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**NATIONAL SECURITY AND FOREIGN POLICY
PRIORITIES IN THE FY 2013 INTERNATIONAL
AFFAIRS BUDGET**

HEARING

BEFORE THE

**COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE**

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**NATIONAL SECURITY AND FOREIGN POLICY
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TUESDAY, FEBRUARY 28, 2012

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

The committee met, pursuant to notice, at 2:05 p.m., in room SH-216, Hart Senate Office Building, Hon. John F. Kerry (chairman of the committee) presiding.

Present: Senators Kerry, Menendez, Cardin, Casey, Webb, Shaheen, Coons, Udall, Lugar, Corker, Risch, Rubio, DeMint, Isakson, Barrasso, and Lee.

**OPENING STATEMENT OF HON. JOHN F. KERRY,
U.S. SENATOR FROM MASSACHUSETTS**

The CHAIRMAN. The hearing will come to order.

Madam Secretary, welcome back to the committee. As always, and I think you know this, it is a great pleasure for us to welcome you here and to have you here. And it is enormously helpful for us, obviously, to hear your thoughts—especially at a time when we are facing so many different challenges and, at the same time, presented with so many opportunities.

The demand for U.S. leadership has never been higher, whether because of the issues raised by the Arab Spring, by nuclear proliferation, by climate change, and particularly by the challenge of Iran and the Middle East. Budget realities, however, have placed a premium on projecting U.S. power not only effectively, but efficiently.

I think that more than at recent moments, we need a smart, coordinated, and strong budget in order to safeguard the American people and particularly to fund the administration's pursuit of opportunities and to face the challenges that we are all too well aware of.

Obviously, for anybody running for office—and I know you know this, Madam Secretary—cutting foreign aid and talking about a sort of comparison between some particular community at home, where you are standing, and our commitment abroad is a pretty easy applause line on the stump. And needless to say, it is good foreign policy to correct an unsustainable fiscal course. So we need to do what we need to do in order to put our house in order.

But at the same time, it seems to me that our expenditures on diplomacy are really minuscule compared to the return on invest-

ment. Our international affairs budget is, in my judgment, a smart investment that ultimately yields outsized returns and saves us money over the long haul.

There is nothing conservative about starving our foreign policy budget of a few billion dollars today in order to spend a trillion dollars later on when an otherwise avoidable crisis strikes or an armed conflict looms. This year's budget request reflects very difficult decisions and some obvious tradeoffs. I commend the administration for identifying programs where we can save money, for deepening reforms at State and USAID, and for leveraging U.S. funds in multilateral forums.

We also all know how crucial our military is to our national defense, and I think everybody on the committee and in the administration shares the belief that we would never hesitate to use force when necessary. But clearly, smart and able diplomacy and development policy can neutralize threats before they become crises and can manage crises if threats escalate and assure security and stability after conflicts are resolved. And all of this can be done at a fraction of the cost of military deployment.

Diplomats and development experts support counterterrorism efforts at this moment in countries like Yemen, Somalia, Pakistan, Afghanistan, and support programs to destroy small arms and shoulder-fired missiles which deprive our enemies of the tools to attack us. Teaching foreign military officers American values and skills creates capacity so that we can fight together and share burdens.

Training foreign law enforcement and counterterrorist officials in American investigative techniques increases their capacity, their capability, and our security. And implementing stricter export controls, training international weapons inspectors, and securing our borders allows us to guard against the most pernicious of threats, the threat of weapons of mass destruction and terrorism.

So the stakes are enormous in the coming years. We will have great opportunities to build and redefine our relationships around the world, particularly in the Middle East. The region is moving in many different directions, but one thing is clear. It is transforming before our eyes.

As you know, Madam Secretary, I recently traveled in the Middle East, spent a number of days in the region, and came away more convinced than ever of both the opportunities that exist to help the people of the Middle East seek their legitimate political and economic aspirations, but also with a renewed sense of the fragility of this moment and the urgency of our engagement in that region.

