

**NOMINATIONS OF THE 110TH
CONGRESS—SECOND SESSION**

HEARINGS

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

—
JANUARY 30 THROUGH SEPTEMBER 24, 2008
—

Printed for the use of the Committee on Foreign Relations



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COMMITTEE ON FOREIGN RELATIONS
110TH CONGRESS—FIRST SESSION

JOSEPH R. BIDEN, Jr., Delaware, *Chairman*

CHRISTOPHER J. DODD, Connecticut	RICHARD G. LUGAR, Indiana
JOHN F. KERRY, Massachusetts	CHUCK HAGEL, Nebraska
RUSSELL D. FEINGOLD, Wisconsin	NORM COLEMAN, Minnesota
BARBARA BOXER, California	BOB CORKER, Tennessee
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ROBERT MENENDEZ, New Jersey	LISA MURKOWSKI, Alaska
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ROBERT P. CASEY, Pennsylvania	JOHNNY ISAKSON, Georgia
JIM WEBB, Virginia	DAVID VITTER, Louisiana

ANTONY J. BLINKEN, *Staff Director*

KENNETH A. MYERS, Jr., *Republican Staff Director*

*Note: Reassigned to Committee on Finance January 24, 2008.

COMMITTEE ON FOREIGN RELATIONS
110TH CONGRESS—SECOND SESSION

JOSEPH R. BIDEN, Jr., Delaware, *Chairman*

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ROBERT P. CASEY, Pennsylvania	DAVID VITTER, Louisiana
JIM WEBB, Virginia	JOHN BARRASSO, Wyoming*

ANTONY J. BLINKEN, *Staff Director*

KENNETH A. MYERS, Jr., *Republican Staff Director*

*Note: Appointed February 12, 2008.

NOMINATIONS

THURSDAY, JULY 17, 2008

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

Alemayehou, Mimi, to be the United States Director of the African Development Bank
Durkin, Patrick, to be a member of the board of directors of the Overseas Private Investment Corporation
Peel, Ken, to be the U.S. Director of the European Bank for Reconstruction and Development
San Juan, Miguel, to be the U.S. Director/Executive Director of the Inter-American Development Bank

The committee met, pursuant to notice, at 2:34 p.m., in room SD-419, Dirksen Senate Office Building, Hon. Robert Menendez presiding.

Present: Senators Menendez and Lugar.

OPENING STATEMENT OF HON. ROBERT MENENDEZ, U.S. SENATOR FROM NEW JERSEY

Senator MENENDEZ. The hearing of the Committee on Foreign Relations will come to order. Today, the committee meets to consider the nomination of four individuals for key leadership positions in the administration.

The President has nominated Mimi Alemayehou to be the United States Director of the African Development Bank, Ken Peel to be the U.S. Director of the European Bank for Reconstruction and Development, Miguel San Juan to be the U.S. Director—Executive Director of the Inter-American Development Bank, and Patrick Durkin to be a member of the board of directors of the Overseas Private Investment Corporation.

I want to congratulate you all on your nominations, and we look forward to hearing from each and every one of you this afternoon.

I will start off with an opening statement. Hopefully, it will buy some time for some of our colleagues to get here. I want to make introductions, and if we have any other members, we will acknowledge them as they come—such as the distinguished ranking member of the full committee.

The United States plays a crucial role in promoting economic and social development, trade, political stability, and poverty alleviation around the world. Multilateral development banks and the Over-

seas Private Investment Corporation are a part of the toolkit the United States has to address these challenges.

Each nominee before us, if confirmed, would be expected to play a key role in these organizations' missions and the overall U.S. Government strategy overseas, something that I take very seriously. As the chairman of the Subcommittee on Foreign Assistance, my role is to look at the overall funding, management, and implementation of our foreign assistance.

I look at how each organization contributes to the overall context of our larger development goals and foreign policy goals. Are we getting the most for our money? Are we carrying out the right mix of programs? How do we balance priorities in education, health, economic growth, social investment, and the environment? What oversight mechanisms are in place to ensure that the funds are being used for the purposes Congress intended?

And particularly with our contributions to multilateral efforts, I look to see how the goals of the United States are conveyed and carried out along with other member nations. I know that this administration's use of the term "multilateral" has often been used in vain, but now it is used out of necessity, but rarely has it been used by choice. The United States should be using it as a way of strengthening a unified effort, rather than as a last resort.

I personally believe that multilateralism is a strong element of our foreign policy. In fact, I believe it so much that I have a bill, which was recently voted favorably out of the Senate Foreign Relations Committee, that equally divides contributions between bilateral efforts and multilateral efforts. It would provide \$2.5 billion over 10 years for the U.S. Agency for International Development and the Inter-American Development Bank. In addition, it would pay the arrears the United States owes to the IDB.

The United States contributions to the multilateral development banks give the United States a seat at the table, a seat that allows the United States to contribute to direct programs that help countries develop their economies, strengthen their institutions of governance, and care for their people.

Mr. San Juan, your position, if confirmed, will be to represent the United States in the largest multilateral bank in the Western Hemisphere. You would be in the unique position to communicate and advance the U.S. priorities for the region and represent the United States in an important process of developing consensus among member states.

However, as I am sure you know, the IDB is not without its own challenges. In particular, a decreasing demand for sovereign loans is forcing the IDB to go through a transformation, a transformation which may result in a significantly different institution than we just saw 10 or 20 years ago. And I look forward to hearing from you today how you believe we can reconcile these challenges while advancing the bank's mission in the region.

Mr. Peel, the European Bank for Reconstruction and Development is also a bank in transition, but maybe in different ways. Given the constantly changing nature of the region, the bank is now reducing the amounts it lends to countries of Central Europe and expanding lending to countries like Kazakhstan. These

changes are not without complications, and I look forward to your views on how you will help the institution deal with this.

Mr. Durkin, the Overseas Private Investment Corporation is something that I am actually quite familiar with. I worked on the reauthorization of OPIC's legislation both during my time in the House of Representatives and now in the Senate. I am hopeful that OPIC's reauthorization is passed soon to allow OPIC to get back to business.

I understand that your nomination is for a part-time position as a member of the board of directors of OPIC. And while this committee does not always hold hearings for OPIC board members, given the increasing role that OPIC is playing in development-related efforts, I felt that it is important to have you here today, and we appreciate your appearance.

Like any institution, OPIC is not without its challenges either. It has a mixed history of rigorous oversight of programs and a mixed history of what I would call success. While I understand OPIC officials often emphasize the fact that OPIC has no net cost to the United States taxpayer, and in fact, through the fees it collects, OPIC actually generates income and contributes significant resources annually to the U.S. Treasury, I recognize those facts.

However, just because the particular structure of OPIC is less costly to the taxpayer, it doesn't mean that Congress doesn't hold OPIC to a similar standard of excellence. I expect the same kind of oversight and rigorous evaluation of projects as I expect from all of our initiatives overseas.

I look forward to your thoughts on the OPIC's role in our overall development efforts and your thoughts on its changing role.

Ms. Alemayehou, the African Development Bank is an institution for a region devastated by war, famine, AIDS, and genocide. We need to use every tool at our disposal to make sure that the cycles of tragedy that are all too familiar on the continent of Africa are controlled, tempered, and eventually eliminated.

So, together, your positions, if you are confirmed, would be partly responsible for setting the tone of the relationship with the United States and carrying out their respective missions. You would play a vital role in work that is neither trivial nor extracurricular, but, in my view, work that is at the core of U.S. efforts to combat the world's most intractable problems, problems that merit our undivided attention. In short, this work matters.

In that spirit, I look forward to hearing your testimony today. And now I would like to turn to the distinguished ranking member of the committee, Senator Lugar, for his opening statement.

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

Senator LUGAR. Thank you very much, Mr. Chairman.

Today, as you have mentioned, the committee will have a discussion with nominees for positions at the African Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, and the Overseas Private Investment Corporation.

The United States has strong national security and humanitarian interests in alleviating poverty, promoting development

around the world. These efforts of these organizations are important to this mission. Each of our nominees will play a key role in formulating policies that will impact on U.S. standing in their respective organizations.

During the past 5 years, our committee has held 6 hearings on the operation of the multilateral development banks. Those hearings contributed to the committee's understanding of both the value of the banks' efforts and problems with their operations.

In 2005, building on this initiative, I introduced Senate bill 1129, the Development Bank Reform and Authorization Act, and most of the provisions of this bill were enacted into law in November of 2005. With the passage of this legislation, Congress made a strong statement that recognized the critical role of MDBs in achieving the development goals around the world, but also that the operation of these banks must be transparent and free of corruption.

The United States Government must work to ensure that this money is spent efficiently, both because of our responsibility to American taxpayers and because inefficiency and corruption undermine the basic humanitarian and foreign policy objectives of our participation in MDB financing.

I continue to work with my colleagues toward reauthorization of the Overseas Private Investment Corporation, which provides project financing, investment insurance, and other services for United States business in over 150 developing countries and emerging economies. OPIC's authorization expired April 1, and cannot enter into new commitments. This is deeply concerning, given OPIC's dedication to the United States foreign policy goals, including economic development in countries recovering from conflict.

OPIC has not drawn on appropriated funds in recent years because it has recorded a positive net income for every year of operation, with reserves now totaling more than \$5 billion. OPIC is proactively incorporating the Extractive Industry Transparency Initiative, the EITI, into its project selection and project selection design. This is an excellent example of how United States agencies should be integrating the initiative.

EITI, endorsed repeatedly by the United States at the G-8, is one tool to ensure that earnings from oil and gas revenues are tracked. History shows oil and natural gas reserves can be a bane as well as a blessing for poor countries, leading to corruption, wasteful spending, military adventurism, and instability. Because the resource curse threatens our own security in the United States and our economic interests, I have asked the committee's minority staff to assess the efforts so far in lifting it.

