministry of Agriculture to help farmers increase the productivity of their horticulture crops, as well as to improve post-harvest packing, storage, and processing of the produce. For example, a vegetable processing and distribution center will be built in the area of the Farmers Association of Maguiguane, which will benefit 480 farmers. In addition, the techniques, models, and knowledge from this processing and distribution center will also be transferred to Mozambique's national agricultural research institute.

Question. How are the regional programs coordinated with programs within the focus countries to ensure that no duplication occurs?

Answer. One of the key principles of FTF is to support country-led agriculture and food security efforts, including the development of country-owned food security strategies and investment plans that govern the programming of USAID resources within a country. In addition, regional Feed the Future investments are guided by regional multiyear strategies, also developed in close consultation with bilateral missions, and reviewed by USAID's Bureau for Food Security and interagency partners before approval. Our regional programs for food security focus principally on harmonizing standards and regulations to facilitate increased cross-border and regional trade of various products and increase private sector investment opportunities. USG investments at both the national and regional level are coordinated through this approach to increase the impact of our investments.

More broadly, in sub-Saharan Africa, the Comprehensive Africa Agriculture Development Program (CAADP), a continentwide, African Union-led commitment to agriculture that is changing the way governments, donors, private sector and other stakeholders invest in agriculture and food security, plays an important role in coordinating investments across donors at the national and regional levels. At least 22 CAADP compacts and 18 CAADP Country Investment Plans have been developed in Africa. These compacts and investment plans define evidence-based agricultural and food security roadmaps for achieving the Millennium Development Goal of halving poverty and hunger, and provide country-specific frameworks for all new and ongoing investment in agriculture and food security, including bilateral and multilateral assistance. The USG, other bilateral donors, international organizations like the Food and Agriculture Organization, the International Fund for Agriculture Development, and the World Bank (including the Global Agriculture and Food Security Program) are deeply committed to coordinating and aligning their investments in support of these compacts and investment plans, and this is accomplished through development partner working groups at both the country and regional level, and the CAADP Donor Partners working group at a headquarters level. Similar national strategies are also in design or in place in Asia and Latin America to ensure efficiency and greatest impact at the country and regional level.

Question. Have you received feedback on Feed the Future, positive and/or negative, from focus countries, NGOs, universities, the private sector and other non-USG entities involved with the implementation of Feed the Future? How is USAID incorporating this feedback into the evaluation and implementation of Feed the Future?

Answer. Since the start of the Feed the Future Initiative, non-USG entities have played a major role in the design and success of the initiative. Based on extensive consultation and outreach with NGOs, foundations, and the private sector, we took the following steps in Feed the Future:

- Highlighted the importance of gender equality in addition to the need for expanded opportunities for women and girls;
- Deepened the discussion of environmentally sustainable and climate-resilient agricultural development;
- Elaborated on nutrition programming and key links between nutrition and agricultural-led growth. These efforts are aligned with GHI principles and often targeted in the same geographic zones to maximize impact;
- Expanded on the importance of financial inclusion (e.g., microcredit), especially for women and the very poor; and
- Incorporated water issues, including water resources management, as an important component of our approach.

Civil society and community groups have an important role to play in advocating for grassroots solutions to complex food insecurity issues. For this reason we are encouraging USAID missions and embassies to work directly with civil society to identify constraints to their broader participation—or recognition—in country-led food security efforts. We are including local civil society institutions in our capacity-building efforts, and, in Africa, we have pledged to work with the CAADP "Non-State Actor" working group in 10 countries to implement the AU–NEPAD guidelines for civil society consultation and engagement. We are also consulting with our own nongovernmental partners to determine whether there are specific opportunities for partnership in countries where agriculture may have a potential to create or increase "space" for civil society on issues like the legal enabling environment and policy advocacy.

We have also heard from several NGOs on the lack of civil society engagement in the implementation of Feed the Future. As a result, we have actively sought out input from the NGO community on all aspects of the Feed the Future initiative. In 2011, Feed the Future held seven Civil Society Outreach Meetings. These in-person and online consultations, which solicited feedback from civil society members on various aspects of the initiative, had 1,241 participants over the course of the series.

Feed the Future indicators were also publicly vetted before final adoption. Because of the outreach done through the CSO meetings and the vetting of the indicators, in June of 2011 a number of NGOs wrote a thank-you note to Administrator Shah to express their appreciation. Finally, Feed the Future is expanding its use of social media, creating a new interface for civil society to interact with initiative programs and thought leaders. Moving forward, we continue to partner and consult with NGOs, the private sector, and other non-USG entities to ensure a sustainable, long-lasting solution to food security.

In collaboration with Association of Public Land Grant Universities and the Board of International Food and Agriculture Development, USAID and USDA jointly developed the Feed the Future global Hunger and Food Security Research Strategy. Feed the Future conducted a series of consultations to engage the research community to provide feedback on the prioritization of the research agenda and on its implementation. We received valuable feedback and input from the U.S. academic community, developing country research partners, international agricultural research institution scientists, the private sector, and NGOs. These consultative activities included a workshop at Purdue University in January, 2011, an e-consultation in May that received input from around the world, and a research forum in Washington, DC, focused on implementation of the research strategy. As a result, research activities are anchored geographically by four major production systems: the Indo-gangetic plains of South Asia, the Sudano-Sahelien zone in West Africa, the Maize-mixed systems in Eastern and Southern Africa, and the Ethiopian Highlands.

Question. Feed the Future also delegates funds to "aligned agricultural programs" in other countries that, to my knowledge, are not considered "focus" countries. In some cases, this funding actually exceeds funding to focus countries. What is the purpose of these aligned agricultural programs?

Answer. The FY 2013 request includes $100 million for agriculture programs in these countries that continue to support other important foreign policy or development goals such as stabilization and economic growth. This represents a reduction of $54 million (35 percent) from the FY 2011 enacted level. The purpose of this reduction is to concentrate FTF resources in priority countries and programs. Since FY 2010, Feed the Future has reduced the number of countries receiving agriculture assistance by 38 percent from 56 countries to 35 countries. Many of these programs had small agriculture assistance programs between $125,000 to $1 million that were having little impact in addressing global hunger and food security.

In addition, while the United States is committed to the vital issue of food security, it has a longstanding commitment to providing agricultural assistance to some of the world's most vulnerable people. Our efforts will be determined by the level of need and by evidence that the investments being made are having an impact.

Question. Are CIPs being negotiated with these other countries, or is there some other mechanism to ensure that our priorities are aligned and that these countries have similar commitments to agricultural development and transparency?

Answer. Funding for Feed the Future aligned resource countries represents 10 percent—$100 million—of the total FY 2013 budget request. The FY 2013 budget requests funding for 13 aligned agriculture programs, a reduction from 23 countries in FY 2011. In these countries, agricultural development remains critical to achieving core U.S. development and foreign policy goals, including combating extremism, achieving political and economic stability, reducing sources of conflict, reducing poverty, and accelerating and sustaining broad-based economic growth. Nevertheless, programs in aligned countries will be assessed and guided by the same key principles governing Feed the Future, including accountability.

One of the key principles of Feed the Future is to support country-led agriculture and food security efforts, including the development of country-owned food security strategies and investment plans. In sub-Saharan Africa, this support is provided within the framework of the Comprehensive Africa Agriculture Development Program (CAADP), a continentwide, African Union-led commitment to agriculture that is changing the way governments, donors, private sector and other stakeholders invest in agriculture and food security. At least 22 CAADP compacts and 18 CAADP Country Investment Plans in Feed the Future focus and aligned resource countries have been developed in Africa. Of the four African aligned resource countries, Nigeria has a CIP, while the Democratic Republic of Congo is developing one. In Latin America and Asia, the strength of agricultural institutions and the private sector provides a foundation to achieve these same aims.

In addition, in each FTF aligned country, Feed the Future is part of each U.S. Mission's Country Development Cooperation Strategy (CDCS), which defines development objectives and maximizes the impact of development cooperation in-country.

Missions work closely with host country governments and citizens, civil society organizations, the private sector, multilateral organizations, other donors, the State Department, and other USG agencies to develop a CDCS that is results-oriented, and demonstrates partnership with host countries to focus investment in key areas.

Question. What is the reason why these countries are receiving funds through the Feed the Future initiative as opposed to Food for Peace Title II development (non-emergency) assistance, and what coordination is there between the Bureau for Food Security and the Food for Peace office to ensure that there is no duplication in programs?

Answer. In general, Title II development food assistance programs are community-based programs targeted to very poor or "ultra-poor" households—"the poorest of the poor." Many of these households depend on agriculture for livelihoods—either from farming their own land or working on someone else's land, but despite this they are unable to meet their family's basic food and nonfood needs for 12 months of the year. Productivity constraints—poor or limited land holdings and labor constraints in some cases, lack of infrastructure and/or access to markets and inputs in other cases—make it very difficult for these communities and households to break out of poverty. Title II development programs work at a local level to address these constraints—aiming to provide a "hand-up" toward increased food security. Title II development programs have a proven success record in many underserved communities around the world.

Feed the Future (FTF) programs are more value-chain oriented—aiming to address constraints to agricultural productivity both within targeted geographic areas and, in terms of policy, at a national level. For example, if lack of access to fertilizer and improved seed is a significant constraint to productivity, FTF programming will work with the private sector and government to identify the roadblocks and develop a solution. These could include creating a regulatory framework to allow for greater private sector participation in seeds markets, or developing a network of agrodealers that can provide improved seed and fertilizer to farmer groups. Post-harvest loss is another good example. While Title II development programs often work at the household level to reduce post-harvest loss and improve food safety through better drying and storage technologies, FTF programming targets the next level up—working with the private sector and farmer groups to develop a warehouse receipts program capable of serving thousands of communities, so that we can have impact in reducing poverty at a significant scale.

There is inherent complementarity in these programs—with Title II development programs providing a "hand-up" to acutely vulnerable populations and FTF helping communities at scale participate in commercial agriculture to "move out" of poverty. The staff of the Bureau for Food Security and the Food for Peace Office are working to ensure the complementarity of their respective programs.

Question. The Feed the Future initiative is frequently characterized as a "whole-of-government" approach. What other U.S. Government agencies are involved in the Feed the Future initiative? How is their participation funded and coordinated? What successes has the whole-of-government approach had in implementing the Feed the Future Initiative?

Answer. Feed the Future is aimed at promoting a comprehensive approach to food security by accelerating economic growth and raising incomes through greater agricultural productivity, increasing incomes and market access for the rural poor and smallholders, and enhancing nutrition. Through December 2011, the USG has contributed $2.68 billion toward increasing food security. This includes $166 million to the Global Agriculture and Food Security Program and $968 million from the Millennium Challenge Corporation (MCC), and $55 million on collaborative work between USAID and USDA. Our efforts are complemented by country-owned strategies and coordinated with those of other donors and stakeholders, including the interagency. Taking a whole-of-government approach to implementation of Feed the Future ensures that we are able to effectively leverage the relevant capacities of different departments and agencies. Thus, the USG has drawn on the expertise and experience of a number of federal agencies since the beginning, including Departments of State, Agriculture, and Commerce, the MCC, the Office of the U.S. Trade Representative, the Overseas Private Investment Corporation, Peace Corps and the U.S. African Development Foundation.

To coordinate Feed the Future implementation, USAID established the Bureau for Food Security (BFS). BFS facilitated interagency strategic reviews of all 22 Feed the Future focus country implementation strategies. Representatives from various USG departments and agencies discussed and provided feedback to USG country team presentations before final strategy submission. As a result of this USG whole-of-

government approach, Feed the Future investments in-country are focused, leveraging USG resources to create the greatest impact.