So I truly fully share your perspective in the goals of the Middle East and North Africa Incentive Fund, which will make sure that we have the tools and the flexibility needed to act proactively and take advantage of opportunities when they arise.

I look forward to continuing that conversation with you to make sure that you have those tools and also to try to ascertain the best way forward with respect to the North Africa Incentive Fund and the Middle East to support lasting change and the continued hopes that we all share for a renewed effort in the Middle East peace process.

We all know the difference that the United States can make. Our efforts vaccinate children, combat climate change, engage at-risk youth, and promote core U.S. national security interests. Our global presence also does something else: It creates jobs.

Through OPIC loans and multilateral forums, we both lift the economies of low-income countries and simultaneously—and this is important for Americans to understand in terms of our own interests—we open markets for American businesses and recognize the connections between promoting our business and creating jobs elsewhere.

Energetic global leadership is a strategic imperative for America, not a favor that we do for other countries. It is who we are. It is in the American DNA. From the Marshall Plan to our response to the earthquakes in Haiti and the floods in Pakistan, it strengthens our security, and it makes us stronger at home and in the world.

And as we carefully watch our expenditures, we also need to scrutinize the cuts that have been proposed. So we look forward to your comments this afternoon, Madam Secretary, and to talking throughout the year about the State Department's priorities.

Senator Lugar.

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

Senator LUGAR. Mr. Chairman, I join you in welcoming Secretary Clinton to the Foreign Relations Committee once again. We look forward to discussing the administration's foreign policy priorities and budget request for fiscal year 2013.

Since your visit last year, the American economy remains under great stress. The unemployment rate stands well above the historical standards at 8.3 percent nationally and 9 percent in my home State of Indiana.

At the close of 2011, nearly 14 million Americans were still looking for work and millions more were underemployed. The United States national debt has risen above \$15 trillion, posing extreme economic risk for our country. American families continue to bear the brunt of these economic uncertainties.

Within this context, the administration's request for resources must be prioritized to meet the requirements of budget austerity, while addressing the vital national security objectives the chairman has so well outlined.

This past year has also brought further uncertainty overseas. People in North Africa and the Middle East are marking the anniversaries of their protests, their protests for democracy and accountability from their leaders. For some, these anniversaries have been celebrations of a break with a troubled past. For others, they are a reminder that progress remains very elusive.

In Syria, the world continues to bear witness to the violent repression by the Assad regime against the Syrian people. This tragedy unfolds daily, bringing with it an increasing death toll.

After the regrettable veto in the Security Council by Russia and China earlier this month, the U.N. General Assembly voted overwhelmingly, as did the United States Senate, to condemn the Syrian regime's brutal use of force against civilians. During this

upheaval, our Government must pay special attention to Syria's weapons of mass destruction.

Now, in Egypt, the difficult transition to a democratic, civilian government has been marked by changing timelines, protests, and sectarian violence. Given this tentative transition, when resources should be spent on building institutions, it is disheartening that the Egyptian authorities would choose to harass the work of the civil society organizations focused on elections and government transparency. I look forward to Secretary Clinton's update on efforts to secure the release of those facing trial for their work on behalf of democracy.

Amidst these changes in the region, we face the ongoing threats to peace and the global economy posed by Iran as Iran's Government continues to flout the will of the international community for a verifiable end to its nuclear weapons program. The most recent inspections by the IAEA failed, with Iran refusing to address the IAEA's questions on or to grant inspectors access to the sites.

The Iranian nuclear program is a grave threat to our close ally Israel and to our own security interests. A growing understanding that this crisis may lead to military conflict has helped push oil prices well above \$100 per barrel. An increasing number of Americans are paying \$4 or more per gallon of gasoline, and most analysts believe prices will go higher.