Now, looking at more than 20 countries around the world, staff found that while awareness of the potential dangers from sudden oil wealth has grown, progress has been spotty. I would be interested in hearing from the nominees about the respective development banks to which they are nominated to serve as to how they are currently integrating EITI into their operations.

I congratulate all of the nominees on your nomination. I thank the chairman for the opportunity to make this statement and to participate in questions and answers with you.

Thank you, Mr. Chairman.

Senator MENENDEZ. Thank you, Senator Lugar.

We are going to start. Senator Hutchison may join us at some point, at which time we will certainly recognize her to introduce one of our nominees. But in order to try to give her some more time for that opportunity, we will start the process of hearing from our members.

So we invite you all to summarize your statements for about 5 minutes. Your full statements will be entered into the record in its entirety.

And certainly, if you have members of your family or friends who are accompanying you, we would love to have you introduce them to us because we understand that these sacrifices are not just of the individual, but of families themselves. And so, we appreciate their sacrifice.

So let us start with you, Ms. Alemayehou. You are recognized for your statement. And if you have family here, we would be happy to be introduced to them.

STATEMENT OF MIMI ALEMAYEHOU, NOMINEE TO BE UNITED STATES DIRECTOR OF THE AFRICAN DEVELOPMENT BANK FOR A TERM OF 5 YEARS

Ms. ALEMAYEHOU. Thank you, Chairman Menendez and members of the committee.

First, I would like to introduce my family. They have a saying in Africa, "It takes a village to raise a child," and I am afraid that my whole village is here today. But I would like to especially thank my son, Jacob, for being so patient with me. He wants me to introduce him as Spiderman today. So, Jacob?

And his father, Papa; my Uncle Johannes; my brother, Addis, is here all the way from Ethiopia with his wife, and the rest of my family. Thank you.

Senator MENENDEZ. Welcome to all of you. And for Spiderman, we need to talk afterwards. So I have got a few things I need to be taken care of. So—

[Laughter.]

Ms. ALEMAYEHOU. Chairman Menendez and members of the committee, I am grateful for the opportunity to appear before you. I am truly honored that President Bush has nominated me to serve as the U.S. Executive Director for the African Development Bank.

After his recent visit to Africa, President Bush commented, "Things have changed in Africa since my first visit. I mean striking changes. And we are treating African leaders as equal partners. We expect them to produce measurable results. We expect them to fight corruption and invest in the health and education of their people and pursue market-based economic policies."

I truly share the President's vision that it is through such respectful and engaged partnerships that Africans can play a driving role in Africa's development, and African leaders can be accountable for their actions. If confirmed, I pledge to work with this committee and the full Congress, as well as Secretary Paulson, the Treasury Department, and the administration in furthering U.S. international development goals.

Increasingly, America's prosperity is becoming linked to peace and the raising of living standards for all individuals in the devel-

oping world. Throughout my life, I have made choices which prepared me for this challenging role—to serve as a bridge between our country of opportunity and the continent of Africa, with its tremendous yet far from realized potential.

I have been fortunate in my professional life to continuously work on United States and Africa-related matters, from my policy experience serving right here on Capitol Hill to my private sector international telecom work and, more recently, as an entrepreneur serving—supporting the efforts of the United States-sponsored Africa Growth and Opportunity Act.

I have learned a great deal from this and enjoyed working with African and United States officials. I must say, however, that I have taken the most pleasure working with actual African entrepreneurs with great skills, but in desperate need of basic tools and training to effectively develop their businesses.

Today's Africa is a far cry from my early years in Ethiopia under a Communist regime, which left an indelible mark on me. Entrepreneurship and democracy are now the order of the day, but the African private sector cannot thrive without an upgrade of the continent's infrastructure, financial systems, transparency, and governance. America's style of government and its liberalized economic model put us in an exceptional position to help steer the bank toward more effective policies.

While humbled by the nomination, I am excited about the prospects facing the continent. I do hope to have the opportunity to play a role in enabling the United States and the African Development Bank to work more closely together and to help improve the lives and dignity of all 940 million Africans.

Thank you for considering my nomination. I would be pleased to answer any questions.

[The prepared statement of Ms. Alemayehou follows:]

PREPARED STATEMENT OF MIMI ALEMAYEHOU, NOMINEE TO BE UNITED STATES EXECUTIVE DIRECTOR FOR THE AFRICAN DEVELOPMENT BANK FOR A TERM OF 5 YEARS

Chairman Menendez, Senator Lugar, and members of the committee, I am grateful for the opportunity to appear before you today. I am honored that President Bush has nominated me to serve as the U.S. Executive Director for the African Development Bank.

After his recent visit to Africa, the President commented: "Things have changed in Africa since my first visit. I mean striking changes," and then he continued: "We're treating African leaders as equal partners. We expect them to produce measurable results. We expect them to fight corruption, and invest in the health and education of their people, and pursue market-based economic policies."

I share the President's vision of a "partnership of equals" between the United States and Africa. It is through such respectful and engaged partnership that Africans can play a driving role in Africa's development and African leaders can be accountable for their actions. If confirmed, I pledge to work with this committee, Congress, and the administration in furthering U.S. International Policy and Development goals. Increasingly, America's prosperity is becoming linked to peace and the raising of living standards for all individuals in the developing world. The African Development Bank is one of the most important regional development banks as it serves the world's least developed continent. The bank's activities have a very high impact on the region and therefore command the focused attention of Africa's leadership.

Throughout most of my life, I made personal and professional choices which prepared me for a focused and challenging role—to serve as a bridge, an enabler, between our country of opportunity, and the continent of Africa, with its tremendous yet far from realized potential. I am grateful for the educational and professional opportunities the United States has afforded me. This, I believe, prepared me for

a role in the development of Africa and the international private sector as early as my days serving as an aide on Capitol Hill. Africa and the private sector reemerged later in my work in international telecoms focusing on the introduction of a new technology to African countries, and more recently as an entrepreneur supporting the efforts of the United States-sponsored Africa Growth and Opportunity Act. I started TradeLinks in order to assist AGOA eligible member countries in the regional grouping of the Common Market for Eastern and Southern Africa (COMESA) so that they may increase their exports to the United States. While I enjoyed working with the African Governments and United States officials, I took the most pleasure from working with African entrepreneurs with great skills and products but were in desperate need of basic tools. They were in need of training or adequate equipment so that they can produce consistently high quality goods on a meaningful scale and in a tight timeframe.

Today's Africa is a far cry from my early years in Ethiopia under a communist regime that left an indelible mark on me. Entrepreneurship and democracy are now the order of the day; but the African private sector cannot thrive without a significant upgrade of the continent's infrastructure and financial systems. These challenges call for a strong and active African Development Bank to finally help turn Africa's long held promise into a reality. This optimism does, however, bring increased expectations with respect to governance, transparency, regional integration, and the need to develop African skills. That is the reason why Africa needs reliable partners such as the United States and strong institutions such as the African Development Bank. America's style of government and its liberalized economic model put us in an exceptional position to help steer the bank toward the right policies and usher an unprecedented era of sustainable economic growth in Africa. The implementation of United States policy toward Africa, as well as our role on the Board of the African Development Bank, together constitute key tools to help Africa achieve this growth. It would therefore be a privilege to work with Secretary Paulson, the Treasury Department, and Congress to increase the African Development Bank's impact and effectiveness.

While humbled by the nomination, I am excited about the prospects and challenges facing the African continent. I do hope to have the opportunity to play a role in getting the United States and the African Development Bank to work more closely together in order to help improve the lives and dignity of all 940 million Africans.

Mr. Chairman, Senator Lugar, members of the committee, thank you for considering my nomination. I would be pleased to answer any questions.

PREPARED STATEMENT OF MIMI ALEMAYEHOU, NOMINEE TO BE U.S. EXECUTIVE
DIRECTOR FOR THE AFRICAN DEVELOPMENT BANK

Chairman Menendez, Senator Lugar, and members of the committee, I am grateful for the opportunity to appear before you today. I am honored that President Bush has nominated me to serve as the U.S. Executive Director for the African Development Bank.

After his recent visit to Africa, the President commented: "Things have changed in Africa since my first visit, I mean striking changes;" and then he continued: "We're treating African leaders as equal partners. We expect them to produce measurable results. We expect them to fight corruption, and invest in the health and education of their people, and pursue market-based economic policies."

I share the President's vision of a "partnership of equals" between the United States and Africa. It is through such respectful and engaged partnership that Africans can play a driving role in Africa's development and African leaders can be accountable for their actions. If confirmed, I pledge to work with this committee, Congress, and the administration in furthering U.S. International Policy and Development goals. Increasingly, America's prosperity is becoming linked to peace and the raising of living standards for all individuals in the developing world. The African Development Bank is one of the most important regional development banks as it serves the world's least developed continent. The bank's activities have a very high impact on the region and therefore command the focused attention of Africa's leadership.

Throughout most of my life, I made personal and professional choices which prepared me for a focused and challenging role—to serve as a bridge, an enabler, between our country of opportunity, and the continent of Africa, with its tremendous yet far from realized potential. I am grateful for the educational and professional opportunities the United States has afforded me. This, I believe, prepared me for a role in the development of Africa and the international private sector as early as my days serving as an aide on Capitol Hill. Africa and the private sector reemerged later in my work in international telecoms focusing on the introduction of a new

technology to African countries, and more recently as an entrepreneur supporting the efforts of the United States-sponsored Africa Growth and Opportunity Act. I started TradeLinks in order to assist AGOA eligible member countries in the regional grouping of the Common Market for Eastern and Southern Africa (COMESA) so that they may increase their exports to the United States. While I enjoyed working with the African Governments and United States officials, I took the most pleasure from working with African entrepreneurs with great skills and products but were in desperate need of basic tools. They were in need of training or adequate equipment so that they can produce consistently high quality goods on a meaningful scale and in a tight timeframe.

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While humbled by the nomination, I am excited about the prospects and challenges facing the African continent. I do hope to have the opportunity to play a role in getting the United States and the African Development Bank to work more closely together in order to help improve the lives and dignity of all 940 million Africans. Mr. Chairman, Senator Lugar, members of the committee, thank you for considering my nomination. I would be pleased to answer any questions.