For example, USAID is working with USDA to implement a 3-year program aimed at mitigating the threat of wheat stem rust, particularly a virulent variety called Ug99, to wheat crop production areas in developing countries. This is part of an overall research and development effort that continues the global effort to develop new rust-resistant varieties and supports efforts to introduce new, disease-resistant wheat varieties. This program addresses an urgent threat, since failure to curb the incidence of virulent wheat diseases would have severe adverse impacts in developing countries that rely heavily on wheat for food security.

In Mozambique, U.S. Government programs support a transition from a reliance on food assistance to a reliance on more market-driven and science-based agricultural production and economic growth. This new coordinated value chain approach in Mozambique is increasing production yields and quality, linking producers to markets, and building the capacity of institutions to meet the international food safety standards required by increasingly sophisticated markets.

A poultry industry initiative implemented under Food for Progress in the northern part of Mozambique, jointly funded by USAID and the USDA, was aimed at establishing new institutions and strengthening existing ones, as well as implementing policies and regulations that would expand the agricultural sector and make it economically sustainable. The implementing partner, TechnoServe, worked with local industry and with the Government of Mozambique to create a formal poultry association, establish standards for inputs and poultry production and processing, provide technical assistance to producers, improve access to microfinance, and teach business development and management services. Cargill and the University of Minnesota also provided technical assistance in livestock management and food safety. As a result of these activities, producers increased their annual incomes by $2,000 per year, and industry created over 3,500 jobs. In addition, a Wisconsin-based investor group, with TechnoServe's facilitation, established a soybean farm to supply the feed industry. The farm is cultivating 500 hectares and will scale up to 10,000 hectares, with consideration being given to adding maize production as well.

Question. In your FY 2013 budget request for the Feed the Future Initiative, you request $120.3 million for research and development, $300,000 of which would go toward the Board for International Food and Agricultural Development (BIFAD). How will the $120 million be spent on research and development?

Answer. The FY 2013 budget requests $142.3 million for research and development, $400,000 of which would go toward BIFAD. Economic studies on sources of agricultural growth have consistently found that investments in agricultural research when effectively combined with links to public and private extension and commercial partnerships have been a major driver of that growth. Research investments, customized to respond to regional and country-specific priorities, will generate a continuous flow of new technologies that lead to higher levels of output from existing levels of resource utilization.

The FY 2013 budget request will fund research predominantly in four production systems where agricultural development has the potential to address high rates of poverty and undernutrition: the South Asian Indo-gangetic plains, the East and Southern Africa Maize-mixed systems, the West African Sudano-Sahelien system, and the Ethiopian Highlands. Our investments range from longer term research to address major global challenges to applied and adaptive research guided by host-country priorities for nearer term impact.

Based on the 2011 Feed the Future Research Strategy, our programs' focus will be on:

- Addressing animal and plant diseases: We are applying advanced technology solutions to address animal and plant diseases that constrain production of nutritious staple foods. Investments will help to protect the 26 million cattle at risk from East Coast Fever in Africa, improve productivity of small ruminants, and avert catastrophic yield losses in underresearched crops including cassava, potato, and bananas. U.S. scientific leadership in biotechnology will be invaluable to addressing these constraints.
- Improving legume productivity: We are investing in research to improve pest resistance and heat and drought tolerance in legumes, which are essential to increasing system productivity and ensuring household nutrition and women's incomes. Feed the Future is supporting research programs led by U.S. universities, the CGIAR, national agricultural research systems, and USDA to increase legume yields, which have lagged behind progress made in other crops due to underinvestment.

- Developing high-yielding, climate-resilient cereals: Investments will focus on research on climate-resilient crops and livestock, including drought and heat tolerance in cereals, grain legumes, and other crops. These activities will increase access to existing technologies, which can help increase the resilience of smallholder farmers and herders when faced with drought, for example, by using conservation agriculture and holistic rangeland management. Funding will also support efforts that anticipate the increasing impact of climate change, such as the development of heat and drought-tolerant maize.

Question. Is the United States on track to provide its commitment of $3.5 billion for Feed the Future pledged at L'Aquila in 2009? Other donors (G8 and G20 countries) pledged an additional $18 billion to the L'Aquila global food security initiative. Are these other donors meeting their commitments to the L'Aquila food security initiative? Do the United States and other donors share the same goals and agree on the same approaches to accelerating agricultural growth and enhancing the nutritional status of women and children in poor countries? How are U.S. and other donor activities coordinated at the country level, including through GAFSP?

Answer. At the 2009 G8 summit in L'Aquila, Italy, the G8 and over 40 other countries and international organizations signed the L'Aquila Joint Statement on Global Food Security, thereby launching the L'Aquila Food Security Initiative (AFSI). Under this initiative, signatories pledged to mobilize over $22 billion over 3 years and agreed to take a comprehensive approach to ensuring food security, coordinate effectively, support country-owned processes and plans, engage multilateral institutions in advancing efforts to promote food security worldwide, and deliver on sustained and accountable commitments. At the Rome summit on World Food Security later in 2009, all 193 members of the U.N. system endorsed the five principles enshrined in the L'Aquila Joint Statement on Global Food Security as the "Rome Principles."

In L'Aquila, President Obama pledged that the United States would commit at least $3.5 billion to agriculture development and food security over 3 years, and that it would implement its food security programs in accordance with the Rome Principles. The President's pledge led to the creation of the U.S. Government's global hunger and food security initiative, Feed the Future (FTF), launched in early 2010.

Through March 2012, the United States has committed $2.706 billion against its AFSI pledge. As FY 2012 funds are obligated, subject to congressional notification, we fully expect to show, by the end of fiscal year 2012, that the United States will have met the President's commitment of at least $3.5 billion toward global food security.

G8 and other countries that committed funding under the L'Aquila Food Security Initiative include: Australia ($360 million), Canada ($1.037 billion), the European Commission ($3.8 billion), France ($2.161 billion), Germany ($3 billion), Italy ($428 million), Japan ($3 billion), the Netherlands ($2 billion), Russia ($330 million), Spain ($696 million), Sweden ($522 million), and the United Kingdom ($1.718 billion). Countries' progress toward meeting their commitments will be outlined in the G8 Accountability Report, to be published in conjunction with the G8 summit in May, which will show that the AFSI donors have met almost 100 percent of their financial commitments (but have not yet disbursed all of those funds).

The FY 2013 FTF request of $1.2 billion includes a $1 billion request for agriculture and rural development, $90 million for nutrition and $134 million requested through the Department of Treasury for the Global Agriculture and Food Security Program and will fund the 4th year of this Presidential Initiative. The request continues to address the root causes of hunger by helping countries increase agricultural-led growth by raising agricultural productivity, improving access to markets, increasing the incomes of the poor, and reducing undernutrition—especially of women and children—through sustained, long-term development programs. In priority countries or "focus countries," it is accelerating progress toward the Millennium Development Goal of halving the number of people living in extreme poverty and suffering from hunger and undernutrition.

Feed the Future programs also focus on reducing long-term vulnerability to food insecurity, especially in the Horn of Africa and the Sahel, and harness science and technology to help populations adapt to increasingly erratic production seasons. These efforts stand alongside the administration's ongoing commitment to humanitarian assistance that alleviates the immediate impacts of hunger and undernutrition.

Global support for the Rome Principles, which underpin the United States own strategy for Feed the Future, provides a foundation for donor engagement and coordination in partner countries. We have worked in concert with host governments and other donors active in the agriculture sector in FTF focus countries to finalize

the development of sound national agricultural investment plans against which donors and others can align commitments.

Canada exercised strong leadership as chair of AFSI in 2010, leading donors toward defining the terms of their L'Aquila pledges. The 2010 G8 Muskoka Accountability Report tracked G8 members' progress toward fulfilling their L'Aquila and other development-related pledges. In 2011, under the chairmanship of France, AFSI donors reported progress toward meeting their pledges in terms of funds committed and funds disbursed, which were published in the 2011 Deauville Accountability Report.

As AFSI chair in 2012, the United States is leading AFSI participants to deepen accountability and transparency to their L'Aquila pledges. Following the leadership of the United States, AFSI donors have agreed to provide country-level information on their food security investments, in addition to information on funds committed and disbursed. This country-level information will include the partner countries in which AFSI donors invest, the amount of funds invested there, the programs implemented, the results expected and those achieved to date, and AFSI donors' fulfillment of the AFSI (and Rome) Principles. The 2012 G8 Accountability Report will include this information, in addition to a scorecard by which donors assess their progress toward fulfilling their AFSI commitments.

The Global Agriculture and Food Security Program (GAFSP) is a multilateral trust fund created to assist in the implementation of pledges made by the G8 and other donors at L'Aquila and was set up in response to a request from the G20 in Pittsburgh in September 2009. GAFSP supplements funding to country and regional agriculture and food security investment plans, in consultation with partner countries, donors and other stakeholders. Among AFSI donors, the United States, Canada, Australia, Netherlands, and Spain contribute funds to GAFSP.

Feed the Future is an example of how the United States has provided leadership in the fight against hunger and poverty. The President's pledge at L'Aquila catalyzed commitments from other donors and institutions in support of food security. Our global leadership on this issue brought other donors to the table in support of country-led processes for developing and implementing food security investment plans. In 2012, the United States is leading AFSI participants toward greater accountability and transparency in fulfillment of our individual and collective L'Aquila pledges.

Question. Both the Global Climate Change Initiative and the Feed the Future Initiative focus on the importance of climate-resilient crops in achieving their respective goals. What coordination is occurring between the two initiatives to ensure that no duplication is occurring?

Answer. Climate change is inextricably linked to food security because of its wide-reaching impact on agriculture and landscapes. Studies carried out by USAID's Famine Early Warning System Network (FEWS NET) have found that total rainfall in east Africa has never been lower than over the last 5 years. Since 1980, total rainfall during east and southern Africa's long rainy seasons has declined an estimated 15 percent.

Ethiopia, one of the most food insecure countries in the world, sits in the crosshairs of these climate change patterns, and is endeavoring to cope with the multiple threats to food security, access to water, and even certain livelihoods. The productivity—and soon, even the basic viability—of its long-cycle crops is at risk. These crops, which provide up to 85 percent of the food grown in Ethiopia, are planted in the same April-May period that has seen 15-percent declines in rainfall. The interaction between drought and declining agricultural capacity could be explosive, dangerous, and costly. Under the most likely scenarios, cereal production in Ethiopia—and, indeed, much of east Africa—may drop 30 percent by 2030. During that period, food aid to the region would have to triple to make up for the shortfall.

Under the Feed the Future initiative, USAID will invest in specific adaptive strategies which complement the activities undertaken under the global climate change initiative, such as sustainable agroecological methods and research into drought-resistant seeds. Of the $142 million in agriculture research and development requested in the FY 13 budget for Feed the Future, $85 million will be spent in sub-Saharan Africa to increase productivity through breeding and genetics research for major food crops such as maize, sorghum, and rice, and to integrate adaptive technologies and practices in the production of various crops. There is also the potential for significant mitigation of carbon emissions from agricultural lands through agroforestry and the adoption of perennial crops, which sequester carbon and reduce other agricultural-based emissions.

Farmers across the Sahel have had to adapt to climatic variability for decades, and they have been a model for USAID as we develop and scale up adaptation tech-

niques. Over the last 25 years, as land pressure and variability increased, Sahelian farmers adapted by turning to natural forest management. Trees are less susceptible to rainfall fluctuations, and tree products such as fruits, gums, and wood can find ready domestic and export markets. Niger's farmers are managing nearly 5 million hectares of farm forests, which were simultaneously yielding tree products and improving soil productivity. During the aftermath of Niger's 2005 drought and food crisis, one study found that villages that had established farm forests suffered no increase in child mortality, and while unable to produce grains, these villages were still able to sell tree products to purchase food. By adapting to their changing environment, Niger's tree farmers found a way to survive through a drought crisis—which, in the coming years, may unfortunately become less of an anomaly and more of a regular cycle.