Now, for years, I have talked about the risk to United States national security of our dependence on foreign oil. I appreciate Secretary Clinton's recent reorganization in the Department in this regard, which elevates the prominence of energy security within the State Department, and I compliment you on this remarkable endeavor.

But given the intensity of multiple crises in the Middle East and the certainty that threats to our oil supplies are not limited to the current crisis with Iran, it is incomprehensible, at least to me, that the President has rejected approval of the Keystone XL pipeline.

Few national security decisions of the past several decades are more clearly at odds with core United States interests than the President's pipeline delay. The prospect that Iran could obstruct oil flowing from the Strait of Hormuz for even a relatively short period underscores the importance of having safe and secure fuel supplies for the United States.

The Iranian threat is intensified by its growing alliance with the Chavez regime in Venezuela, which could choose to support Tehran with its own oil supply disruption during a conflict. Our Government should explicitly warn Venezuela the United States would regard such a disruption as a threat to United States national security interests.

Today's high oil prices are difficult for American families and American businesses, yet without action, the worst is likely to be months or years down the road. Even if the Iranian nuclear program is halted without resort to warfare, Middle East oil supplies will remain at risk from political manipulation, conflict, and terrorism.

A serious, sustained oil supply disruption could cripple our economy. Over time, we know rising oil demand from China, India, and other emerging economies will reduce spare capacity and stress

global oil supplies. The Keystone XL pipeline is one of the best means at our disposal to help overcome future difficulties now.

Moreover, the decision to delay sends a signal to markets and our overseas enemies that we are not serious about ending United States energy dependence. Pricing today incorporates expectations of future supply.

We must not leave any doubt that this country will break its oil dependence on unstable and unfriendly regimes. That requires the United States Government to support domestic drilling; it requires stronger supply relationships with reliable allies like Canada; it requires more alternative fuels; and it certainly requires innovation to do more with less fuel.

While bolstering energy security, the Keystone XL pipeline would create up to 20,000 new jobs for Americans, produced at virtually no cost to American taxpayers. The administration, in my judgment, should reverse course, and I would encourage Secretary Clinton to recommend to the President that it is in our national security interests to immediately approve the Keystone XL pipeline.

Now, in closing, I would like to express my appreciation for the dedicated men and women serving in roles within the State Department and USAID. In an era of declining resources, we are asking them to deal with very difficult and wide-ranging challenges, often at even greater risk.

We are asking them to reduce threats from weapons of mass destruction, help mitigate epidemics and food insecurity, watch over United States business interests and travelers, promote democracy, and assist in combating terrorism. We are asking them to achieve these United States foreign policy goals and innumerable others in a global environment that is increasingly dangerous for diplomatic personnel.

We are very grateful for their willingness to serve their country. We are grateful for your willingness to serve our country. And we greet you again and look forward to your testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Lugar.

Madam Secretary, the floor is yours, and we welcome your comments.

STATEMENT OF HON. HILLARY RODHAM CLINTON, SECRETARY OF STATE, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Secretary CLINTON. Thank you very much.

And I greatly appreciate, Chairman Kerry, Ranking Member Lugar, members of the committee, to be here once again to have this opportunity. And I want to thank you for the support that this committee has given to the State Department and USAID over the last 3 quite consequential and unpredictable years. And I especially am grateful for the very kind words about our diplomats and development experts who are serving around the world, some in very difficult circumstances.

You have seen the world transforming right before your eyes, from Arab revolutions, to the rise of new economic powers, to a more dispersed but still dangerous al-Qaeda and terrorist network. And in this time, only the United States of America has the reach,

resources, and relationships to anchor a more peaceful and prosperous world.

The State Department and USAID budget we discuss today is a proven investment in our national and economic security, but it is also something more. It is a downpayment on America's leadership.

When I took this job, I saw a world that needed America, but also one that questioned our focus and our staying power. So we have worked together to put American leadership on a firm foundation for the decades ahead.