Senator MENENDEZ. Thank you very much.
Mr. Peel.

STATEMENT OF KENNETH L. PEEL, NOMINEE TO BE UNITED STATES DIRECTOR OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Mr. PEEL. Thank you, Chairman Menendez, Senator Lugar.

I am grateful to the President for nominating me to be U.S. Executive Director to the European Bank for Reconstruction and Development. I am deeply honored to appear before the Senate Foreign Relations Committee today to discuss my qualifications.

Being here today, I feel that I have come home. Since July 2001, I have served in a series of foreign and economic policy positions in the administration. But for 6 years before that, I served two Senators on this committee—Senator Hagel, when he chaired the International Economic Policy Subcommittee, your predecessor subcommittee, and Senator Snowe during her first 2 years in the Senate when she chaired the International Operations Subcommittee.

The great bulk of my professional career has been working on foreign policy and international economic policy in Congress, with a special focus on multilateral diplomacy. Before working in the Senate, I spent 12 years in the House, 10 of them as a professional staff member of the Foreign Affairs Committee.

Since July 2001, I have held three executive branch positions. I have served, first, as a member of Secretary Powell's policy planning staff, working on international organization and Eurasian issues; second, as an NSC director, covering international energy

and environment issues; and then, currently, as Treasury's Deputy Assistant Secretary for International Development Finance, and Debt.

In short, I believe that I am well equipped, both by my academic and professional background, to take on the position for which I am nominated. My current job prepares me particularly well. As a deputy assistant secretary at Treasury, I oversee U.S. policy toward all of the major multilateral development banks, such as the World Bank, and the regional development banks, such as the European Bank for Reconstruction and Development.

Even though this nomination is coming late in the administration, there are huge issues currently at the EBRD, as there are at the other institutions, that will affect our interests in both the institution and in the region over the next 6 months. As you know, U.S. executive directors at MDBs are essentially our ambassadors to those institutions. Since I work day in and day out on MDB policy, I see how important it is to have strong Senate-confirmed directors in place.

I would just note at these three institutions, Clay Lowery, who you all know very well, is our executive director to those institutions in absentia. And while we have very talented people staffing those offices, it still makes a difference when you don't have a Senate-confirmed ED in place.

If confirmed by the U.S. Senate, I would put my skills and background to immediate use in advancing U.S. interests at the EBRD. I believe in our sometimes-complicated system of government. Our coequal, separate branches give us a unique strength when we work together, when we genuinely consult on policy directions, and when we can speak with one voice.

If confirmed, I look forward to being available to speak or meet with you or your staff at any time, and I hope you won't mind if I seek your advice on some of the very key issues that will be facing U.S. interests at the EBRD in the months ahead.

Mr. Chairman, Senator Lugar, I am truly grateful for the opportunity to appear before you today and, of course, would be pleased to answer any questions.

Thank you.

[The prepared statement of Mr. Peel follows:]

PREPARED STATEMENT OF KENNETH L. PEEL, NOMINEE TO BE UNITED STATES
DIRECTOR OF THE EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Chairman Menendez, Senator Lugar, and members of the committee, I am grateful to the President for my nomination to be U.S. Executive Director to the European Bank for Reconstruction and Development, and I am deeply honored to appear before the Senate Foreign Relations Committee to discuss my qualifications for this position.

Being here today, I feel that I have come home. Since July 2001, I have served in a series of foreign and economic policy positions in the administration. For 6 years before that, I served two Senators on this committee: Senator Hagel, when he chaired the International Economic Policy Subcommittee, and Senator Snowe, during her first 2 years in the Senate when she chaired the International Operations Subcommittee.

The great bulk of my professional career has been working on foreign policy and international economic policy in Congress, with a special focus on multilateral diplomacy. Before working in the Senate, I spent 12 years in the House, 10 of those as professional staff on the House Foreign Affairs Committee.

Since July, 2001, I have held three positions in the executive branch. I served:

- As a Member of Secretary of State Colin Powell's Policy Planning Staff working on international organization and Eurasian issues;
- As an NSC Director covering international environment and energy issues; and
- As Deputy Assistant Secretary for International Development Finance and Debt at the Treasury Department.

In short, I believe that I am well equipped, both by my academic and professional background, to take on the position for which I have been nominated. My current position prepares me particularly well. As Treasury Deputy Assistant Secretary, I oversee U.S. policy toward all of the major multilateral development banks such as the World Bank and the regional development banks, including the European Bank for Reconstruction and Development.

Even though this nomination is coming late in the administration, there are huge issues currently at the EBRD that will affect our interests in both the institution and in the region over the next 6 months. As you know, U.S. Executive Directors at the multilateral development banks are essentially our ambassadors to those institutions. Since I work day in and day out on MDB policy, I see how important it is to have strong Senate-confirmed directors in place.

If confirmed by the U.S. Senate, I look forward to bringing my skills and background to advancing U.S. interests at the EBRD. I believe in our sometimes complicated system of government. Our coequal, separate branches of government give us a unique strength when we work together, genuinely consult on policy directions, and speak with one voice. If confirmed, I look forward to being available to speak or meet with you or your staff at any time, and hope you won't mind if I seek out your advice at critical junctures in several of the key issues facing U.S. interests at the EBRD in the months ahead.

Mr. Chairman, Senator Lugar, members of the committee, I am grateful for the opportunity to appear before you today. I would be pleased to answer any of your questions.

Senator MENENDEZ. Thank you very much.

I am incredibly impressed that both of you are under your time-frame. So that is very rare before the committee.

Mr. Durkin. Not that I want to put any pressure on you. You can use your full 5 minutes if you want to.

STATEMENT OF PATRICK J. DURKIN, NOMINEE TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR A TERM EXPIRING DECEMBER 17, 2009

Mr. DURKIN. And I will endeavor to make that shorter.

Thank you, Mr. Chairman, and thank you, Senator Lugar.

I am deeply honored to be President Bush's nominee to serve as a board member for the Overseas Private Investment Corporation, a corporation I have known since 1980. And I appreciate the trust placed in me.

If I am confirmed, I would be honored to bring my private sector and NGO experience and former government experience to strengthen OPIC. The unique role of OPIC in mobilizing private capital on a self-funded basis to promote economic and social development is important to help sustainable economies improve the lives of people and support U.S. foreign policy interests. In my own work over 20 years in the emerging markets, I have seen OPIC be a catalyst for responsible investments in developing countries that would not have taken place without the organization's support.

Besides experience in the private sector and in government, I have a commitment to public service and nongovernmental organizations, and I greatly value their roles. Amongst others, I have been involved and served on the boards of CARE, the American Red Cross, College for Every Student, and the New York Advisory

Committee for Human Rights Watch, and I value that experience immensely.

Taken together, this background has given me a great appreciation for the importance of the public and private sectors working together to achieve common goals not only here, but overseas. Nowhere is this more important than in developing economies and nations of the world where OPIC programs are focused.

In closing, Mr. Chairman and Senator Lugar, thank you and your staff for expeditiously considering my nomination and for including me in this hearing. If confirmed, I pledge to commit my full energies and experience and time to carry out the important responsibilities of the OPIC board.

Thank you.

[The prepared statement of Mr. Durkin follows:]

PREPARED STATEMENT OF PATRICK J. DURKIN, NOMINEE TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE OVERSEAS PRIVATE INVESTMENT CORPORATION FOR A TERM EXPIRING DECEMBER 17, 2009

Thank you, Mr. Chairman, and members of the committee, for the opportunity to appear before you today to consider my nomination to serve on the Board of Directors of the Overseas Private Investment Corporation (OPIC). I am honored to be President Bush's nominee to serve as a board member for OPIC and appreciate the trust placed in me.

I learned about OPIC 28 years ago when I was working as a legislative assistant in the House of Representatives and have watched it effectively execute and expand its political risk insurance and financing to help U.S. businesses in the developing markets for many years. In my own work in the emerging markets, I have seen OPIC be a catalyst for good investments in developing countries which would not have taken place without the organization's support.

The role of OPIC in promoting economic and social development remains important to help establish sustainable economies, promote democracy, and improve the lives of millions of people. It is also exemplary how OPIC has operated in the most challenging markets and countries in the world and functions as a self-sustaining organization. This is a great tribute to the leadership of OPIC and the Congress.

I believe my background and experience in international finance are relevant in assisting OPIC fulfill its mission. I have spent my career in both the private and public sectors. During the last 22 years in business at Credit Suisse and Donaldson, Lufkin, and Jenrette, I spent the majority of that time in the international markets and as a managing director of our international banking group. I established businesses for advisory, capital raising, and direct investment in Africa, Asia, Central and Latin America, Emerging Europe, India, and the Former Soviet Union. I began working in these markets 20 years ago at the early stages of private sector financing and learned how difficult it can be to get capital in the hands of good entrepreneurs and businesses.

While some capital to the developing nations has become more available, there is still a great need for OPIC to provide financing and insurance in the most challenged emerging economies, and particularly for smaller businesses. Expanding international opportunities for U.S. small business, particularly minority- and women-owned business, has been a high priority for current OPIC President Robert Mosbacher, and I look forward to working toward this important objective.

Besides the private sector, I have a commitment to public service in both government and nongovernmental organizations and greatly value their roles. Prior to a career in finance, I served as a Legislative Assistant in the House and a Special Assistant and Speechwriter at the U.S. Treasury Department. I also served on the Executive Staff of the President's Commission on the 1987 Markets Collapse (Brady Commission). I have been deeply involved for over 20 years with CARE, a leading humanitarian organization fighting global poverty, and have served on its board. I am currently on the boards of the American Red Cross of New York, and College for Every Student, and have served on the New York Advisory Committee for Human Rights Watch for over 10 years. I am also a member of the Council of Foreign Relations.