However, integrating adaptive strategies of this type into food security programs on the ground will only get us so far. Two elements of the adaptation program under the global climate change initiative (GCCI) will both improve and reinforce the on-the-ground field work that we are already doing through the Feed the Future initiative:

- Improving access to science and analysis for decisionmaking: Information and tools help nations and communities estimate the probability of different kinds of climate effects and project their likely impacts, assess the relative costs and benefits of different interventions, and find ways of encouraging adoption of the most cost-effective innovations. USAID invests through the Global Climate Change Initiative in scientific capacity, improved access to climate information and predictions, and evidence-based analysis to identify vulnerable sectors, populations, and regions and to evaluate the costs and benefits of potential adaptation strategies. These investments will result in better-informed choices among decisionmakers and increase the probability of success in reducing vulnerability to climate change.
- Improving governance systems around adaptation to climate change: Through the Global Climate Change Initiative, USAID is supporting efforts to integrate climate information and analysis into inclusive, transparent decisionmaking processes, effective governmental coordination that is responsive to the needs of local constituents, improved public communication and education, and strengthened community, civil society, and private sector engagement. We will support processes that include a broad range of host-country stakeholders, including women, vulnerable populations, and indigenous and other ethnic minorities.

These additional activities complement and support the on-the-ground work already being integrated into the Feed the Future Initiative through multiyear strategies.

The Bureau of Food Security has core country teams working on Feed the Future activities and draws on climate-change expertise from USAID's EGAT and AFR Bureaus. Within FTF, we have also integrated indicators related to natural resources management and climate resilience into our monitoring and evaluation system so that we can track the effectiveness of our programs. In addition, many of the USAID staff working on these two issues are located in the same field offices and work together to build sustainable economic growth.

Both initiatives provide important components to addressing climate change stresses on food security. Especially in the Africa region, these programs are being designed in partnership in order to enhance complementarities and to build stronger capacity among our partner countries to address these critical issues.

Question. With regard to the Global Health Initiative, how are you setting priorities between disease treatment and infrastructure strengthening?

Answer. Through the Global Health Initiative (GHI), U.S. Government assistance is tailored to the needs of developing countries to ensure that investments are coordinated and in alignment with country priorities, as reflected in their national health plans. These plans are at the core of countries' efforts to mobilize resources and coordinate with partners for sustainable improvements in health.

Achieving sustainable health outcomes requires a deliberate effort to strengthen country health systems and transition to country-owned health delivery platforms, overcoming barriers that constrain the delivery of effective health interventions, including disease treatment. Measures to strengthen health systems and assess their efficiency and effectiveness have been developed with partner countries and donors and build upon existing health programs to strengthen country health systems and country delivery platforms.

Ultimately, a functioning health system requires that a trained health worker be in the right place, and with the right skills, sufficient motivation and compensation,

and the essential equipment and medical supplies necessary to deliver the services people need.

Question. In what ways are policies moving to country ownership as opposed to being donor driven, especially in a resource constrained environment?

Answer. The U.S. Government strives to maximize the impact of each dollar it spends on foreign assistance. Developing the capacity of local governments, civil societies and private sector organizations in the countries in which we work is a primary objective of U.S. foreign assistance, as well as a means by which other U.S. foreign assistance objectives are achieved. While effective assistance has long been a goal of the U.S. Government, this imperative is even greater in the context of the constrained resource environment. In order to deliver assistance more effectively than ever before, achieving greater impact in a more sustainable manner and at a lower cost, we are ensuring that the principles laid out in the Presidential Policy Directive on Global Development, the Quadrennial Diplomacy and Development Review, the USAID Policy Framework 2011–2015, USAID Forward, and the Feed the Future and Global Health Initiatives are incorporated throughout our work. The President's Malaria Initiative is an excellent example where the strengthening of country national malaria control programs is a major focus.

These principles include placing greater emphasis on building sustainable capacity among our developing country partners at the national and community levels to provide basic services over the long term. The United States is committed to aligning U.S. Government investments with partner country plans and strategies, primarily through technical assistance, project-level support, and capacity-building of governments and other local institutions. The United States is helping build the capacity of governments to strengthen public stewardship of the private sector and establish and evaluate their own public/private partnerships. These investments will contribute to robust and sustainable systems that will ensure quality and sustainability. These processes are a central component of our USAID Forward reforms, where the Agency is changing its business processes and contracting with and providing grants to more and varied local partners, and creating true partnerships to create the conditions where aid is no longer necessary in the countries where USAID works.

Ultimately, governments—together with nongovernmental organizations, civil society organizations, affected communities, faith-based organizations, the private sector and others in countries—must decide upon their countries' needs and strategies. They are responsible for making and sustaining progress, and they must be accountable to those served by their health systems.

Question. Last summer, my staff and I were in contact with your office in regard to polio eradication efforts in Pakistan. After numerous conversations, I received a letter from Deputy Secretary Nides informing me that the State Department was prepared to shift $4.5 million from FY 2010 maternal and child health programs to bolster polio eradication efforts in Pakistan. This was to be combined with $2 million that was already allocated for these efforts for FY 2011. Were those funds actually shifted?

Answer. Yes. Overall, a total of $10 million in FY 2010 and FY 2011 funds were programmed for polio eradication in Pakistan. This includes the additional $4.5 million in FY 2010 funds, the original $3.5 million of FY 2010 funds, and the $2 million in FY 2011 funds, allocated to bolster polio eradication initiatives implemented by the World Health Organization (WHO) and UNICEF in Pakistan.

Question. How much is expected to be spent on continued eradication efforts in Pakistan?

Answer. The FY 2013 Congressional Budget Justification includes $2 million for polio eradication efforts in Pakistan. In FY 2013, USAID will reassess the epidemiologic and funding requirements. Projected support for both UNICEF and WHO is expected to remain at about $2 million per year, unless there are compelling emergency funding needs. Pakistan receives significant donor funding for polio eradication efforts, particularly from Japan, the Bill & Melinda Gates Foundation, the World Bank, Britain, and the United States. The Saudi Government, through the Islamic Development Bank, and the Gates Foundation, is currently working to establish a significant new funding mechanism.

Question. The administration's FY 2013 budget gives a large increase to GAVI Alliance to help meet the administration's multiyear pledge. Will those additional funds come at the expense of other USG vaccination programs, both bilateral and multilateral?

Answer. The FY 2013 budget request includes $145 million for the USG contribution to the Global Alliance for Vaccines and Immunization (GAVI Alliance). Vaccines are among the most cost-effective public health interventions. This Alliance—with donor and host country governments, civil society and the private sector partners—leverages USG resources and helps to ensure that our health dollars have the greatest impact. For example, the USG pledge has allowed GAVI to negotiate a 67-percent price reduction on rotavirus vaccines so that children in low-income countries can be protected against this cause of diarrheal disease. The priority will be the rollout of pneumococcal conjugate and rotavirus vaccines to combat pneumonia and diarrhea, the two leading killers of children, and strengthening logistics systems.

Combined with other donors, the USG contribution will enable the GAVI Alliance to immunize an additional 243 million children in developing countries over the next 5 years. The USG commitment leverages billions of dollars that other donors have committed to GAVI, multiplying the impact of our funding more than eightfold.

The administration recognizes that vaccines alone cannot achieve the objectives set forth by the international community to significantly reduce childhood deaths due to vaccine preventable diseases. Therefore, in addition to the GAVI Alliance contribution, the USG is playing an active role in assisting countries to build the systems to bring lifesaving vaccines to every child in a sustainable manner. USAID collaborates with other USG agencies, as well as international organizations, private sector groups and the NGO community, to ensure that countries have access to the support that they need to bring the vaccines purchased through GAVI to every child. Bilateral and multilateral activities to build immunization capacity at the local and national level in recipient countries will continue to receive support to ensure that vaccine investments made through the GAVI Alliance are maximized.

Question. What is the proposed FY 13 funding level of non-GAVI related vaccination programs?

Answer. The non-GAVI immunization funding by USAID is approximately $48 million annually. In addition to the GAVI Alliance contribution and bilateral funding for immunizations, the USG plays an active role in assisting countries to build systems to bring lifesaving vaccines to every child in a sustainable manner.

Question. I was pleased to learn of the recent polio eradication effort success in India; however, I am troubled about the setbacks we have seen with efforts in Afghanistan's polio eradication program. The United States has been a strong partner on this front. Is there more that the United States could be and should be doing to increase the immunization rates in Afghanistan?

Answer. We share your concerns about polio incidence in Afghanistan. USAID is providing strong support to facilitate polio eradication efforts by working in partnership with the Ministry of Public Heath in Afghanistan and the United Nations. Given the public health emergency situation, USAID is exploring how we can leverage our existing programs and resources across all sectors to help UNICEF and WHO's polio eradication efforts nationally, and in high-risk districts where wild poliovirus still circulates.

Supplemental activities currently being examined include: increasing awareness and acceptance of polio vaccination in conjunction with UNICEF's plan for a multimedia mass communication campaign customized for the local context; enhancing local ownership and coordination in partnership with the Global Polio Eradication Initiative in Afghanistan; increasing vaccination coverage, including through strengthening the existing surveillance network and routine immunization infrastructure; improving the capacity of the vaccinator pool; and doing more work at the border to prevent cross-border transmission.

GLOBAL CLIMATE CHANGE

Question. Please describe some examples of programs you are funding within the Global Climate Change adaptation pillar.

Answer. Climate change presents countries with new challenges to development that are beyond the scope of normal sectoral work, and for which new approaches and capacities are essential. For example, countries must now understand risks like sea level rise, glacier melt, and hazards like fires, diseases, and flash floods spreading to new areas; develop methods and capacities for analyzing risks and responses, impact modeling and cost-benefit analysis; promote policy instruments to spur clean, resilient development; engage especially vulnerable stakeholders in climate change responses; and create incentives for the private sector to invest in resilient, low-emission growth.

These tasks cannot be addressed thoroughly through existing development programs; they go beyond what existing programs are designed to do. USAID's adaptation programs are designed to respond to these challenges and will be fully aligned with USAID's development priorities, but they will be uniquely guided by the climate change stresses and opportunities that partner countries face.

Some global, regional, and bilateral examples of such programs are below:

- Globally, USAID is investing funding in the Famine Early Warning System (FEWSNet) to support climate change adaptation planning by identifying potential threats to food security, using meteorological data for monthly food security updates, developing regular food security outlooks and alerts, and promoting response planning efforts. FEWSNet identifies national priority zones and populations for adaptation activities in Africa and conducts climate change assessments to better understand variability in seasonal climate patterns. Enhanced monitoring and assessment activities provide earlier information on challenges to the food and water security of communities most vulnerable to climate change.
- In Senegal, USAID is working with the Ministry of Maritime Economy to incorporate climate change adaptation into fisheries policies and planning, in line with the priorities of Senegal's National Adaptation Plan of Action. Senegal's coastal areas and marine fisheries are particularly vulnerable to climate change impacts such as higher temperatures and sea level rise. This program's ecosystem-based approach to adaptation in coastal areas is focused on protecting mangroves, estuaries, sea grass beds, dune communities, and other systems on or near shorelines and the benefits they provide.
- In Bangladesh, an adaptation and biodiversity conservation program is working in the Sundarbans—the largest mangrove forest in the world—and Bangladesh's first line of defense against rising seas and natural disasters. As a result of USAID interventions, the Bangladesh Forest Department has endorsed an Integrated Resource Management Plan for the Sundarbans to mitigate the effects of natural disasters and provide additional income for poor communities. USAID programs also integrate climate change considerations into community response capabilities and preparedness for natural disasters that are expected to become stronger and more frequent due to climate change.
- In Ethiopia, USAID is improving the livelihoods of targeted pastoralists and ex-pastoralists in the lowlands, working to reduce their vulnerability to climate change impacts. The project strengthens the economic base of chronically food-insecure and vulnerable households through livelihood diversification, increasing pastoral household incomes, and improving their resilience and adaptive capacity to climate change. A portion of the program also facilitates emergency response to help protect people's livelihoods from risks or crises that would otherwise hinder broader development efforts.