We have ended one war and are winding down another. We have cemented our place as a Pacific power. We have also maintained our alliance across the Atlantic. We have elevated the role of economics within our diplomacy, and we have reached beyond governments to engage directly with people, with a special focus on women and girls.

We are updating diplomacy and development for the 21st century and finding ways to work smarter and more efficiently. And after the first Quadrennial Diplomacy and Development Review, we created two new bureaus, taking the work we were already doing on counterterrorism and combining it with other assets within the State Department to create a much more focused effort on counterterrorism and on energy.

And I really commend Senator Lugar because it was his idea. It was his talking with me when I was visiting with him prior to my confirmation that made me determined that we would actually accomplish this. And we have reorganized our assets into a bureau focused on fragile states.

Now, like many Americans in these tough economic times, we have certainly made difficult tradeoffs and painful cuts. We have requested 18 percent less for Europe, Eurasia, and Central Asia, preserving our most essential programs and using the savings for more urgent needs elsewhere. We are scaling back construction of our embassies and consulates, improving procurement to save money, and taking steps across the board to lower costs.

Our request of \$51.6 billion represents an increase of less than the rate of inflation and just over 1 percent of the Federal budget, and this is coming at the very same time that our responsibilities are multiplying around the world. Today, I want briefly to highlight our five priorities.

First, our request allows us to sustain our vital national security missions in Iraq, Afghanistan, and Pakistan and reflects the temporary extraordinary costs of operating on the front lines. As President Obama has said, the tide of war is receding. But as troops come home, thankfully, civilians remain to carry out the critical missions of diplomacy and development.

In Iraq, civilians are now in the lead, helping that country emerge as a stable, sovereign democratic power. This increases our civilian budget, but State and USAID are asking for only one-tenth of the \$48 billion the U.S. Government spent on Iraq as recently as 2011.

The 2013 U.S. Governmentwide request for Iraq, including defense spending, is now \$40 billion less than it was just 2 years ago. So we are doing what must be done to try to normalize our relationship at a far lower cost than what we have been expending.

Over time, despite the tragic violence of this past week, we expect to see similar governmentwide savings in Afghanistan. This year's request will support the ongoing transition, helping Afghans take responsibility for their own security and their own future and ensuring that this country is never again a safe haven for terrorists. We remain committed to working on issues of joint interest with Pakistan, including counterterrorism, economic stability, and regional cooperation.

Second, in the Asia-Pacific, the administration is making an unprecedented effort to build a strong network of relationships and institutions because we believe in the century ahead, no region will be more consequential to our economic and security future. As we tighten our belts around the world, we are investing the diplomatic attention necessary to do more with less.

In Asia, we are pursuing what I call forward deployed diplomacy, strengthening our alliances, launching new strategic dialogues, and economic initiatives; creating and joining important multilateral institutions; even pursuing a possible opening with Burma; all of which underscores America will remain a Pacific power.

Third, we are focused on the wave of change sweeping the Arab world. As the region transforms, so must our engagement. Alongside our bilateral and security support, we are proposing a \$770 million Middle East and North Africa Incentive Fund.

This fund will support credible proposals validated by rigorous analysis and by Congress from countries that make a meaningful commitment to democratic change, effective institutions, and broad-based economic growth. In an unpredictable time, it lets us respond to unanticipated needs in a way that reflects both our agility and our leadership in the region.

This budget request would also allow us to help the Syrian people survive a brutal assault and plan for a future without Assad. It continues our assistance for civil society and Arab partners in Jordan, Morocco, Tunisia, and elsewhere. It provides a record level of support for our ally Israel, and it makes possible our diplomacy at the U.N. and around the world, which has now put in place with your help the toughest sanctions that I think any country has ever faced against Iran.

The fourth priority is what I call economic statecraft, in particular how we use diplomacy and development to create American jobs. We have more than 1,000 State Department economic officers working to help American businesses connect to new markets and consumers. We are pushing back every day against corruption, red-tape, favoritism, distorted currencies, and intellectual property theft.