My work in the international markets, government, and not-for-profit organizations has given me a great appreciation for the importance of the public and private sectors working together to achieve common goals. Nowhere is this more important

than in the developing economies and nations of the world, where OPIC programs are focused.

Mr. Chairman, thank you for including me in this hearing. If confirmed, I pledge to commit my full energies and experience in carrying out the important policy and fiduciary responsibilities of the OPIC Board and the organization.

I would be pleased to respond to your questions.

Senator MENENDEZ. Thank you.

Mr. San Juan.

**STATEMENT OF MIGUEL R. SAN JUAN, NOMINEE TO BE
UNITED STATES EXECUTIVE DIRECTOR OF THE INTER-
AMERICAN DEVELOPMENT BANK FOR A TERM OF 3 YEARS**

Mr. SAN JUAN. Chairman Menendez, Ranking Member Lugar, thank you for the opportunity to appear before you today.

I am honored that President Bush has nominated me to serve as the United States Executive Director of the Inter-American Development Bank. I am grateful to have the support of the President and Secretary Paulson and the privilege of your consideration.

I would like to introduce members of my family sitting in the audience, my wife, Lucia, who is more used than I am to be in front of cameras, if you will, and my sons, Miguel, Marcus, and Maximo, who is at the moment asleep, and let us hope that continues for the good of this hearing. My family continues to support me as a full partner in my quest for public service.

I have long held aspirations of working in the public service, especially in a capacity dealing with the Americas. Further, I believe strongly in the Inter-American Development Bank's mission. I look forward to having the opportunity to state my objectives as a candidate for the position, as well as answering any questions regarding my experience and qualifications.

By the good graces of many, my family and I were reunited in Houston, TX, after many years of separation following my departure from Cuba. I feel extremely fortunate that my career in economic development has given me an opportunity to give back to the country that welcomed us with open arms so many years ago.

I am very eager to apply the lessons I learned at one of the Nation's premier chamber organizations in service of the United States and another region dear to my heart, Latin America and the Caribbean.

Vicious cycles of poverty and crime pose an ongoing threat to the region's vast potential. The words of Nobel Laureate Octavio Paz come to mind, and I quote, "America no es tanto una tradicion que continuar, como un futuro que realizar." America is not so much a tradition to continue, as a future to realize.

If Latin America is to realize the future it deserves, it must overcome these longstanding obstacles. There are, however, signs of hope and progress everywhere. I believe the IDB plays a critical role in accelerating economic and social development in the region. In so doing, it also fosters hemispheric and global security. And at a critical point in the hemisphere's history, the IDB constitutes a force that can hold the region together while others threaten to tear it apart.

Another area on which I hope to focus is in the development of small- and medium-sized industries in the region. President Bush

has stated the relevance of SMEs to the health of this Nation's economy. The same logic applies to the whole of the Americas.

Today's SMEs are tomorrow's multinationals. They are the seeds that create jobs and economic prosperity. To stimulate their growth in the region, I advocate for increased cooperation and coordination between the IDB and the Chambers of Commerce throughout Latin America and the Caribbean. Above all, I view the principal role of the IDB's executive director as representing the United States.

In closing, I want to acknowledge my family as the bedrock of my value system. We are hard-working, God-fearing people who keep and treasure our immigrant roots. Public service allows us to give back some of the many blessings that have come our way.

Mr. Chairman, Senator Lugar, I respectfully ask for your favorable consideration of my nomination and stand ready to respond to any questions that you may have.

Thank you for your attention.

[The prepared statement of Mr. San Juan follows:]

PREPARED STATEMENT OF MIGUEL R. SAN JUAN, NOMINEE TO BE UNITED STATES EXECUTIVE DIRECTOR OF THE INTER-AMERICAN DEVELOPMENT BANK FOR A TERM OF 3 YEARS

Chairman Menendez, Senator Lugar, members of the committee, thank you for the opportunity to appear before you today. I am honored that President Bush has nominated me to serve as the United States Executive Director of the Inter-American Development Bank. I am grateful to have the support of the President and Secretary Paulson and the privilege of your consideration.

I would like to introduce members of my family sitting in the audience. My wife, Lucia, and my sons, Migue, Marcus, and Maximo. My family continues to support me as a full partner in my quest for public service.

I have long held aspirations of working in the public sector, especially in a capacity dealing with the Americas. Further, I believe strongly in the Inter-American Development Bank's mission. I look forward to having this opportunity to state my objectives as a candidate for the position, as well as to answering any questions regarding my experience and qualifications.

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roots. Public service allows us to give back some of the many blessings that have come our way.

Mr. Chairman, Senator Lugar, Senators, members of the committee, I respectfully ask for your favorable consideration of my nomination and stand ready to respond to any questions that you may have. Thank you.

Senator MENENDEZ. Thank you very much. Thank you all for your testimony.

We will start with 7-minute rounds of questions, and the Chair will recognize himself.

Ms. Alemayehou, let me ask you, what, to your knowledge—I know you are not at the bank yet), so I am sure you have prepared, to some degree. What is the engagement of the African Development Bank with the Sudan?

If you could pull the microphone toward you.

Ms. ALEMAYEHOU. Hello? Can you hear me now? Okay.

From some of the readings that I have, I don't believe the African Development Bank is doing any projects currently in Sudan. And Zimbabwe, actually, too.

Senator MENENDEZ. Okay. I hope that you will look at this because my understanding is that there is a capacity-building for poverty reduction and good governance project with the Government of Sudan that works with the Ministry of Finance. And my further understanding is that the grant is used to support a capacity-building project, which would support the implementation of the Poverty Eradication Strategy Paper.

Now, those are all good goals. My difficulty, to be very honest with you, is I am not quite sure how the African Development Bank can possibly be working with a government and providing funds to the government when everyone knows that it is one of the most corrupt and illegitimate regimes, at least in my view, in the world right now. And whose high-level officials, including the President himself, was just indicted by the International Criminal Court as it relates to the genocide in Darfur.

So one of the things I would like you to know is that if you are to achieve the success of not only the committee, but ratification by the Senate that, in fact, this is something that we need to look at. Because I think it is, if we are doing this, it seems to me to be sending the wrong policy and the wrong messages.

So will we have your commitment that if you are to be confirmed by the Senate, that you will look at this, if, in fact, these facts are right?

Ms. ALEMAYEHOU. Yes, I definitely will, if confirmed, look into that issue.

Senator MENENDEZ. Now let me ask you this, what do you believe is the appropriate role for China to play at the African Development Bank? China's relatively small contribution as an African Development Bank funder is, as I said, it is relatively small. Are we concerned that Chinese firms are receiving an inordinate amount of the funds from the bank, considering they are a relatively small size of the bank's funders?

Ms. ALEMAYEHOU. Thank you for that question. That is—the China issue, as you know, is one on the minds of many of us that work on Africa, just because in the last few years, the investment from China has really increased, particularly in very resource-rich countries. And the concern is very real, as we just went through

several rounds of debt relief, and we definitely should be concerned that some of these countries may be accumulating debt.

I think one of the issues that—one of the ways I believe that we could deal with the China issue, obviously, is engage them more. They are represented on the board of the African Development Bank by our neighbor and ally Canada, and we need to engage them more on that issue.

And another thing is, I believe, technical assistance programs to some of these countries, especially the resource-rich countries that are negotiating the terms of the contracts with China, I think that is where the bank could really come in handy in making sure that these countries have the capacity to actually negotiate what they are negotiating, and they are not—they are looking into the concerns of social, environmental impacts to make sure that their people benefit in the long term.

Senator MENENDEZ. Thank you.

Mr. San Juan, let me ask you, one of the significant initiatives that I have been pursuing for some time actually includes the bank, the Inter-American Development Bank. It is the Social Investment Fund for the Americas, something that we have had good bipartisan support. Senator Martinez is our main cosponsor. We are privileged to have Senator Lugar on it, Senator Biden, and others. Passed through the committee, see what action we can get on the floor.

I don't know that the calendar will allow us to achieve everything we want to, but it talks about a significant engagement. Nearly 50 percent of the funds would be used with the IDB, and our whole effort is to, of course, use the bank to leverage these dollars and create a multiplier effect, including pursue the private sector.

If you were to receive the approval of the Senate, could we count on you, as the American director at the bank, should this legislation pass, to be actively supportive in the bank to promote its goals?

Mr. SAN JUAN. Senator, as you know, the legislation that you have drafted and introduced with Senator Martinez of Florida is somewhat in line with the works and activities of the Inter-American Development Bank, which is to create economic prosperity and social prosperity for the region. So we, indeed, welcome the initiative that you have taken, specifically also as it addresses the debts or the arrears in which the United States finds itself as it relates to the Inter-American Development Bank.

So I would, indeed, support the effort, and I would look forward to working with you and your colleagues in making it happen.

Senator MENENDEZ. Well, let me ask you one other question before my time runs out, and I will come back for our other witnesses after I turn to Senator Lugar.

Five years ago, the IDB Board of Governors proposed that the bank should take a more countercyclical approach to lending, expanding its assistance at times when private capital is hesitant to come into the region and lessening its flow of assistance when private capital flows were stronger. In recent years, there appears to have been little discussion at the IDB about this concern.

What is the administration's view, as represented through your nomination, about countercyclical lending? Should the bank expand its lending during slack times and reduce its lending when the flow of private funds is strong? Or should the IDB emphasize projects and not the overall pattern of capital flows in this respect? Give us your views on that.

Mr. SAN JUAN. Senator, as you know, the bank, the Inter-American Development Bank, the IDB has rules of engagement in place where they look at the projects as they come in, and they are evaluated on whether they meet the challenges of effectiveness, efficiency, transparency, accountability, and also combat corruption.

I would support, if—with the support of this hearing and of the full Senate, that we continue to evaluate the projects as they come in to determine that they are doing and fulfill the mandate for which they are being proposed. And in so doing, I think the bank has an obligation to make those projects happen.