To build resilience to climate change impacts and other related hazards using science-based decisionmaking, USAID will strengthen livestock-based early warning and response systems by establishing community-based response funds and management systems and institutionalizing the early warning and response mechanism within the government system.

Question. How will these programs demonstrate results? How will you measure success and effectiveness with U.S. taxpayer investment in these programs?

Answer. As you are well aware, 1 year ago, the Agency issued a new Monitoring and Evaluation Policy to renew USAID's leadership on monitoring and evaluation. Moving forward, USAID climate change and development programs will implement the requirements of this new policy which will allow us to monitor, modify, and learn from activities in this emerging discipline.

In addition, the Agency has developed a comprehensive climate change results framework and a set of metrics to measure progress, which will be refined over time as lessons and trends emerge. Over the next few years, the Agency will evaluate results from several key climate change integration pilots that are testing different approaches to integrating adaptation and mitigation into other USAID development endeavors. For instance, a pilot to help smallholder farmers in the Dominican Republic adapt their agricultural and business practices to better cope with climate variability and change will help the Agency evaluate the efficacy of its adaptation interventions and better integrate climate adaptation into its broader food security portfolio. In addition, Agency GCC and monitoring and evaluation specialists are engaging actively with other donors and experts to develop more robust adaptation indicators that will better estimate the impact of climate adaptation programs.

In addition, for many years, USAID has required quantification of the emissions reduced or avoided from its climate change programs, with total emissions reduc-

tions reported in our standard annual performance reporting. Missions are now reporting on mandatory, standard and voluntary indicators.

FOREIGN AID TRANSPARENCY

Question. At the Fourth High Level Forum on Aid Effectiveness in Busan, Korea last year, Secretary Clinton committed the United States as a new member of the International Aid Transparency Initiative (IATI). Please describe what this commitment will require of USAID.

Answer. The U.S. Government commitment to the International Aid Transparency Initiative (IATI) followed on 2 years of work by the administration to standardize and centralize access to and visualization of information on U.S. foreign assistance. This work enabled Secretary Clinton to make the announcement in Busan. Along with 19 of the executive branch agencies that manage foreign assistance, USAID will report its data and information in the data fields and at the intervals that are now standardized across the U.S. Government. For USAID, this largely entails programming our systems to produce the reports needed to make the information available in the standard and format that the Foreign Assistance Dashboard requires. It will then be converted to the IATI format by the Dashboard support team.

Question. How will the information differ from that USAID is posting on the Foreign Assistance Dashboard?

Answer. The Dashboard collects a broader set of information for U.S. purposes than is required of International Aid Transparency Initiative (IATI). During the course of developing the U.S. agenda for action on aid transparency, the interagency working group closely tracked the development of the IATI standard, and the team supporting the Dashboard has ensured that the data fields required by IATI are built into the data requirements for the Dashboard. To be clear: the Dashboard consists of two parts—a data repository and a Web site. Information from the data repository will be converted to the IATI format and available via a Dashboard "button" which will generate a report in the IATI format.

Question. Does the work in these two systems now make one redundant?

Answer. The Dashboard and International Aid Transparency Initiative (IATI) complement each other. The IATI is an agreement on a common international standard (i.e., what information is required) and format. There is no storage function associated with IATI. Each IATI member is responsible for its own data storage. The Dashboard serves as that storage function. It will centralize information and convert the Dashboard information into the required IATI data fields into the agreed IATI format and make it available on the Dashboard Web site for retrieval by any party that wishes to avail itself of IATI-compliant information. Thus, the two functions dovetail and do not overlap.

RESPONSES OF USAID ADMINISTRATOR RAJIV SHAH TO QUESTIONS SUBMITTED BY SENATOR ROBERT P. CASEY, JR.

Question. The transition of security and governance to the lead of the Afghan people by 2014 is a complex operation involving many moving parts and challenges. One such challenge is Presidential Decree 62, whereby President Hamid Karzai ordered that private security companies operating in Afghanistan disband. After an initial renegotiation of the order's terms, it was determined that the dissolution deadline was set for March 2012, except security contractors employed by NATO and USFOR–A, which would be permitted to disband a year later, in March 2013. Responsibility for securing millions of dollars' worth of projects would shift to the Afghan Public Protection Force (APPF), a state-owned enterprise that hoped to absorb Afghan security contractors as the foreign firms that employed them disbanded.

In a January 2012 assessment, the Special Inspector General for Afghanistan Reconstruction (SIGAR) stated that the APPF was unable to carry out a number of tasks, including executing and maintaining the business operations necessary to remain viable; recruiting, vetting, training, paying, equipping deploying, and sustaining guard forces to meet contract requirements; and more. As of December 31, 2011, the APPF had 6,558 personnel, according to the Combined Security Transition Command–Afghanistan (CSTC–A). SIGAR estimated that APPF would need a force of 20,375 to match the number of private security company (PSC) contractors working for the Department of Defense in Afghanistan as of December 2011.

- How many private security contractors are currently working for USAID implementing partners? Is the APPF on track to provide a viable alternative to the

PSCs currently working for USAID implementing partners by the end of this month, either in number or in quality of service?

Answer. Logistical and management challenges remain as the Afghan Public Protection Force (APPF) reaches full operating capacity. The APPF Advisory Group (AAG), with the support of the U.S. Embassy and USAID, is working intensively with the Afghan Government to ensure that the transition of guard security to the APPF proceeds at pace. The conversion to the APPF on March 20, 2012, was assisted by the decision of the Ministry of Interior to offer the option of interim security services licenses to private security contractors (PSCs) whose clients were already in the process of transitioning to the APPF.

The staffing capacity of the APPF for development projects, in terms of actual guard force, is being filled in large part by staff converting from the existing PSCs, supplying a qualified and known resource to implementing partners. Currently, there are approximately 2,900 personnel guarding USAID-funded projects; 1,100 of those guards are now serving under the APPF, with the remaining guards soon to follow as the transition continues. In addition, USAID implementing partners can employ the services of an Afghan Government-licensed and approved risk management company to assist in managing the respective APPF personnel as well as to provide mentoring, training, and guidance to the APPF staff.

Also of importance, the AAG, comprised of officials from the Afghan Ministry of Interior with assistance from ISAF and the USG, remains engaged at the highest levels of the Afghanistan Government and at the command and control level of the APPF to help with the transition.

Question. On February 25, in the Afghan Ministry of the Interior (MOI) building, an Afghan believed to be an MOI employee shot and killed two American servicemembers. NATO Commander Gen. John Allen responded by immediately ordering all NATO advisors out of Afghan ministries in Kabul. Have any implementing partners expressed concern over putting their security in the hands of armed Afghans, given escalating tensions?

Answer. The safety and security of both USAID staff and implementing partner personnel who work with USAID in Afghanistan are of the highest priority to our Agency. Many people working with USAID in Afghanistan have sacrificed to support U.S. national security and to help bring stability to the people of Afghanistan. None of USAID's implementing partners have indicated that they will cease operations in Afghanistan as a result of the transition from PSCs to the APPF. It is important to remember that the APPF model anticipates that the same guard force employed by PSCs will voluntarily transfer to the APPF. So the same people that have provided security, in some cases for years, will be on the job as APPF guards. The transition model is a two-part process. First, partners contract with the APPF for services, and their PSC guards convert to APPF guards; which means same guards, different uniforms. Second, the partner may choose to contract with a risk management company to provide security advice, training, and consulting.

Question. How will the implementation of Presidential Decree 62 impact ongoing USAID projects in Afghanistan? Has there been any systematic effort to determine which projects will continue, under new security arrangements with the APPF, and which implementing partners will be unable or unwilling to shift security contracts to the APPF?

Answer. After Presidential Decree 62 was issued, USAID made a concerted effort with its partners to reduce overall reliance on PSCs. Many of our partners do not use PSCs, or have reduced their need for these services through community engagement and other tested approaches. All USAID implementing partners using PSCs were required to submit contingency plans to USAID that described their proposed actions should the APPF be unable to provide the necessary level of security. In total, 32 out of 91 USAID projects have indicated intent to contract with APPF for security services; out of this total, 23 have signed contracts with the APPF and the remaining are in process.

USAID, in coordination with DOD, has met several times both in Kabul and in Washington, DC, to discuss the transition to APPF with implementing partners and offer guidance on the transition to APPF. The APPF is providing interim security service licenses to private security contractors for a limited time to facilitate an orderly transition. None of our partners that require security services have expressed unwillingness to contract with the APPF. As with anything new, however, issues will need to be resolved throughout the transition phase. In this regard, the APPF Advisory Group has been staffed to help facilitate dialogue between the partners and the APPF as well as to provide technical advice to the APPF.

Question. USAID's work for women in Afghanistan has achieved undeniable progress over the past decade, including marked improvements in the maternal mortality rate, increases in the number of girls in school, and economic growth opportunities. However, as the U.S. military begins its drawdown from the country and the nature of the U.S. mission in Afghanistan changes, our entire mission in Afghanistan will undergo significant changes.

- Will USAID's commitment to women's programming in Afghanistan change along with the U.S.–NATO force drawdown and the anticipated downturn in foreign funding available? What is USAID doing now to ensure that Afghan-led groups continuing women's initiatives are adequately equipped, trained, and empowered to continue their work once the American presence has diminished?

Answer. USAID is fully committed to ensuring that the progress made in women's rights and empowerment is an enduring legacy of our assistance to Afghanistan. We will continue to support and expand on hard-fought gains. For example, under the Taliban, only 900,000 boys and almost no girls were enrolled in schools. Today, more than 7 million children are enrolled in schools, 35 percent of whom are girls. Life expectancy for women has increased from 45 to 64 years, over 25 percent of seats in Parliament are held by women, and in the last 5 years, nearly 120,000 girls have graduated from secondary school and an estimated 40,000 are enrolled in public and private universities. USAID will continue to support and expand on these hard-fought gains.

Over the past 4 months, USAID has solidified its commitment to women's programming with the Gender Equality and Female Empowerment Policy and the Counter Trafficking in Persons Policy. Both policies are in line with the December 2011 National Action Plan on Women, Peace and Security and the related Presidential Executive order on the same topic which seek to fully integrate the role of women in peace processes. Our activities are closely aligned with the National Action Plan for the Women of Afghanistan (NAPWA), which reflects Afghan women's own priorities for their political, economic, and social empowerment. As Secretary Clinton has reiterated, one of our fundamental conditions for insurgents who want to reconcile is that they must commit to abide by Afghanistan's Constitution and the rights enshrined in it, most particularly women's rights. USAID is taking several steps to reinforce our commitment to empowering women which include:

- The issuance of a Mission Order on Gender in September 2011 which institutionalizes a gender approach for all USAID Afghanistan programming.
    - Evidence of this focus is represented in our "Stabilization in Key Areas" program, which will have a Gender Advisor at each of the regional platforms, working with the Contracting Officer's Representative, to enhance coordination and effective project design.
- The start of over 20 gender analyses of existing and new programs to ensure that current and future programming is compliant with Agency policy as put forward in the recently released directives referenced above. These analyses will facilitate maximization of USAID funding.
- The more than doubling of spending attributed to women and girls since 2008, and the creation of a fully staffed new Gender Unit in 2010.