Our investment in development also helps us create the trading partners of the future. We have worked closely on three trade agreements that we believe will create tens of thousands of jobs in America, and we hope to work with Congress to ensure that as Russia enters the WTO, foreign competitors do not have an advantage over American businesses.

And finally, we are elevating development alongside diplomacy and defense. Poverty, disease, hunger, climate change can destabilize societies and sow the seeds for future conflicts. We think we

need to make strategic investments today in order that we can meet our traditional foreign policy goals in the future.

Through the Global Health Initiative, through our Feed the Future Initiative, we are consolidating programs, increasing our partners' capacity, shifting responsibilities to host countries, and making an impact in areas of health and hunger that will be a real credit to our country going forward.

And as we transform development, we really have to deliver measurable results. Our long-term objective must be to empower people to create and seize their own futures.

These five priorities are each crucial to American leadership, and they rely on the work of some of the most capable, hardest working, and bravest people I have ever met—the men and women of State and USAID. Working with them is one of the greatest honors I have had in public life.

With so much on the line, from the Arab world to the Asia-Pacific, we simply cannot pull back. Investments in American leadership did not cause our fiscal challenges, and retreating from the world will not solve them.

Let me end on a personal note. American leadership means a great deal to me personally. It is my job everywhere I go. And after 3 years, 95 countries, and over 700,000 miles, I know very well what it means to land in a plane that says the “United States of America” on the side.

People look to us to protect our allies, stand by our principles, serve as an honest broker in making peace, to fight hunger, poverty, and disease, to stand up to bullies and tyrants everywhere.

American leadership is not just respected. It is required. And it takes more than just resolve. It takes resources.

This country is an unparalleled force for good in the world, and we all want to make sure it stays that way. So I would urge you to work with us to make this investment in strong American leadership and the more peaceful and prosperous future that I believe will result.

Thank you.

[The prepared statement of Secretary Clinton follows:]

PREPARED STATEMENT OF SECRETARY OF STATE HILLARY RODHAM CLINTON

Chairman Kerry, Ranking Member Lugar, members of the committee, it is good to be with you again. I am grateful for your support for civilian power these past 3 years and eager to hear your thoughts on the work ahead.

We are living through a time of volatility and possibility. The Arab world is transforming. The rise of new powers is redrawing the strategic map, creating new partners, new challenges and growing economic competition. Al-Qaeda is weakened, but still dangerous. In this time, only America has the reach, resources, and relationships to anchor a more peaceful and prosperous world.

The State Department and USAID budget we discuss today is a proven investment in our national and economic security, but also something more: it is a down-payment on American leadership in a fast-changing world.

When I became Secretary of State, I saw a world that needed America, but also one that questioned our focus and staying power. Ever since, we have worked together to put American leadership on a firm foundation for the decades ahead. We have ended one war and are winding down another. We have cemented our place as a Pacific power, while maintaining the most powerful alliance in history across the Atlantic. We have elevated the role of economics within our diplomacy to create American jobs and advance our strategic interests. We have reached beyond governments to engage directly with people—with a special focus on women and girls.

We are updating our diplomacy and development for the 21st century, making use of new technologies, partnering with the private sector and finding ways to work smarter and more efficiently. After the first-ever Quadrennial Diplomacy and Development Review, we created two new bureaus focused on counterterrorism and energy and reorganized a third to prevent fragile states from becoming failed states.

Like many Americans in tough economic times, we have made difficult tradeoffs and painful cuts. We have requested 18 percent less for Europe, Eurasia and Central Asia, preserving our most essential programs and using the savings for more urgent needs elsewhere. We are scaling back construction, improving procurement, and taking countless steps to lower costs.

Even as our challenges and responsibilities multiply around the world, our request represents an increase of less than the rate of inflation. State and USAID request \$51.6 billion, just over 1 percent of the Federal budget.