There are over 100 million people that are still under the poverty line in Latin America. Depending on how inflation and with energy and food prices impacts them, an additional 26 million people could also be—come under the poverty line. So I think the commitments of the bank need to continue to be on a project-by-project basis and that the bank of which, if approved, I would be part of, to make sure that they meet the guidelines of the bank, the governance that the bank has established for them.

Senator MENENDEZ. So that should be the priority versus whether or not private capital is available? We should be looking at the projects. If they meet those criteria, the bank should be robust in its engagement irregardless of whether the private capital is there lending or not?

Mr. SAN JUAN. I think every effort should be made to bring private capital into the equation. But, yes, it would be my position to make sure that we evaluate projects as they come in on the need basis.

Senator MENENDEZ. Thank you.

Senator LUGAR.

Senator LUGAR. Mr. Peel, there has been a debate at the EBRD on whether or not Turkey should become a recipient member. Some are interested in linking Turkey more closely to Europe through the EBRD. Others suggest that the mission of the bank to begin with was to transition countries from communism to capitalism.

What is your judgment on whether Turkey should become a recipient member, and at what point should the EBRD think about changing its mandate or its method of operation?

Mr. PEEL. Senator Lugar, thank you for your question.

That actually is one of the key issues right before the EBRD right now and one which I have had the pleasure to discuss with your staff, with Senator Menendez's staff, and with Senator Biden's staff as well.

Turkey applied for membership. The EBRD was set up, and its charter says that it is supposed to support countries in Central and Eastern Europe making the transition toward free market economies with multiparty democracies. The charter itself is silent on what the beginning state is. But at the time that the EBRD was established in 1991, it was very clearly understood that its purpose

was to help the former Communist countries make this historic transition to free market economies.

Turkey, as you know, is a country that has many of the characteristics of some of the economies that are transitioned economies, like Bulgaria or Romania or Ukraine. Turkey believes that it can benefit from the very special expertise that EBRD has for building free markets, for building small- and medium-sized enterprises. And Turkey's particular interest is outside of the Ankara and Istanbul area, out in Anatolia, where the economy of Turkey takes on a much different characteristic.

We are looking at this issue right now. We have not come to any conclusion. There are really two questions there. One is a legal question. Do we believe legally Turkey can qualify under the charter as a country of operation?

And then there is the policy issue, and that is sort of in two parts. That is first, do we believe that Turkey would benefit, and Turkey, of course, is one of our most important allies in Europe—in fact, one of our most important allies in the world. And Turkey is facing some difficult economic times, and would Turkey benefit?

And then, second, is this the right direction for the institution to take? Even if we feel comfortable with Turkey, both on legal and policy grounds, we might still feel uncomfortable because this is not really what the institution was intended for.

And then the final issue is, is if Turkey comes in, can Turkey come in such a way that it does not prejudice the very important question on whether the bank should change its nature in a more fundamental way? I believe that that will be a central issue that we will be debating, beginning next year in the Fourth Capital Resources Review.

Senator LUGAR. Well, you have certainly outlined the dilemma. How will you make a decision? Will this be guided by our administration's overall foreign policy views? Or how would you describe your own role in this?

Mr. PEEL. Well, my own role, if confirmed, would actually be very similar to the role I have right now as one of the key members of the policy team that is reviewing and making recommendations to my superiors. And a part of that is a very close consultation with this committee, which I have had two conversations so far at the staff level and would want to continue.

Senator LUGAR. Let me explore a different sort of dilemma that some have criticized the bank for increasing its loans and investments in Russia. Those critics have argued that financing is not apparently helping Russia to become more market-oriented and that a few of the recipients of the financing are so-called oligarchs.

What is your assessment of the EBRD's lending policy to Russia?

Mr. PEEL. Our view is that while we believe that there are great opportunities, great needs for Russia to continue and to actually make the transition, the historic transition to a free market, multiparty democracy, we have had some concerns with the kind of priorities the bank has been making in Russia and across a range of ways.

I mean, there are a number of tests we look at when we look at EBRD. One is additionality. If it is something that is going to happen in the private sector anyway, we shouldn't be putting essen-

tially taxpayer money at risk. You can actually be undermining the private sector if you start to skew the market.

For the EBRD, transition impact is absolutely vital. It can't just be a good commercial project like you would see at the IFC, at the World Bank, for instance. It has to fit within the mission.

And then on state ownership, it is okay to be involved with state ownership if you are doing it in a way that involves privatization, helping to move state companies into becoming private companies. What we see in Russia these days, unfortunately, is many private concerns being essentially nationalized in fact or de facto.

And then, finally, the issue you raised—the integrity issue. It is vitally important on who you partner with. We have found in years before last year, we would only be voting against a handful of projects in Russia. And the character is the—it was no different from other countries. We always vote against certain projects because we don't think they make sense or they trigger a voting mandate.

However, in the last year, we have found, as we looked back, we opposed 17 out of 54 projects. That is a very, very high percentage. It is an outlier, both at the EBRD and at any of our institutions. And so, we have begun discussions with the new president of the EBRD, Thomas Mirow, who is formerly the Deputy Finance Minister of Germany. This will be one of our key priorities because we are very concerned about the direction that the EBRD has been taking in Russia.

And this is a concern not just of Treasury, but NSC, State Department. We have these conversations interagency, and we have had these conversations with your staff, as well. So this is one of these areas where I think the whole of the U.S. Government can work together to help the bank make better investment choices in Russia.

Senator LUGAR. Thank you.

Mr. Chairman, I have concluded that my time is up.

Senator MENENDEZ. Thank you, Senator Lugar.

We will do another round of 7 minutes, and then, hopefully, we will conclude.

Let me just—I want to return in a moment to Ms. Alemayehou. I wanted to make sure that what I was telling you was right, and we have here a story from the bank that where the Sudan Minister of Finance, who we are concerned may be implicit in some of the issues that have been raised in the Sudan, calls for a greater role of the AFDB in Sudan's reconstruction.

And we have had a Sudan country report from the bank that approximately puts the amounts of monies that we have invested there around \$400 million, in United States. This is a concern. So I reiterate it again so that as you look forward, we will hopefully have your engagement on that.

Mr. Peel, let me pick on a continuation of where Senator Lugar was. I thought he had a good line of questioning. And certainly the European Bank of Reconstruction and Development, which I will just call the bank moving forward, for the record, its Articles of Agreement says that the bank should take into account in its aid program the degree to which countries are committed to and are

implementing the principles of multiparty democracy, pluralism, and market economies.

And it seems to have become increasingly—to me, in the context of Russia, these principles seem to be in short supply. It seems to have become increasingly less democratic, more authoritarian in its political style, as well as that many of the countries of Central Asia also remain firmly authoritarian.

Nevertheless, the bank has been increasing dramatically the amount of assistance that it provides to Russia and Central Asian states. Now, I heard your responses to Senator Lugar. I heard the use of the word “concerns.” I am glad we are concerned.

Let me express, at least from this one Senator, that I am very concerned when we are having resources of the United States committed to certain countries through the bank in which those goals that the articles speak to are far from being pursued. And so, and Russia is not a country of lack of resources as it has huge reserves and, especially with the price of oil, is very proactively pursuing policies that are very significant in its own national interests.

Can you speak to us a little bit more about how, as the director for the United States of the bank, you are going to be looking at this element of the Articles of Agreement and how forceful you will be in its pursuit?

Mr. PEEL. Sure. I will be glad to do that.

The Articles of Agreement are exactly as you laid out. Only three countries really have by a de facto decision by the Board of Directors—Belarus, Turkmenistan, Uzbekistan—had their EBRD operations very sharply curtailed as a result of political concerns and of, frankly, noncompliance with Article 1.

There are real opportunities in Russia. I mean, Russia is—the increase in the volumes, I think what you have seen is in part because the bank is rapidly decreasing its volume in the so-called “European Union eight,” the first eight countries that joined the European Union. And all of those countries will be graduating by 2010.

But in the small and medium enterprise area, I think there are great opportunities in building entrepreneurs. One thing to remember is that the EBRD does almost all of its work in the private sector. So we are not against lending in Russia. We are for the right kind of lending in Russia, if you are talking about, again, smaller and medium enterprises, enterprises out in the hinterlands away from Moscow and St. Petersburg. As you point out, there are lots of resources going into those parts of the country.

But I am frank in raising our concerns, we have shown our concerns by our voting habits along with a number of other countries on the board, who have with us on many of these projects as well. So, you have my commitment that this would be one of my top concerns, and I think that this is an issue that warrants close observation by this committee and by the U.S. Government. And, again, it is an area of concern, and I don't know how to say it otherwise.

Senator MENENDEZ. Mr. Durkin, I don't want to not keep you in this conversation. So let me ask you, particularly with your background and your experience, there are detractors here of OPIC, who say we shouldn't have an OPIC. I am not one of those, but nonetheless, to what extent should OPIC base its investment deci-

sions on economic analysis and rates of return when choosing projects to support?

And as a corollary to that question, to what extent should strategic considerations of foreign policy factors play a role in its decision-making?

Mr. DURKIN. Thank you, and that is okay that I have few questions, and I will keep my answers short.

I have had the great fortune, over about 20 years, in seeing OPIC at work. I have provided private capital to over 40 developing countries, and I see OPIC, when they do work in these countries in the past, there has to be commercial viability first.

But I have seen them also be very diligent about making sure the goals, the developmental goals are met. I know that the issues of environmental quality are important. I know, more recently, and I think it has to do a lot with the urging of this committee, that human rights issues, worker rights issues are taken into consideration, and I think that has led us to a point where also that it all wraps around. There has to be broad foreign policy goals in what we are doing.

But I think, first and foremost, the projects have to work in order to make them viable and sustainable because that is the only way that I have witnessed and I think in the future OPIC will be, have an impact, a long and meaningful impact to the communities in which they work.

It is an extraordinary organization. I have provided private capital, but I have seen where OPIC, particularly in small- and medium-sized enterprises in these transitioning economies, just can't get capital. And often they are competing against other countries that come into developing nations that have subsidized capital by their own governments. China being one of them, and Africa, where I have worked for 8 or 9 years.