In addition, we continue to incorporate women into traditional development programs. In the past year alone we have provided more than 500 grants for capacity-building for civil society, basic education, women's equality under the law, land reform, microenterprise, and political and social advocacy. USAID advises the Ministry of Women's Affairs to help it fulfill its mandate of advocating for policies that promote and protect women's rights. Specifically, USAID is working with the Ministry on implementation of the NAPWA. We are also fully engaged with organizations such as the Afghanistan Independent Human Rights Commission and the Afghanistan Women's Network to ensure that they are capable of driving a women's rights agenda as well as a gendered approach to development.

We are also developing a new strategy and package of programs that, together, will be called "Women in Transition" This effort will focus on providing mainstream business and employment opportunities for women through targeted technical and vocational training, business development services and small and medium enterprise financing. Both the strategy and programs are designed to firmly entrench women as leaders in the development of their own country.

Question. Yemen is the poorest country in the Arab region, where the average citizen survives on less than $2 a day and one-third of the population is undernourished. As fuel prices continue to soar, the country's water and food shortages worsen and the Yemeni currency continues to devalue. Some estimate that Sana'a could be the first capital to run out of water, sometime within the next decade.

- CRS noted in a December report that in FY 2012, the administration sought $120.16 million in foreign assistance to Yemen, a sum far less than that for other regional recipients. The FY 2013 request for federal assistance for Yemen is just under $77 million, far less than the FY 2012 request. What factored into the large decrease in the request?

Answer. Yemen remains an important strategic partner of the United States. Yemen's FY 2012 653(a) budget of $70.4 million was indeed lower than the President's request, due in part, to budget pressures on the International Affairs (Function 150) budget.

The centrally managed humanitarian assistance accounts [such as International Disaster Assistance (IDA), Food for Peace (PL 09480) and MRA (managed by State/PRM)], and globally managed accounts [such as Transition Initiatives (TI)] which have been vital to U.S. assistance efforts over the last year are not included in those totals. These funds are requested globally rather than on a country-specific basis, and will increase overall resources dedicated to advancing our objectives in Yemen.

As you well know, in recent years, the Congress provided additional flexibility to handle the Arab Awakening through the Middle East Response Fund (MERF) and the new Global Security Contingency Fund (GSCF). In FY 2011, Yemen received an additional $8 million from the $135M MERF for transition and elections needs in Yemen. In FY 2012, Congress provided funding for the GSCF (funded through the State and DOD budget), and $90M has been set aside for FY 2012 MERF (funded through ESF and INCLE), from which Yemen may benefit. If the administration's requested $770 million in FY13 for the Middle East and North Africa Incentive Fund (MENA IF) is approved, those funds mayalso increase contributions to Yemen.

Question. The FY 2013 budget request includes $38 million in Economic Support Funds for Yemen. This request is $10 million more than was allotted for similar programming in 2011. While worsening humanitarian and economic conditions in Yemen justify this assistance, what steps is USAID taking to address the implementation obstacles posed by deteriorating security conditions and political instability?

Answer. While the security conditions and political instability in Yemen do pose program implementation challenges, USAID has continued to provide assistance on the ground. USAID's Office of Transition Initiatives (OTI) has been in Yemen since 2010 and did not withdraw or change geographic focus as a result of the deteriorating security condition—their programing was maintained in both the south and the north—including in towns and governorates that have been the hardest hit by conflict. Additionally, OTI has opened new offices in three key urban centers: Sana'a, Taiz, and Aden. USG food and nutrition programs are implemented by the World Food Programme and NGOs which have had continued access into most of the affected areas.

USAID's other bilateral programs have responded to the challenges in Yemen by shifting toward hiring local NGOs and partners and by hiring local staff to work in areas of high security risk. While OTI's programs did stay in the more challenging areas, some of our partners had to shift their work to more permissive areas including larger urban areas (Sana'a, Aden, Taiz, and Ib).

In addition, USAID's implementing staff colocated their field offices with relevant local government partners, including the local branches of Health, Agriculture, and Education Ministries, and also colocated with Local Councils. Additionally, our implementing partners have worked to strengthen their own security protocols, including having a low-profile footprint and using GPS trackers and satellite phones to improve communications.

Question. Long before the city of Taiz saw fighting between government and opposition forces, this Red Sea port city was making headlines for its severe water shortages. Under the best of circumstances, water was delivered once every 3 weeks, and families prioritized paying for water right above health, education, and other expenses. What are USAID's short- and long-term plans to increase water security in Yemen?

Answer. USAID will support a dialogue with the major stakeholders on the water concerns in Yemen including representatives from the Yemeni Government, water utilities, private water firms, agriculture/farming groups, and donor countries/international organizations. A dialogue will bring major stakeholders together to discuss the issue and is intended to encourage consensus around major water management and conservation issues. Currently, the Dutch and German Governments, and World Bank are playing a major role on water issues, and we will work more effectively with them to coordinate on both policy recommendations and technical assistance. USAID is currently programing in areas including water for agriculture, water

conservation and storage technologies—including small-scale infrastructure programs with communities.

In addition to policy changes that need to take place, large infrastructure projects, including irrigation systems and water filtration/desalination plans, are also part of the solution to address the water problem. Due to the high costs of such projects, we will work to ensure coordination with other donors in identifying solutions.

Question. Assistance to Lebanon has more than tripled since 2006. In that time, Hezbollah has increased its powers within the Lebanese Government, and now plays an active role in Lebanese politics. Hezbollah holds two ministry positions, and the Hezbollah-led March 8 Alliance holds 57 parliamentary seats. Hezbollah's continued ties to Iran and Syria remain concerning, especially as the Assad regime continues its assault against Syrian citizens, and as concerns over the potential for weaponization of Iran's nuclear program grow.

- A January 2011 CRS report stated that, "Critics of U.S. policies aimed at weakening Hezbollah argue that while the United States has taken measures to support the Lebanese state, it has not simultaneously taken direct action to limit the influence of Hezbollah in Lebanon and in the region." What steps is USAID taking to ensure that U.S. funding is not supporting Hezbollah or its efforts at this critical time?

Answer. Consistent with Executive Order 13224, terrorist sanctions regulations administered by the Office of Foreign Assets Control (OFAC) within the U.S. Department of Treasury, the material support and terrorist financing criminal statutes found at 18 U.S.C. 2339A, 2339B, and 2339C, as well as other related Executive orders, statutes, and executive branch policy directives, USAID has over the years taken a number of steps to minimize the risk that agency funds and other resources might inadvertently benefit individuals or entities that are terrorists, supporters of terrorists, or affiliated with terrorists, including Hezbollah. They are noted below.

Safeguards to Minimize Risk of Foreign Terrorist Organizations (FTOs) Financing

- Mandatory antiterrorism certification clauses within all assistance agreements, including subgrants;
- Checks by all partner organizations against the Office of Foreign Assets Control (OFAC) public database, the U.N.'s 1267 Committee List on Al-Qaida and the Taliban and Associated Individuals and Entities, and the State Department's Terrorist Exclusion List;
- The Contracting/Grant Officer makes a responsibility determination of proposed personnel by contractor or grantee/cooperation agreement recipient against the above databases;
- Prime awardees are required to conduct open source antiterrorism checks and due diligence on subawardees and key individuals of the subawardees;
- Technical officers, prime awardees, and subgrantees are required to implement monitoring and oversight procedures to safeguard against U.S.-provided assistance being diverted to support terrorist activities; and
- USAID coordinates closely with the Embassy country team on localized threat information and takes that into account in program implementation and monitoring efforts.

Implementing Partner Level Vetting Mechanisms

All grant recipients are thoroughly vetted in accordance with USG requirements, as follows: The vetting process is completed during the grant application phase and documented in accordance with the program's established procedures. It is standard practice to vet all of a grant recipient organization's board members, key organization staff, and staff who will work on the implementation of the specific grant activity. It is the responsibility of prime awardees to vet subcontractors and grantees. Staff who are selected and employed for work on a grant activity after the grant is signed are also vetted, and a confirmation of all those that are vetted is included in the grant file. Vetting of grantee organization personnel is completed using the following Web sites:

- Terrorist Exclusion List: http://www.state.gov/s/ct/rls/fs/2004/32678.htm.
- Foreign Terrorist Organizations: http://www.state.gov/s/ct/rls/fs/37191.htm.
- OFAC & EPLS: www.epls.gov.
- U.N. List: http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm.

In addition to formal vetting through the Web sites listed above, implementing partner staffs conduct additional due diligence on potential organizations and staff through meetings and discussions with community members, other civil society organizations, previous donors if applicable, and other stakeholders.

Question. How do USAID programs limit the influence of Hezbollah?

Answer. USAID has revamped its program to address key USG strategic interests, focusing on maintaining high-profile, high-impact programs that promote the message that the people of the United States support the Lebanese people.

USAID is refocusing its democracy and governance programs to promote social media and other technology-based tools that expand citizen participation and leadership in the political process. A particular objective involves expanding the ability of citizens to affect the upcoming 2013 Parliamentary elections—the next major event on Lebanon's political calendar.

Additionally, USAID funds are strengthening public institutions that offer alternatives to the social services offered by Hezbollah and its allies, particularly education and local government services. USAID recently announced a new program that will fund Lebanese nongovernmental organizations to manage in-kind competitive grants for municipal development projects that respond to the governance and economic needs of citizens. The project will be implemented throughout the Lebanese governorates of North, Bekaa, Mount Lebanon, South Lebanon, and Nabatiyeh.

USAID will continue to support programs aimed at limiting the influence of extremist groups on Lebanese youth—including Hezbollah and Sunni extremist groups present in Lebanon—through programming in the education and civil society sectors. For example, USAID completed partial renovation of 37 public schools last autumn and is now developing "Bills of Quantity" for renovation work of 293 more schools over the next three summers.

Other examples of USAID assistance that appeal to Lebanon's citizenry and limit Hezbollah influence include:

- Need-based university scholarships to Lebanese universities;
- Local/village-level support for schools in areas open to USG support;
- Agriculture support that pulls rural farmers into export and processing to substantively and permanently increase incomes through expanding private enterprise for production, processing, and marketing. (These results give rural communities proof that non-Hezbollah supported economic growth provides meaningful, sustainable, and direct benefits.); and
- Reforestation programs that effectively expand the cedar forests decimated over the past decades. Hezbollah has a major reforestation activity and the USG intervention has the possibility of garnering significant and positive public exposure.

Question. In 2009 Senator Lugar and I introduced the Global Food Security Act, which sought to improve the U.S. emergency response to food crises, establish a Special Coordinator for Global Food Security, increase resources for long-term rural development programs, and enhance human capacity through higher education for agriculture and extension. Shortly thereafter, President Obama launched the Feed the Future initiative, pledging $3.5 billion to help poor countries fight hunger by investing in agricultural development.

The Global Food Security Act would have instituted increased authorized funding levels for agriculture, rural development, nutrition and the Collaborative Research Support Program (CRSP), as well as created a $500 million Emergency Food Assistance Fund to be administered by USAID. The administration's Feed the Future initiative is ambitious—$3.5 billion over 3 years, and aims to cover much of the same ground proposed in the Global Food Security Act—yet without a specific authorization from Congress. Sarah Jane Staats, with the Center for Global Development, states, "Indeed, it is hard to find fault within the [Feed the Future] initiative; the challenge is what lies just beyond its reach: a U.S. global development strategy and a streamlined organizational structure that reduces sector and initiative-based fragmentation in our aid architecture."

- Does the administration anticipate the need for congressional authorization of the Feed the Future initiative to maintain support for this program? What is the administration doing to ensure that the efforts contained within the Feed the Future initiative become part of a long-term, strategic plan for global food security?