So, yes, commercial. But there have to be other aspects of the decision, and indeed, the interests of the U.S. Government have to be paramount in every decision of capital that is committed.

Senator MENENDEZ. I appreciate that answer. Let me ask you this. Do you believe, from your experience with it from the private sector side, looking at it now from a director's side, that we are striking the right balance at OPIC?

Mr. DURKIN. You know, I think that OPIC is probably striking a better balance today than it was 7 or 8 years ago because I think it has transitioned out of economies where there is plenty of private sector capital for worthy projects and moving OPIC's attention to more challenged countries and economies, particularly in the Middle East, Africa, some parts of Central Asia, but particularly Africa and the Middle East.

And there are still areas of Central America, which is one of the earlier regions that I came into contact with OPIC, when we were providing private sector capital to the biggest organizations' enterprises.

But I think OPIC has been very sensitive to where its capital—because it is limited. It is a lot on any relative scale, but it is limited compared to the demands for that capital. It is putting it in countries where it is in high demand, where it can have impact,

and particularly in areas of the business size that just don't have access to capital from the outside or even within the countries.

Senator MENENDEZ. One last question. With the premise that commercial viability exists in the project, what role do you think OPIC should play in helping to reduce global climate change and harm to the environment? Should that be one of the priorities of OPIC, within commercial viability?

Mr. DURKIN. Yes, you are right. I mentioned four or five things in the past. Let us add that as a six. I know that the organization—I have had the fortune to spend a meaningful amount of time with staff and also with Mr. Mosbacher. And that is important, and they have a goal to reduce their CO2 footprint by 20 percent over the next 10 years.

Possibly you could be more aggressive, but I think that should be a part of every decision that is made, particularly in the energy sector and some of the extractive areas that the organization works.

Senator MENENDEZ. Thank you.

Senator Lugar.

Senator LUGAR. Following up, Mr. Durkin, with OPIC's authorization expiring April 1, what does this mean? What sort of activities can continue? What has been stopped? In other words, describe to us just the organizational dilemma that you have there.

Mr. DURKIN. Well, first, I would say that I haven't been part of the committee hearings, but I have been told that this committee has been a proponent of moving it along, and thank you very much.

The organization can do its work to evaluate projects and to try to fulfill its goals, but it cannot allocate capital. So its hands are caught behind its back.

And while I am not a board member, I have been briefed on the kind of projects that the organization is looking at, particularly in the Middle East and Africa, that are certainly worthy projects. And I think particularly, again, in some of these challenging countries and economies where this capital, whether it is in housing or for small enterprise assisting, can have an immediate impact on people's attitudes toward the United States and the stability of the economies and the political environment.

So all I am is trumpeting a concern, and if there was something I could do with my local senator, I will do it to push the work that this committee has done in order to bring a vote on this to the full Senate.

Senator LUGAR. Ms. Alemayehou, what is the African Development Bank's assessment of the Extractive Industry Transparency Initiative, and how, if at all, is the bank integrating EITI into its operations, in your judgment?

Ms. ALEMAYEHOU. Thank you, Senator Lugar, for that question.

I do share your concern about EITI. I know when I met with your staffer, that was one of the issues that was raised. For Africa particularly, a lot of the citizens that live in the resource-rich countries have not benefited for the last 30 years, only the very few connected.

The African Development Bank, I believe, ratified EITI in October of 2006, but ratifying it is one thing internally at the bank, but not a lot of the resource-rich, mineral-rich countries have really

joined or ratified it. So that is one of the issues that needs to be worked on further.

I know they are providing some sort of technical assistance to some of the countries that do want to adopt EITI, but do not have the capacity for financial or other reasons. And they are trying that in several countries right now. And if confirmed, I look forward to working with this committee to make sure that EITI is ratified, just as OPIC has in its projects, on the country level.

Senator LUGAR. Well, I think it is an increasingly important issue, with which apparently you agree, in Africa. Now you raised the point that individual countries have to adopt those principles, and that gets us into the internal politics, some would say the sovereignty, of various countries. However, we note, as persons outside of Africa, increasing conflict at the sites of oil wells or oil lines being disrupted. There are spikes in the markets here because of activities that are occurring on the ground there, and they do have something to do with perceptions of citizens as to the distribution of that wealth of the country.

Now you cannot do this at the bank all by yourselves, but at the same time, I raise the question as serious foreign policy issue as well as an equity issue for the people who are being served by the loans.

Ms. ALEMAYEHOU. I completely agree with you, Senator. And the good thing is I know President Kaberuka has endorsed EITI at the bank, and he is personally committed to this policy.

Senator LUGAR. Earlier, Mr. Peel, we touched upon this thought that the scope of the bank that you would be serving in Central Asia, these are not European countries, although the scope of NATO may include countries as you move around the Caspian Sea and what have you in due course. So there are a number of interests involved. What sort of lending is occurring in Central Asia at this point?

Mr. PEEL. I would have to—I don't know if I have that in my materials to show the breakdown. But I could certainly get that for you.

One thing, Central Asia is actually an area of operation. When the EBRD was established, when they said "Central and Eastern Europe," the Soviet Union was initially a member, and when the Soviet Union broke up, all of the Soviet Union and then we later brought in Mongolia as well because it was part of the Soviet—

Senator LUGAR. I see. So, by definition, all of the countries—

Mr. PEEL [continuing]. Sort of a Soviet satellite. So that is the area of operation.

And we believe, in fact, we have pressed the bank, what we say is it should be going further and faster south and east into the areas where the bank's need is greatest. And that is the Caucasus and Central Asia, the Western Balkans, and Ukraine. The needs in those countries are huge, and the expertise that the EBRD can bring to those countries is very sizable.

The bank has been moving that direction, increasing its volume in those regions. And I would also include in that Kosovo. Kosovo is not yet a member, but the bank can do work in Kosovo in the private sector, and we are hoping that Kosovo will be able to in the

relatively near future become a formal member of the bank. The votes aren't quite there yet, but it is getting close.

Senator LUGAR. Just a matter of curiosity, is there a data bank or at least some background which members of the boards that make these decisions have some idea of the economies, as you move south and east? To what extent is there extensive knowledge that might be available, let us say, in Western Europe or the United States or elsewhere as you try to make those loans?

Mr. PEEL. Yes, the bank does very extensive research on all of its countries of operation, and they do a transition analysis of every country. It is one of the things that the bank does the best.

If I can just take a moment and go back onto the EITI, just to mention what the EBRD is doing? The EBRD is actually ahead of all of the other MDBs. They not only have endorsed it and worked with countries that are members or seeking to become members of the EITI—and those are Azerbaijan, Kyrgyz Republic, and Mongolia—the bank has gone further and has adopted transparency in its own natural resource projects. So those who are borrowing from the bank have to meet these criteria for their own projects.

Senator LUGAR. Thank you very much.

Senator MENENDEZ. Thank you, Senator Lugar.

Let me thank all four nominees for testifying today and for their willingness to serve our country in these important positions.

I do have additional questions for each of you, but I will submit them for the record for your written answer so not to keep you here under the lights any longer. I am sure you will be responsive.

The record will remain open for all members for 1 day so that the committee members may submit additional questions for the record, and we ask that each nominee respond expeditiously to these questions, as they are always a prerequisite toward being able to move to the floor's consideration and the committee's full consideration.

With that, if there are no other members seeking additional comment, this hearing is adjourned.

[Whereupon, at 3:34 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF MIGUEL SAN JUAN TO QUESTIONS SUBMITTED
BY SENATOR RICHARD G. LUGAR

Question. President Moreno's reorganization of the International Development Bank (IDB), adopted in 2007, seeks to change the bank's institutional culture and to make the bank more responsive to its borrowers' needs. Could you elaborate on the kinds of problems the new reform is intended to remedy? How will we know if the reorganization has been successful?

Answer. The bank is in the midst of a large and complicated reorganization but from what I understand, when this process is complete the bank will be more nimble and in a better position to meet the needs of the growing region.

According to the bank, global economic conditions and the participation of the region's countries in the globalization process have substantially changed the environment in which the bank operates, presenting it with significant opportunities and new challenges. This is the general context for the process of realignment of the IDB.

The realignment will allow the bank to work to become an organization that efficiently aligns its resources to its strategy, enabling it to respond promptly to the changing needs of the countries of Latin America and the Caribbean. At the same

time, the bank indicates that it must become more adaptable to the constant changes taking place in the region.

The realignment has two basic objectives: (1) To increase the development effectiveness of bank activities by means of a greater country focus, deeper sector expertise, and improved management based on risk management and attainment of results. This is how the bank will attempt to enhance its relevance in the region; and (2) To increase organizational efficiency through better corporate integration of operations and scaling up the various functions.

Prior to the April annual meeting, IDB management released a paper entitled "The Realignment to Date: Main Achievements" which presents an overview of its achievements since the realignment proposal's approval at end-2006, including enhancing country focus, improving coordination between the private sector windows, and deepening sector specialization.

Recently, the bank submitted to the board its proposed corporate performance framework. This framework defines the key objectives for the institution and provides specific indicators that will allow management to evaluate its progress. The framework, which focuses on development results, country and client satisfaction, and efficient use of the bank's resources, should indicate the success of the realignment.

Question. What is the IDB's current assessment of the Extractive Industry Transparency Initiative (EITI)? How, if at all, is the IDB currently integrating EITI into their operations? What steps have been taken? What will be your role in promoting EITI?

Answer. The EITI was launched in 2003 to promote transparency in resource-rich countries through the reporting and publication of company payments and government revenues from oil, gas, and mining operations. EITI is implemented through multistakeholder partnerships (government-industry-civil society) that adhere to a series of 20 voluntary steps embodied in a "validation grid." Countries are deemed to be EITI compliant if they have met all 20 steps, and EITI candidates if they have met the first four "sign up" steps. To date, no country is compliant; 23 countries are candidates (Peru is the only candidate from Latin American and the Caribbean). Candidate countries have two years to achieve compliance (implement the 20-steps). The United States, through the State Department, sits on the EITI board of directors, which sets broad policy for the initiative. The U.S. recently contributed around \$3 million to the EITI trust fund administered by the World Bank, and has provided nearly \$2 million in bilateral support to help countries to implement EITI.