Answer. The Feed the Future Initiative establishes the United States as a political and moral force in the fight against hunger and poverty. Much of Feed the Future's durability as a new model stems from the creation of an overarching whole-of-government strategy, the Feed the Future Guide, to combat food insecurity and undernutrition. As previous GAO reports have concluded, U.S. Government efforts on food security lacked a cohesive interagency strategy. The U.S. Feed the Future initiative has been successful in laying out that strategy and leveraging the expertise and talents of the relevant agencies across the U.S. Government—State, USDA,

Peace Corps, MCC, Treasury, USTR, Commerce, OPIC and others, both in Washington planning and overseas implementation.

Furthermore, the Bureau for Food Security was established at USAID with the explicit goal of institutionalizing Feed the Future and food security work within the Agency, understanding the need to integrate the strategy into the core business of the Agency. While there is little doubt that congressional authorization of the Feed the Future initiative could certainly maintain and build support from partners and constituents and provide more permanency, stability, and visibility on this important issue, we have worked hard to ensure that the interagency model that has been established and the heavy foundations laid by Feed the Future will not be easily undone and should continue to drive a unified USG long-term strategy for fighting global food insecurity and undernutrition for years to come.

Under the existing legislative authority, Feed the Future has been able to design and implement food security activities that have produced significant results. In FY 2011 alone, Feed the Future investments assisted over 3 million farmers in applying new agricultural production technologies and management practices, increasing the value of export sales by $86 million. Nutrition interventions resulted in the decrease in the prevalence of underweight children under age 5 participating in USAID programs, from 27 percent in FY 2010 to 25 percent in FY 2011. In the 3 years since the L'Aquila summit, the United States has gone from a low of $245 million in agricultural investment in 2008 for State/USAID and Treasury to $888 million in 2010, $1.1 billion in 2011, and a request of $1.2 billion in 2013.

RESPONSES OF USAID ADMINISTRATOR RAJIV SHAH TO QUESTIONS SUBMITTED BY SENATOR TOM UDALL

Question. New Mexico, like many of the countries USAID works in, is a water-scarce state. Therefore, I can understand the importance of improving the efficient use of water. One of the projects USAID has highlighted is just across the border in Mexico. Projects in Mexico included a project in San Pablo which "USAID helped strengthen the Groundwater Technical Committee of the Central Valley, which developed a system of efficient irrigation options for the region . . . USAID conducted workshops to educate farmers about how to intensively produce organic vegetables and other basic crops while efficiently using water and energy resources." According to USAID's Web site, the income of famers has increased 80 percent. This is astounding and a great example of sustainable development. This project was begun in 2003.

- Can you speak about other similar projects in Mexico and elsewhere, which are working to improve sustainable development through efficient use of water?

Answer. USAID is proud of the results achieved under the cited project in Mexico. Building on success with the Groundwater Technical Committee of the Central Valley, USAID expanded its water quality work to the national level by including these activities within the Mexico Competitiveness Program (MCP), which began in 2008 and ends in November 2012.

Through the MCP, USAID strengthened the capacity of the National Association of Water and Sanitation Enterprises (ANEAS) to provide efficient service to customers. With USAID assistance, ANEAS adopted technical standards to improve meter measurement verification, legal affairs, automated document generation, and customer service information. As a result, ANEAS now has measurable performance criteria that serve to benchmark and improve the capacity of its managers and workers, and delivers improved utility services to customers throughout the country.

In addition to its work with ANEAS, USAID helped the National Water Commission (CONAGUA) draft regulation for pollution control in the Turbio River. USAID also worked with CONAGUA to develop models for calculating particulate emissions and the pollution effects on infrastructure projects, including dams. As a result, CONAGUA has improved its capacity to forecast and control river contamination.

Question. USAID's Climate Change and Development Strategy/2012–2016 outlined several guiding principles. These principles are based on the challenges USAID has determined that climate change poses to the development goals of the United States. The strategy specifically stated, "Climate change is a fundamental stressor that can undermine past development gains and threatens future advances." The strategy itself calls for a dual approach of incorporating both dedicated programming in mitigation and adaptation, and integration of climate change into the agency's broader development work.

- Can you please explain how USAID is attempting to integrate climate change into the agency's broader development work and what goals USAID is hoping to achieve by creating better integration?

Answer. In support of the new Climate Change and Development Strategy, USAID has embarked on a series of integration pilots that will help to develop a suite of practices and tools that can be adopted throughout the Agency's development portfolio. Pilots will emphasize integration of climate change considerations into other administration priorities such as the Feed the Future and Global Health Initiatives, sustainable economic growth, water, gender, democracy and governance, youth, and security. Pilots will demonstrate the potential to generate lessons and tools over the next 1 to 4 years. An integration pilot, for example, might test ways to reduce energy consumption as part of a USAID agriculture program. The results will inform the Agency's wider development portfolio moving forward.

Consideration of climate change in strategic planning, program design, and project implementation across a wide range of development sectors is essential to the success of USAID's mission. To enhance the ability of staff to do integrated programming, USAID has already developed and fielded specific training modules on Integrating Global Climate Change in Development, as well as sector specific training modules, and has developed climate change guidance for country strategies. We are analyzing ways to enhance Agency project design, management, monitoring and evaluation practices to be better able to integrate climate change issues.

Another aspect of the Agency's integration work is to incorporate a development perspective into foreign policy debates and international dialogues related to climate change. USAID's participation in these dialogues is meant to ensure that development considerations are given due attention in climate change deliberations and international discussions are shaped in ways that provide support to developing countries facing climate change challenges.

Question. USAID's Climate Change and Development Strategy/2012–2016 also highlighted the need to "Value Ecosystem Services." The strategy stated that, "Well-managed ecosystems provide myriad services such as food, water supply and filtration, carbon storage, erosion control, flood protection and biological diversity." New Mexicans who are worried about exacerbated flooding after last summer's wildfires know very well the importance of a strong ecosystem to protect the watershed against erosion.

- Can you please explain why such programs are important and how they will help local economies develop strongly—in essence, how environmental protection improves the likelihood that there will be sustainable economic development in countries overseas?

Answer. Environmental protection is crucial to human well-being, sustainable development and poverty reduction. Ecosystems provide us with a variety of goods and services upon which we all depend, including food, fuel, clean water and protection from natural hazards. Threats to the environment are numerous and include habitat loss and degradation, overexploitation of natural resources, pollution and climate change. USAID is working around the globe to address the root causes of environmental degradation, while at the same time, improving the well-being of the people who rely on those resources. There are many ways in which USAID is able to support sustainable economic development through environmental protection and conservation activities. Some of these are highlighted below.

The primary economy of rural populations in the developing world is based on rain-fed agriculture, fisheries, and livestock herding. All three sectors are heavily affected by climatic variability, to the detriment of the farmers, fishers, and pastoralists who rely on them. The evidence shows that the largest threat to rain-fed agriculture and healthy rangeland is not overall water scarcity, but extreme rainfall variability. This variability means: more intensive rainfall events leading to more runoff and erosion and less rain water infiltrating the soil; longer intervals between rainfall events meaning that a crop's root zone will undergo drying at critical times leading to lower yields; changing rainfall patterns meaning shorter growing seasons and/or complete loss of growing seasons. However, through cost-effective technologies and environmental protection programs, including rainfall management practices, farmer and fisher-managed natural regeneration, conservation agriculture, sustainable agroforestry, and modern fisheries management, USAID has helped to increase productivity and reduce vulnerability to these threats.

USAID also supports "Payments for Environmental [or Ecosystem] Services" (PES) and "Certified Wildlife-Friendly™ Enterprises" (WFE). These are market-based approaches to provide incentives to local landowners and resource users to implement improved resource management practices that maintain major ecological services and biodiversity to the economy. USAID has supported development of nu-

merous PES and WFE systems for biodiversity conservation (e.g., in Cambodia, Guatemala, Kenya, Nepal, Tanzania), watershed management (e.g., Bolivia, Ecuador, Mexico, Vietnam), and forest carbon sequestration (e.g., Brazil, Cambodia, Guatemala, Kenya, Madagascar, Malawi, Mexico, Nepal, and others under development). Downstream beneficiaries and tourists reward poor farmers, pastoralists, indigenous peoples, and forest dwellers for maintaining valuable ecosystem services, thereby reducing the service providers' perceived need to degrade those services in order to support their own families. This improves the likelihood of sustainable economic development for all.

Another way in which USAID supports environmental protection in support of economic development is through community-based conservation initiatives, in which local communities are empowered to manage resources to achieve conservation and livelihood objectives. In Namibia, USAID's investment in the LIFE (Living in a Finite Environment) project spawned a communal conservancy movement in that country that continues to grow and deliver development impacts in biodiversity conservation, improved livelihoods, civil society engagement, improved food security and resilience to climate change. Community management of resources has led to the remarkable recovery of wildlife species, economic growth founded on market demand, partnerships with the private sector, and food security. More than 16 percent of the country's surface area is now managed by conservancies and one-eighth of its citizen's benefit from the conservancy movement. Annual programmatic income and benefits to community members have increased from nothing in 1994 to over $5.7 million in 2008.

Question. Last years' floods in El Salvador have had a devastating impact on the health and welfare of the people in El Salvador. What is USAID doing to help El Salvador, a country which is in one of the most violent regions of the world, get through this devastating natural disaster and how is USAID's budget helping the people of El Salvador avoid further instability which may occur as a result of the flood's economic impacts?

Answer. In response to Tropical Depression 12 E in October 2011, USAID provided a total of $862,699 in emergency supplies such as hygiene kits, kitchen sets, potable water containers, medical supplies and equipment, school materials, transitional shelters and fuel for Salvadoran Civil Defense operations.

Even before this particular natural disaster, USAID worked closely with El Salvador's Civil Defense on disaster mitigation and response in vulnerable communities. USAID provided training, conducted rescue simulations and established community disaster response committees. This preparedness was markedly evident in this last emergency, particularly compared to past disasters, as the country was able to react quickly and prevent the loss of lives. USAID continues its collaboration and training with El Salvador's Civil Defense, while USAID environmental projects work at the community level to improve natural resource management, which will help to mitigate global climate change effects that increase El Salvador's vulnerability to natural disasters.

Under the Partnership for Growth, USAID has aligned all of its assistance to tackle the major constraints to growth in El Salvador—the crime rate, which is one of the highest in the world, and the low economic productivity. Over the long term, reducing crime, increasing economic opportunities and sound environmental management will ensure the stability that El Salvador needs to grow and prosper.

USAID is working with the Salvadoran Government, the private business sector and local civil and community organizations on crime prevention activities that provide at-risk youth safe school environments, after school tutoring and recreation and vocational training. With USAID assistance, municipalities are developing crime prevention plans. A community policing project has helped reduce crime in selected communities by up to 33 percent and USAID justice and transparency activities provide training and assistance to the courts, the Attorney General and Public Defender offices to reduce impunity as a deterrent to crime.

Also under Partnership for Growth, USAID programs continue to help El Salvador recover from a series of economic shocks in 2009, as the global financial crisis unfolded, and spur economic growth through programs created to ensure job creation and the protection of vulnerable populations. Activities include job skill training designed to match the supply of labor with private sector demands. Another program provides at-risk youth the skills necessary to secure decent employment. An alliance with a local Salvadoran organization and private business support, is working in nine at-risk communities surrounding an important business and commercial neighborhood in San Salvador to provide technical assistance and training in micro enterprise development and career enhancing opportunities.

Beginning in early 2011, USAID channeled assistance through the "Mitigating the Global Financial Crisis Effects in El Salvador" host country system program. The program includes two components: an education stipend for families whose children meet a school attendance threshold; and a temporary income support program that provides cash payments and vocational training to unemployed youth and women heads of households in exchange for service in a variety of community development projects. USAID is also working with the government of El Salvador on fiscal policy and expenditure management. A municipal competitiveness activity is helping 50 local governments to improve their business enabling environments, attract new trade and investment, increase economic activity, and create more employment at the local level. USAID is also providing assistance in the development of 17 Small Business Development Centers.