The United States has actively pressed the IFIs to support EITI through their policy dialog, lending and technical assistance programs, and analytical work.

The IDB has not yet formally endorsed EITI, despite encouragement by the U.S. Government to do so. However, bank management has indicated that they are preparing a proposal regarding EITI which will be submitted to the board shortly. Steps for integrating EITI into operations will depend on the outcomes of the consultations with the board.

If confirmed, I will work with IDB management and the board to integrate EITI into their operations and also engage upstream with bank staff and management to promote the related objectives identified in recent legislative guidance on IFI extractive industry projects.

Question. If confirmed, how would you further promote anticorruption efforts at the Inter-American Development Bank? What specific actions would you take? Are current efforts adequate? What more would you do?

Answer. The Office of Institutional Integrity (OII) is the IDB group's primary office for addressing external matters of integrity, fraud, and corruption. As a measure of the significance that the IDB group attaches to integrity, OII reports directly to the President. OII coordinates this work closely with other entities in the bank group, particularly the Oversight Committee on Fraud and Corruption (OCFC) and the Sanctions Committee. OII also plays a supportive role in internal ethics and integrity matters and helps member countries develop and refine their own integrity programs.

OII approaches its mandate based on three "pillars" as defined by Strengthening a Systemic Framework against Corruption for the Inter-American Development Bank, the IDB group's comprehensive blueprint for addressing corruption. These pillars include staff integrity, support for member governments, and the fiduciary obligation to ensure that activities financed by the bank are free of corruption.

Overall, in 2007, OII made significant progress in streamlining investigative activities, enhancing the department's capacity, and building knowledge-based systems to strengthen prevention efforts. OII also broadened its research on past cases,

expanding outreach and pursuing more complex investigations. Of course, a large part of what OII does is to respond to inquiries regarding possible fraud and corruption.

Recently, former U.S. Attorney General Thornburg was commissioned to conduct an evaluation of OII. This type of evaluation will be similar to the Volcker Report at the World Bank. Work began in late 2007 and is continuing this year.

Current efforts to promote anticorruption and transparency efforts at the IDB are well established. If confirmed, I will continue to work with the Bank and its shareholders to promote these efforts, including efforts to complete anticorruption policy goals, specifically whistle blowing. Despite the presence of safeguards and procedures related to whistle blowing, outside parties have continued to express some doubts about their effectiveness. I understand that the OII is undertaking efforts to bring its whistle blowing safeguards and protections in line with international best practice standards.

If confirmed, I will be a strong advocate for greater transparency and accountability.

Question. Do you agree to appear and testify upon request, before any duly constituted committee of the Senate? If your agreement is subject to any conditions, please specify those conditions.

Answer. Yes.

Question. When you receive written inquiries from the Senate Foreign Relations Committee, will you respond in writing, within 30 days of receipt of such inquiries?

Answer. Yes.

RESPONSES OF KENNETH L. PEEL TO QUESTIONS SUBMITTED
BY SENATOR RICHARD G. LUGAR

Question. What is the European Bank for Reconstruction and Development's (EBRD) current assessment of the Extractive Industry Transparency Initiative (EITI)? How, if at all, is the EBRD currently integrating EITI into their operations? What steps have been taken? What will be your role in promoting EITI?

Answer. The EBRD supports the EITI and is participating in the work of the EITI. For all natural resource projects, the EBRD requires its project sponsors to publicly disclose their material project payments to the host government, regardless of whether the government is a member of the EITI. The EBRD is actively involved in the EITI consultative process, including through providing input into the development of technical mechanisms for reporting (templates, aggregation of data, etc.). The EBRD promotes transparent revenue reporting, as well as increased financial and organizational transparency, with the draft EITI reporting guidelines providing a useful starting point for even greater revenue transparency. The EBRD is working in cooperation with other international financial institutions and the participating private financial institutions to promote governance and transparency initiatives in the financial community. The EBRD is helping to build capacity in countries of operation to enable them to implement the objectives of the EITI. Two countries, Azerbaijan and the Kyrgyz Republic, have been in the forefront on this, and may be among the first countries to achieve full EITI compliance. In Mongolia, the EBRD is helping the country to implement the EITI through its work with mining companies.

My role would be to monitor EBRD activities in this area and also to engage upstream with bank staff and management to promote the related objectives identified in recent legislative guidance on IFI extractive industry projects. Accountability and transparency are key to the mandate of the EBRD to promote transition to market economies.

Question. Given your current position as Deputy Assistant Secretary for International Development Finance and Debt, what is the Asian Development Bank's current assessment of the Extractive Industry Transparency Initiative? How, if at all, is the Asian Development Bank currently integrating EITI into their operations?

Answer. The Asian Development Bank endorsed the EITI on February 29, 2008. The AsDB has five member states that have already agreed to comply with EITI principles: Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, and Timor Leste. All of these countries are at the EITI's "candidate" stage.

The AsDB already promotes transparency and anticorruption efforts in its projects and its developing member countries through projects and initiatives. These efforts will be strengthened by the endorsement of EITI, which is a natural complement to these existing activities. Also, the AsDB is currently revamping its safeguards

policies and our expectation is that extractive industries, and the principles of the initiative, will be part of that.

Question. Also, what is the World Bank's assessment of the Extractive Industry Transparency Initiative? How is the World Bank currently integrating EITI into their operations?

Answer. The World Bank formally supported EITI in December 2003 as a global initiative, which aims to support good governance and transparency in resource-rich countries through the publication of payments and revenues from oil, gas, and mining in a multistakeholder process. EITI is achieving strong momentum globally and has become an established standard for transparency. There are EITI programs in 23 candidate countries, 21 of which have active bank programs. In addition, there are several countries that have publicly stated their intention to join EITI and others who are in contact with the World Bank group about the EITI process.

The World Bank group role, led by the oil, gas, and mining policy division (COCPD), is to support EITI implementation at the country level and globally. COCPD's technical assistance programs on EITI are supported by a multidonor trust fund (MDTF). The MDTF seeks to broaden support for the EITI principles and process through the establishment of extractive industries transparency initiatives in countries that have signed on to EITI through programs of cooperation among the government, the private sector, and civil society. The MDTF is instrumental in funding the EITI work programs and grants in 10 countries and 7 additional programs are in negotiation. The World Bank group also has special funds dedicated to supporting civil society groups working on EITI through the Development Grant Facility. Following strong U.S. leadership during negotiation of the 15 replenishment of the International Development Association (IDA) in 2007, the World Bank expressed a continued commitment to enhance transparency of revenue flows to governments from extractive-industry projects.

World Bank group support for EITI includes making EITI consultants and advisors available to governments to assist them in implementation and sharing international best practice. The bank also works with client governments on EITI issues as part of broader bank-supported programs on extractive-industries reform, natural resource management, and good governance/anticorruption. Aside from the MDTF, the bank has also provided financial support from its own funds to a number of civil society groups involved in EITI implementation.

Question. If confirmed, how would you further promote anticorruption efforts at the European Bank for Reconstruction and Development? What specific actions would you take? Are current efforts adequate? What more would you do?

Answer. Promotion of good governance is an important part of EBRD's mission. I would work with the EBRD staff and the board to continue to strengthen the EBRD work in this important area.

The EBRD has in place policies and practices to combat corruption that are quite good, but best practices are always evolving. In particular, the EBRD undertakes extensive due diligence to ensure the integrity of project sponsors prior to making any investments. The EBRD recently updated its due diligence guidelines to strengthen "know your customer" rules, identifying beneficial ownership and investigating risks associated with politically exposed persons.

This autumn, we anticipate board discussion on, among other things, an enforcement mechanism for fraud and corruption cases in private sector operations, formal, written policies with respect to compliance and anticorruption, and a revised procurement policy.

I would take every opportunity to ensure that these and other anticorruption measures are acceptable to the United States, consistent with international best practice, and most importantly, are scrupulously implemented by the EBRD. I would make every effort to support the work of the Office of the Chief Compliance Officer, the internal auditor and other key staff.

Question. Do you agree to appear and testify upon request, before any duly constituted committee of the Senate? If your agreement is subject to any conditions, please specify those conditions.

Answer. Yes.

Question. When you receive written inquiries from the Senate Foreign Relations Committee, will you respond in writing, within 30 days of receipt of such inquiries?

Answer. Yes.

RESPONSES OF MIMI ALEMAYEHOU TO QUESTIONS SUBMITTED
BY SENATOR RICHARD G. LUGAR

Question. Some analysts are concerned about the development effectiveness of African Development Bank projects and programs. If necessary, what recommendations would you suggest to strengthen its performance? What unique roles, if any, does the African Development Bank play in a crowded field of development donors in Africa?

Answer. President Kaberuka has embarked on institutional reforms to consolidate the bank's role as Africa's premier development finance institution. As such, the bank, which is predominantly African-owned, speaks with a voice that often has greater legitimacy to African Governments and offers a role bolstered by its unique African character and perspective. Its competitive advantages include unparalleled access to and trust of African decision makers, a seasoned staff with deep knowledge of the African economic environment, and vast institutional memory on African projects.

The bank, like no other institution, has a mandate for supporting regional integration, which is key for economic development of the continent. I believe that proportionately the bank supports more regional operations than any other development institution. With my background in trade, I will be able to lend my experience to encourage the bank's support in trade, regional integration, and private sector development. The enhanced focus on fragile states, as agreed to in the African Development Fund's eleventh replenishment, is also an area where institution can make a unique and critically important contribution.