Question. The 2010 GAO report on Afghanistan Development titled "USAID Continues to Face Challenges in Managing and Overseeing U.S. Development Assistance Programs" contained numerous recommendations. Recommendations included (1) ensure programs have performance indicators and targets; (2) fully assess and use program data and evaluations to shape current programs and inform future programs; (3) address preservation of institutional knowledge; and (4) improve guidance for the use and management of USAID contractors. USAID concurred with the recommendations and my question for you is, what progress has USAID made in implementing these recommendations, and how much progress is needed to finish the implementation of these recommendations?

Answer. Accountability and oversight is an area that USAID leadership has focused on extensively as a key pillar of the Agency's USAID Forward reform agenda. In Afghanistan, we have learned hard lessons in what is one of the most challenging environments in the world and made important corrections in the implementation of assistance to enhance effectiveness, accountability and sustainability. First, we are ensuring that our programs are increasingly effective by setting clear goals and measuring results. When programs are not working, we shut them down.

Second, we have built additional layers of accountability to continue to ensure U.S. funds are used for their development purpose. Fighting fraud and waste is one of our highest priorities, and we have greatly enhanced oversight mechanisms to continue to address these matters. For example, our Accountable Assistance for Afghanistan initiative (A3) has increased vetting and oversight of USAID projects. We have put in place an independent third-party monitoring and evaluation team, with the addition of field offices in Kandahar and Jalalabad, to extend the agency's oversight reach to these regions.

Third, we are working to ensure that our efforts are sustainable. In 2011, we undertook an intensive review of our entire portfolio in Afghanistan, focusing our efforts on delivering results that build Afghan self-sufficiency and will be maintained into the future by Afghans and given the tough conditions in Afghanistan for implementing development assistance, we are constantly refining our approaches to improve oversight of projects. We have made extensive progress in the areas identified by the GAO recommendations outlined in July 15, 2010, testimony before the House Appropriations Committee's Foreign Operations subcommittee (http://www.gao.gov/new.items/d10932t.pdf):

(1) Ensure programs have performance indicators and targets—USAID employs an extensive performance management process designed to maximize the impact of U.S. foreign assistance programs and manage for results while improving knowledge, practices, transparency, and accountability of USAID programs. A framework of clear, measureable goals and expected results is the heart of effective programming. USAID/Afghanistan ensures that programs have performance indicators and targets through:

- *Results Framework:* A Results Framework visually represents the development hypothesis, defines goals, development objectives, and multilevel results, along with corresponding performance indicators for each objective and result. Results Frameworks serve as the basis for project design, monitoring, evaluation, performance management and reporting, and ultimately, Performance Management Plans (PMP). Afghanistan's Results Framework includes Embassy programs, making it the first whole Chief of Mission PMP. It was established in the fall of 2010 and has been utilized since the first quarter of FY 2011.
- *Performance Management Plans (PMP):* The PMP provides an outline of targets for the eight overarching assistance objectives, with related intermediate results and indicators. The PMP covers the entire USG foreign assistance portfolio in Afghanistan, including outputs, intermediate outcomes, outcomes, and impacts, which are derived from the Results Framework, and provides indicators linked

to those results. USAID implementing partners create their own, separate, project-level PMPs that include indicators from the mission's PMP. They report their progress back to the mission on a quarterly basis via USAID/Afghanistan's Afghan Info system, which is USAID's information storage and retrieval system dedicated specifically to Afghanistan.

(2) Fully assess and use program data and evaluations to shape current programs and inform future programs—USAID utilizes multiple mechanisms to fully assess progress by using program data and evaluations to shape current and future programs in Afghanistan. USAID is incorporating robust monitoring and evaluation (M&E) through the following mechanisms:

- *Third-party Monitoring and Evaluation:* Third-party monitors enable USAID staff to have better visibility of projects and assess progress on the ground. USAID has had an M&E contract with an outside firm since 2006 that provides the entire USAID mission with M&E services and special projects services. The mission is committed to maintaining the constant presence of a missionwide third-party monitor in addition to support from other third-party monitors as needed. Since November 2009, over 40 assessments have been completed by the third-party monitor in addition to special assessments completed as needed. For example, USAID has recently started a separate M&E contract with MSI and CAERUS that will be dedicated specifically to evaluating stabilization programming.
- *Establishment of a Monitoring and Evaluation Unit:* In 2011, the mission established a separate M&E unit to improve project-level oversight, ensure compliance with required agency policies, and see that relevant information is shared and understood widely within the mission. This includes ensuring all evaluation findings are shared and submitted through the Development Experience Clearinghouse within 3 months of completion. All USAID technical offices have designated M&E liaisons, who meet with the core M&E Unit and help ensure that technical offices follow the appropriate M&E guidance. The M&E Unit also maintains the Mission Evaluation Schedule, which sets a timeline of expected evaluations and assessments.
- *Utilization of onsite monitors (OSM):* As of May 2012, USAID/Afghanistan has made 318 onsite monitor designations to help monitor programs. OSMs are USAID employees stationed at the field level. They work with project managers to monitor projects; provide information; help manage programs; and communicate strategic thinking. Visits by OSMs supplement the efforts of contracting and assistance officers in the mission, who are also encouraged to visit their project sites to the maximum extent allowable under Chief of Mission authority.

How these components work together is exemplified in the Partnership Contracts for Health Services (PCH) Program implemented by the Government of Afghanistan's Ministry of Public Health (MoPH) and is considered government-to-government assistance. The MoPH reports on the performance of PCH to USAID using a set of agreed indicators each quarter. MoPH conducts annual household surveys in 13 provinces to measure progress on 10 indicators in the key areas of reproductive health, safe motherhood and child health. Monitoring efforts using the tools outlined above facilitate discussions with the MoPH on identifying how technical assistance programs can or should be adjusted to achieve the most impact.

(3) Address preservation of institutional knowledge—Preserving and utilizing institutional knowledge is difficult in Afghanistan where there are short tours of duty and limited local staff. To apply lessons learned to on-going and future programs USAID is utilizing three innovative mechanisms:

- *Afghan Info:* Afghan Info is the Agency's information storage and retrieval system for Afghanistan. Starting in 2010, the mission began using Afghan Info, a database through which implementing partners directly report results against project indicators. The database covers all USAID projects in Afghanistan, including agriculture programs and roads projects. Since February 2012, the system has transitioned to a new Web-based platform that will allow us to provide increased oversight of partner reporting and provide the mission with additional management tools, including project evaluation documentation, and project financial data. To improve data quality, USAID has incorporated a Contracting Officer approval mechanism to ensure the accuracy of partner submissions on a quarterly basis. Additionally, geospatial data is included in Afghan Info for all USAID projects with specific locations. By knowing the location of the project sites and examining program performance, USAID will (1) ensure better integration of its programs and coordination among its implementing partners; (2) manage resources; and (3) maximize impact of its programs. Afghan Info

also acts as a mechanism to allow OSMs to report their site visits directly against partner site reports and build in safe-guards against reporting errors.
- *AfPak Hands Program:* The Af/Pak Hands program was launched in 2011 to maximize the appointments for Foreign Service Limited (FSL) employees who have completed at least 1 year of field service in Afghanistan or Pakistan. Individuals selected for the AfPak Hands Program serve on a 1-year rotation to the United States in support of USG programs, if they commit to return to the field for an additional year at the end of their tour in the United States. The AfPak Hands Program allows USAID to gain important institutional knowledge through successful, field tested employees, enabling USAID/Washington and the USG to draw on their experience implementing programs in Afghanistan when formulating policy and new programs.
- *Foreign Service National (FSN) capacity building:* USAID is continuing to train its FSN staff to be able to better manage and monitor our programs. FSNs in Afghanistan, as they do in all USAID missions, also help to provide continuity and preserve institutional memory for USAID/Afghanistan.

(4) Improve guidance for the use and management of USAID contractors—In conjunction with the Quadrennial Diplomacy and Development Review (QDDR), the USAID Forward reform agenda identifies acquisition as a key part of the management agenda, and subsequently, actions are underway through USAID Forward to improve the Agency's guidance on contractors agencywide. Guidance for the use and management of USAID contractors is being strengthened by increasing the USAID acquisition work force; allowing personnel to spend more time on individual award activities; and providing closer analysis of the use and management of USAID contractors.

At the mission level, in response to the above and to address several recommendations from USAID's Accountable Assistance for Afghanistan (A3) initiative, several steps have been put in place to ensure the improved guidance for the use and management of USAID contractors. Chief amongst these is the initiation of a Compliance Program with the purpose of taking a proactive approach in identifying and correcting deficiencies in compliance amongst both USAID Implementing Partners in Afghanistan and internal USAID procedures. This program will consist of a dedicated staff of compliance specialists to ensure improved management and oversight of USAID contractors as well as an external review of all awards. The key goals of this program are increased effectiveness of programs; strengthened internal controls; improved program oversight and reporting; and preventing and reducing fraud. Other measures that have been taken include limiting the number of subcontractors to prevent the brokering of contracts and no longer allowing construction work to be performed under assistance awards to allow for greater control and oversight.

Question. Access to clean drinking water is major issue in developing countries, and an issue which can present many security issues for the women and family members who may be tasked with traveling long distances to procure safe drinking water. While I was in India I was able to participate in the opening of a water health project in a village outside of Hyderabad, and witness first-hand how this project would change the quality of life of the villagers. This project was somewhat unique, in that it employed Ultraviolet technology to help clean the water for consumption. Can you please describe how the budget for FY 2013 will support the efforts to bring clean drinkable water to more people in developing countries and how such programs help improve the economic viability of the people who have access to clean water?

Answer. In FY 2013, the President's request for Water programming is $299 million, which directly contributes to protecting human health, humanitarian crises, broad-based economic growth, enhanced environmental and national security and developing public participatory processes that improve transparency and accountability. Specifically, the funding will support:

- Implementation of USAID's dynamic new water strategy now under development.
- Continued implementation of the Senator Paul Simon Water for the Poor Act by USAID to expand access to safe water and sanitation and improve hygiene for people around the world; this includes a special focus on supporting access by women to safe water and sanitation.
- Provision of water, sanitation, and hygiene (WASH) services to several million people with first-time improved access to water and sanitation; this supports USAID's overall efforts to reduce childhood deaths due to waterborne diarrheal disease.

- Increasing emphasis on sanitation and hygiene to stay on target, as a development agency, to meet the Millennium Development Goal for drinking water. There is still much to do on sanitation.
- Shifting from a subsidy model to one that creates demand and new sources of finance for the poor.
- Developing enabling policies, training, and capacity-building needed to ensure that water projects are sustainable.

- In addition the Agency also will support water related activities in its Feed the Future and Global Climate Change programs in FY 2013. For example, in Haiti, the "Watershed Initiative for National Natural Environmental Resources (WINNER)," project is promoting agricultural intensification, sound natural resources management, and reductions in environmental vulnerability, while increasing both farm and nonfarm incomes in priority watersheds.

Question. In your professional opinion, what will be the major economic challenges Afghanistan will face as the U.S. military proceeds with a transition to an Afghan led military mission . . . a transition which I hope will be accelerated . . . and what is USAID doing to prepare for this future?

Answer. Afghanistan faces two major economic challenges during transition. The first is sustaining economic growth. Since 2002, economic growth has averaged nearly 10 percent annually and has been positively impacted by international community spending in the services sector. The second related economic challenge will be Afghanistan's projected fiscal gap. While domestic revenue has risen to nearly 11 percent of Gross Domestic Product (GDP), international assistance still covers much of the country's military, and civilian operational and development needs. With the military drawing down, Afghanistan will be responsible for more of its own security costs. Continued USAID assistance will be critical to help Afghanistan address its future economic challenges. USAID has prioritized economic growth in our assistance program and is working closely with donor and U.S. Government (USG) counterparts to increase Afghanistan's economic stability. As outlined in the 2011 U.S. economic report to Congress (response to section 1535(c) of the Ike Skelton National Defense Authorization Act (NDAA), for Fiscal Year 2011 P.L. 111–383), the USG, including USAID, will focus on boosting investment in Afghanistan's productive sectors; e.g. agriculture, trade and mining, and reinforcing the major pillars of growth—e.g. the business enabling environment. Economic reform and growth in these areas will help generate important sources of revenue to help Afghanistan narrow its projected fiscal gap. Once operational, the mining sector is expected to add revenue equivalent to another 1 percent of GDP per year.

Responses of USAID Administrator Rajiv Shah to Questions Submitted by Senator Marco Rubio

Question. Please provide a detailed justification of the administration's decision to cut funding for democracy programs in Cuba by 25 percent to $15 million in its FY 2013 budget request.

Answer. The U.S. commitment to human rights and democracy in Cuba remains strong. We will continue our robust program providing humanitarian support to political prisoners and their families, building civil society and expanding democratic space, and facilitating the information flow in, out, and within the island.

The request for $15M is based on our assessment of needs on the ground, and on-island and off-island capacity to carry out programs. In addition, the combined pipeline (FY09 to FY11) for Department of State and USAID implementers is about $42 million. Assuming full funding for FY12 ($20 million) and FY13 ($15 million), we will have sufficient funding ($77 million total) to carry out the purposes of the program over the next 3 years.

Question. In its FY 2013 budget request, the administration has requested a 57-percent increase in U.S contributions to the Global Fund over last year's contributions. At the same time, the administration is proposing a $500 million cut to the President's Emergency Plan for AIDS Relief (PEPFAR), which has traditionally enjoyed strong bipartisan support in Congress.

- Please provide a detailed justification of how the administration plans to fulfill its commitment to put 6 million HIV/AIDS victims on life-sustaining antiretroviral treatment by 2013.

- Please provide a detailed account of the administration's reasoning to dramatically shift the focus of U.S. funding for global health programs from bilateral programs to multilateral organizations.

Answer. Since the beginning of the Obama administration, PEPFAR's focus has been on results—lives saved. The President set ambitious new goals on World AIDS Day 2011, including support for treatment of 6 million people, reaching more than 1.5 million HIV-positive pregnant women for prevention of mother-to-child transmission and supporting more than 4.7 million voluntary medical male circumcisions by the end of fiscal year (FY) 2013. With the FY 2013 budget, we can achieve these goals, continue the strong history of U.S. leadership on HIV/AIDS, and continue to work for an AIDS-free generation. The FY 2013 budget was developed in a tight fiscal environment, and PEPFAR made tough, strategic choices in weighing the best way to save the most lives. In light of the President's commitment, we carefully considered the PEPFAR bilateral funding level needed to ensure that the targets will be achieved. By focusing on proven interventions and increasing access to life-saving antiretroviral treatment by 50 percent, we can help dramatically decrease new infections and meet the goals.

Every dollar that we invest is going farther, and continued savings will allow for the number of persons on services to grow. In FY 2013, PEPFAR will continue efforts to achieve greater impact and efficiency through smart investments, improve the quality of collected data, and target investments to maximize impact by ensuring country programs address the realities of the epidemic at the local level. As an example of how PEPFAR has been able to increase its impact, PEPFAR has reduced the cost of treatment per person per year from over $1,100 to $335, with lower costs of drugs, bulk purchasing, and simple changes like shipping medication by ground instead of air reducing the cost of treatment dramatically. In terms of infrastructure and workforce, PEPFAR investments have resulted in a decline of per-patient site-level cost by 80 percent in the 2 years following establishment of a treatment site. PEPFAR has become more efficient in using health care workers, with tasks being more appropriately allocated among trained health professionals, ranging from physicians to community health workers. We are also focusing resources on the interventions that have the greatest impact. By focusing on evidence-based prevention interventions, including increasing access to life-saving antiretroviral treatment by 50 percent, we are dramatically decreasing new infections, and saving money by preventing the need for treatment. In terms of shared responsibility, PEPFAR is seeing countries devote increased resources to HIV and the health sector. South Africa—the country with the largest HIV burden in the world—has dramatically increased its financing of its response to over $1 billion per year. In addition, increased investments through the Global Fund also free up PEPFAR resources to do more. Given these factors, we are confident that we will be able to reach the goals under this budget.

In terms of the allocation between bilateral and multilateral programs, the PEPFAR bilateral program is not a stand-alone program, and global AIDS funding is a shared responsibility. In most countries with PEPFAR support, treatment and prevention programs exist with the support of country investments, PEPFAR and the Global Fund. Joint funding and program collaboration between PEPFAR and the Global Fund, in support of national programs, are allowing for more of the HIV need to be met. PEPFAR has been able to leverage Global Fund resources to reach more of the unmet need in resource-limited countries. As we move aggressively toward a sustainable response, PEPFAR, the Global Fund and partner countries are working more closely together—which will ultimately produce an overall decrease in PEPFAR's programming costs even as services are expanded to reach more people. In addition to these country-level impacts, each dollar from the United States for the Global Fund leverages $2.50 in contributions from other donors—increasing our impact. Moving forward, PEPFAR will analyze on an annual basis what is needed to continue to put us on a path to an AIDS-free generation—shared responsibility, including a strong bilateral program complemented by a strong multilateral program and country investments—and allocate funding accordingly.

Question. The administration has announced that USAID will take the lead in coordinating the President's Global Health Initiative by the end of this year.

- Please explain, when do you anticipate that happening, and what additional authorities, if any, will USAID be given to manage that initiative successfully and ensure the greatest impact in GHI countries?

Answer. Secretary Clinton has not yet made a decision on the transition of Global Health Initiative (GHI) leadership to USAID.

USAID is continuing to increase efficiencies and eliminate redundancies in our global health programs by working closely with our interagency colleagues to tap

into the expertise residing in sister agencies to deliver health results and achieve the most impact for every dollar.

In addition, USAID is already playing a leadership role on GHI country support activities, and monitoring and evaluation, and we continue to identify ways to strengthen our work in these areas and further increase our collaboration with the interagency.

USAID has demonstrated strong leadership in the President's Malaria Initiative (PMI) and Child Survival, as well as tuberculosis, orphans and vulnerable children, maternal health and other health areas. A recent PMI external evaluation stated that under USAID's leadership "PMI is, by and large, a very successful, well-led component of the USG Global Health Initiative." In 10 PMI focus countries—Angola, Ghana, Kenya, Madagascar, Malawi, Mali, Rwanda, Senegal, Tanzania, and Zambia—all cause mortality rates among children under 5 have dropped 16–50 percent, with PMI efforts being a major contributor.

- How will PEPFAR be affected by the transition of GHI to USAID?

Answer. As stated in the Quadrennial Diplomacy and Development Review (QDDR), we do not expect to see a transfer of PEPFAR authorities or budgets to USAID as part of a GHI transition.

Question. The administration is proposing the creation of a $770 million Middle East and North Africa Incentive Fund to complement traditional bilateral U.S. assistance to the countries in the region.

- Please provide an explanation of the role you expect USAID to have in implementing this fund.

Answer. USAID's development planning and implementation expertise will be a necessary component as follows:

- The MENA IF is designed to drive political change through high-impact development assistance. In this context, USAID will play an important role in the policy development, programming, implementation, and monitoring of MENA IF-supported activities.
- Policy/Strategy Development: USAID will work closely with the State Department and others to identify country-specific reform needs and priorities, their relationship to U.S. interests, and the programs and frameworks necessary for reforms to take hold and succeed.
- Program Design: USAID will work with the State Department and other interagency stakeholders to engage with the partner country to design specific MENA IF-funded projects.
- Program Implementation and Monitoring: The precise mechanisms for implementation and oversight responsibility will depend on the project, and determining the most appropriate USG agency to carry out the program.

RESPONSES OF USAID ADMINISTRATOR RAJIV SHAH TO QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

Question. I understand that you received the book I sent you, entitled, Sheltered by the King, by my good friends, Mart Gable-Tsadick and Demme Tekle-Wold. They run Project Mercy, Inc. (http://www.projectmercy.org) a Christian, nonprofit organization located in Yetebon, Ethiopia, founded in 1977. Over the past 11 years, Project Mercy's original mission of caring for street orphans has expanded to include emergency relief to African refugees and community development programs like literacy outreach and health care education. Marta and Demme are now interested in applying for assistance through USAID for their ever expanding programs. I believe strongly in their vision and mission to help the less fortunate in a struggling part of the world.

- Would you please supply my office with the relevant information necessary for Project Mercy to apply for USAID assistance?

Answer. USAID generally undertakes direct assistance programs to benefit developing countries through competitive grants and cooperative agreements. This ensures that all activities are concentrated on predefined objectives to maximize impact; and that they are consistent, mutually reinforcing and draw support from the best available sources. USAID publishes Annual Program Statements and Requests for Assistance on http://www.grants.gov to advertise competitive assistance programs. Detailed instructions on how to apply for each USAID-solicited program are contained in each solicitation. Each solicitation also includes a point of contact and contact information.

On occasion, USAID issues assistance awards based on unsolicited assistance applications. While unsolicited applications can be received and reviewed for funding, potential applicants should be aware that only in highly exceptional cases are such applications likely to be approved for funding. We suggest Project Mercy view the "Guide To USAID's Assistance Application Process and to Submitting Unsolicited Assistance Applications" (http://www.usaid.gov/policy/ads/300/30354s1.pdf) if interested in submitting an unsolicited proposal for USAID review.

For additional information on partnering with USAID, Project Mercy should feel free to contact Ms. Lily Beshawred, Senior Program Officer at the USAID Mission in Addis Ababa, Ethiopia, at +251–111–206002 or via e-mail at lbeshawred@usaid.gov.

Question. It was raised during your testimony that USAID is requesting $469.5 million in fiscal year 2013 funding for President Obama's Climate Change Initiative. While the administration's budget request has stated that this represents a decline of 2 percent for Climate Change, it is troubling that this program is only reduced by the same overall reduction of the USAID budget, namely 2 percent.

- In this fiscal climate of constraint, would it not make more sense to reduce the Climate Change Program more than other more noncontroversial programs?

Answer. USAID's environmental resources are strategically programmed to focus and concentrate investments for maximum impact. USAID's direct investments in adaptation prioritize small island developing states, least developed countries, especially in sub-Saharan Africa, and glacier dependent countries. Investments in clean energy focus on a mix of major emitters and countries with the commitment to reduce emissions through energy efficiency and development and deployment of renewable energy resources. Sustainable landscape funding focuses on countries with globally important forest landscapes, such as the Amazon and Congo basins.

Helping countries manage climate and weather-related risks prevents loss of life and property. The livelihoods of 2.5 billion people directly depend on climate-sensitive economic activities, such as agriculture, fisheries, forestry, and tourism. The poor in developing countries will likely be the first and hardest hit by climate change impact and are the most likely to lack the capacity to cope with economic and environmental shocks.

At the same time, more than 90 percent of projected growth in energy demand will come from developing countries over the next 30 years, according to the International Energy Agency. Economic growth that is more energy- and water-efficient will be cleaner, reduce dependency on scarce international resources, and reduce the potential for conflict between nations. USAID's work creates an environment for private sector investment, providing new markets for U.S. technologies.

The World Bank and U.S. Geological Survey estimate that every dollar spent on disaster preparedness saves $7 dollars in disaster response. Helping countries manage environmental and weather-related risks prevents loss of life. Left unaddressed, economic losses from climate-related disasters and damage in some developing countries could be as high as 19 percent of Gross Domestic Product by 2030.