With the bank's renewed press on managing for results, agreed to in the recent replenishment of the African Development Fund, we will be better able to determine the development effectiveness of the bank's projects and programs. This work is important and I will continue to press for the measurement, monitoring, managing for and reporting of results because we all want to see the positive results on the ground and the difference that the institution is making in the lives of the African people.

Question. What is the African Development Bank's assessment of the Extractive Industry Transparency Initiative? How, if at all, is the bank currently integrating EITI into their operations? What steps have been taken? What will be your role in promoting EITI?

Question. AfDB President Kaberuka endorsed the EITI in October 2006. Since then, I understand that the bank has developed an implementation framework to guide the bank's operations to help African countries improve resource management of extractive industries. The framework is results-oriented and includes both short- and medium-term measures to help countries strengthen transparency and accountability in the management of extractive industries. The approach includes technical and financial assistance for countries which have demonstrated political will by endorsing the EITI and for those countries participating in EITI++, advocacy and outreach activities to encourage resource rich countries to improve governance, and mainstreaming the EITI principles in the bank's own natural resources operations. The AfDB has worked with the Liberian Government to develop its EITI work plan, and has assisted Madagascar to become an EITI candidate country. The bank is also financing efforts by the Central African Republic, Botswana, and other countries to become EITI candidates.

I believe that it is very important that every appropriate measure is taken to ensure that all people in resource rich countries benefit from the extraction of resources, and not just a well-connected few. As U.S. Executive Director, I will actively promote the bank's involvement in achieving the important transparency and accountability objectives of the EITI in the bank's borrowing member countries. Furthermore, I would work to block any support by the bank for the extraction and export of certain natural resources unless the government of a country has in place functioning systems which meet three broad standards on revenue accounting, independent auditing of accounts, and transparency.

Question. If confirmed, how would you further promote anticorruption efforts at the African Development Bank? What specific actions would you take? Are current efforts adequate? What more would you do?

Corruption is a critical obstacle to development. It diverts development resources from where they need to go, reducing the potential for economic growth necessary for poverty reduction. The African Development Bank has a central and crucial role to play in assisting African countries to build capable states, strengthen governance, and combat corruption. I understand that the bank has an established mandate in

good governance and has recently put forward a governance strategy and action plan to sharpen its strategic focus in the area of good governance and anticorruption. It is imperative that the bank use its position as the premier development finance institution in Africa to intensify its efforts to help African countries improve transparency and accountability in the management of public resources and fight corruption.

Institutionally, the bank has a zero tolerance with respect to corruption or fraud with the bank's operations. Support from the top is essential for strong anticorruption enforcement and President Kaberuka is fully behind the bank's governance work overall and the bank's auditor general function, in particular. The auditor general directs an anticorruption and fraud team which investigates complaints of possible fraud, corruption, or misconduct and many of the allegations came to the team through the bank's whistle-blower mechanism that was approved in early 2007.

As U.S. Executive Director, I would work to ensure that the bank's support for good governance is effective and ask that the performance and impact of this work be measured and reported. In addition to making sure that the anticorruption measures already adopted are being properly implemented, I will urge the AfDB to work closely with African Governments on the adoption and implementation of best practice anticorruption measures. The AfDB can be more effective within the countries where it works by helping to improve underlying conditions such as civil service reform, better public sector financial management, and judicial sector reform.

Question. Do you agree to appear and testify upon request, before any duly constituted committee of the Senate? If your agreement is subject to any conditions, please specify those conditions.

Answer. Yes, I agree to testify upon request before any committee of the Senate without any condition.

Question. When you receive written inquiries from the Senate Foreign Relations Committee, will you respond in writing, within 30 days of receipt of such inquiries?

Answer. Yes, I will respond in writing within 30 days to any written inquiries from the Senate Foreign Relations Committee.

RESPONSES OF MIMI ALMAYEHOU TO QUESTIONS SUBMITTED BY SENATOR ROBERT MENENDEZ

Question. Sudan—What is the current engagement of the African Development Bank with Sudan? What loans are outstanding? What, if any, projects or programs are planned? What is bank's engagement since 2002 in terms of loans provided and support given? Please provide detailed information on budget figures since 2002. Also, please provide your views on the appropriate role of the bank with the Government of Sudan, given the current political and humanitarian situation. Should the bank be providing loans for reconstruction assistance in Darfur or in South Sudan? If so, how should those loans be managed and how should the projects be implemented?

Answer. Sudan has been in arrears to the African Development Bank since 1995. As of the end of June, these arrears stood at roughly \$208 million. Accordingly, for the last 13 years AfDB has only engaged in limited support in relief of humanitarian emergencies and institutional capacity building. The only such support since 2002 is a \$15.3 million grant for governance capacity building approved by the AfDB in February 2007. This grant was provided in line with the policy that allows for post-conflict countries in arrears to receive limited financing if targeted for strengthening institutional capacity. AfDB currently plans for a second phase of this support in 2010. The design of this second phase of support will be informed by a social sector assessment scheduled for 2009.

The U.S. Executive Director is currently directed by congressional voting mandates on international terrorism, religious persecution, and the Sudan Peace Act to oppose (vote "no" on) any financing to Sudan. Until and unless Sudan changes its behavior with respect to these critical issues, the United States Executive Director will not be in a position to support any assistance to Sudan. In fact, the Sudan Peace Act calls for the United States to actively oppose any such assistance.

PREPARED STATEMENT OF KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS

I am pleased to speak in favor of the nomination of Miguel San Juan to be United States Executive Director of the Inter-American Development Bank. I have known Miguel for many years. He has been a great friend to me, and a great leader for the State of Texas.

Currently, he serves the Houston region as senior vice president of Business Development for the Greater Houston Partnership. The GHP is the primary advocate of Houston's business community and is dedicated to building regional economic prosperity. Miguel's role in the GHP has given him the knowledge and training in key business and trade areas that will enable him to immediately benefit our Nation through the Inter-American Development Bank.

In recent years, Houston's extraordinary economic growth has been fueled in large part by Miguel and his team at the GHP. Today, the Port of Houston ranks first in the United States in foreign tonnage, and second in total tonnage. In 2007, exports rose 25 percent to \$72 billion.

Miguel's previous positions include serving as president of the Partnership's World Trade Division from 1992 to 2004. He also distinguished himself as vice president of government and public relations for CITGO Petroleum Corporation.

In addition, Miguel has been actively involved in public service at both a national and local level. In 1990, President George H.W. Bush appointed him to the President's Export Council, the premier national advisory council. He serves on the Houston Livestock Show and Rodeo's development committee and is currently a director of the Houston Hispanic Forum.

These experiences have given Miguel the wealth and diversity of knowledge to become an outstanding Executive Director of the Inter-American Development Bank.

I can think of no more deserving individual than Miguel for this position, and I hope that the committee quickly approves his nomination.

PREPARED STATEMENT OF SENATOR CHUCK HAGEL,
U.S. SENATOR FROM NEBRASKA

Mr. Chairman, it is my privilege to support the nomination of Kenneth Peel for the position of U.S. Director for the European Bank for Reconstruction and Development (EBRD).

Ken served as my Foreign Relation Counsel for almost 5 years, from 1997–2001. He was instrumental in helping draft the 1997 Byrd-Hagel Climate Change Resolution, and played an important role in the Senate's 1998 ratification of the treaty enlarging NATO. He accompanied me on many congressional delegation trips around the world, including visits to Russia, Central Asia, South America, the Middle East, and Europe.

Since 2006, Ken has served as the Deputy Assistant Secretary of the Treasury for International Development Finance and Debt. This position carries responsibility for American participation in multilateral institutions, including the World Bank, regional development banks, the Global Environment Fund, and the International Fund for Agricultural Development. He has also represented American interests with the Paris Club of international creditors.

Recently, Ken has been working to secure American participation in a new Clean Technology Fund, within the World Bank. This fund aims to reduce the growth of greenhouse gas emissions in developing countries through financial assistance to bridge the cost gaps between dirty and clean technology. I strongly support this initiative and, along with Senators Lugar and Menendez, I am a cosponsor of Chairman Biden's legislation to authorize contributions to this fund.

In his new position as the U.S. Director for the EBRD, Ken will be responsible for representing the interests of the United States with this important multilateral development institution. The EBRD was chartered in 1991 to help the state-run economies of Eastern Europe transition to modern, free-market economies. Through financing, expertise, and capacity-building, it has helped shepherd 11 former communist economies into the European Union. Today, the EBRD operates in 29 countries, ranging from European Union members like Poland and the Czech Republic to Central Asian states like Turkmenistan, Tajikistan, and Uzbekistan. This area of the world is one of the most strategically important areas of the world, and it will continue to be important that the interests of the United States—as the bank's largest shareholder—are strongly represented in decisions that affect this region.

Ken Peel has deep knowledge and experience with this region and with international development and finance. Ken is the right leader for the job, and I support

his nomination and recommend his confirmation to be the United States Director for the European Bank for Reconstruction and Development.

Thank you, Mr. Chairman.

RESPONSE OF PATRICK J. DURKIN TO QUESTION SUBMITTED BY
SENATOR RICHARD G. LUGAR

Question. Please describe OPIC's policy regarding the Extractive Industry Transparency Initiative. How is OPIC integrating EITI into its policies and operations? How is implementation proceeding?

Answer. As I understand it, in 2006 OPIC included the Extractive Industries Transparency Initiative (EITI) in its initiative to combat corruption and improve transparency. Under the policy announced by OPIC President Robert Mosbacher, OPIC will encourage its investors to abide voluntarily by EITI guidelines to ensure that revenues from extractive industries projects contribute to sustainable development and poverty reductions and not individual enrichment. Implementation of EITI has been a high priority and OPIC is working with the EITI Secretariat to encourage compliance with other multilateral organizations and OPIC counterparts. I understand the OPIC Board of Directors has approved the first OPIC-supported project where the agency's commitment to greater transparency in reporting on royalty payments to host governments on extractive projects has been realized. Additionally, OPIC's pending reauthorization legislation would formalize OPIC support for EITI principles.