Today, I want to highlight five priorities—all made possible by the investments in this budget.

First, our request allows us to sustain our vital national security missions in Iraq, Afghanistan, and Pakistan. As President Obama says, “the tide of war is receding.” But as troops come home, civilians remain to carry out the critical missions of diplomacy and development. Our request reflects the temporary, extraordinary costs of operating on the front lines.

In Iraq, civilians are now in the lead, working to help that country come through this current period of challenge and uncertainty to emerge as a stable, sovereign, democratic partner. This increases our civilian budget, but State and USAID are asking for only one-tenth of the \$48 billion the U.S. Government spent on Iraq as recently as 2011. The 2013 U.S. Governmentwide request for Iraq, including defense spending, is now \$40 billion less than it was just 2 years ago. So this approach is saving taxpayers a great deal of money.

Over time, despite the past week’s violence, we expect to see similar governmentwide savings in Afghanistan, where civilians have already taken on increased duties. This year’s request will support the ongoing transition, helping Afghans take responsibility for their own future and ensure their country is never again a safe-haven for terrorists to threaten America. In Pakistan, we have a challenging but critical relationship. We remain committed to working on issues of joint interest, including counterterrorism, economic stability, and regional cooperation.

For the past decade, we have been focused—by necessity—on the places where we face the greatest threats. In the decade ahead, we need to be just as focused on the areas of greatest opportunity. Which brings me to another critical priority: the Asia-Pacific region, from the Indian subcontinent to the shores of the Americas. The Obama administration is making an unprecedented effort to build a strong network of relationships and institutions across the Pacific. In the century ahead, no region will be more consequential.

As we tighten our belts around the world, we are investing the diplomatic attention necessary to do more with less. In Asia, we are pursuing what we call forward-deployed diplomacy—from strengthening our alliances, to launching new strategic dialogues and economic initiatives, to creating and joining important multilateral institutions, to our new opening with Burma—to underscore that America will remain a Pacific power.

Third, we are focused on the wave of change sweeping the Arab world. We have a significant stake in successful democratic transitions. And as the region transforms, so must our engagement.

Alongside our bilateral and security support, we are proposing a \$770 million Middle East and North Africa Incentive Fund to encourage major political and economic reforms. This fund will support credible proposals—validated by rigorous analysis and key stakeholders, including Congress—to promote democratic change, effective institutions, and broad-based economic growth. When countries commit to making genuine reform, the fund will provide meaningful assistance, which ultimately puts our partnerships on firmer footing. And, in an unpredictable time, it lets us respond to unanticipated needs in a way that reflects our leadership role in the region.

Of course, not all countries in the region are embracing the mantle of reform and responsibility. This budget request would allow us to keep our commitment to help the Syrian people survive a brutal assault, reclaim their country and plan for a future without Assad.

Our request also supports those working for change at the grassroots. It continues our assistance for Arab partners in Jordan, Morocco, and elsewhere. It provides a record level of support for our ally, Israel. And it makes possible our diplomacy at the U.N. and around the world, which has now put in place—with your help—by far the toughest sanctions Iran has ever faced.

The fourth priority is what I call economic statecraft—how we act at the crossroads of economics and diplomacy. At every turn, we are asking: how can we use diplomacy and development to strengthen our economy? We have more than 1,000 State Department economic officers working every day to help American businesses connect to new markets and consumers to create opportunities here at home. We are pushing back against corruption, redtape, favoritism, distorted currencies and intellectual property theft. USAID invests in the poorest, most unstable regions because it is the right thing to do, but also because it helps create the trading partners of the future. Under the leadership of U.S. Trade Representative Kirk, we have worked closely together on three trade agreements that will create tens of thousands of American jobs. And we hope to work with Congress to ensure that, as Russia enters the WTO, foreign competitors do not have an advantage over American business.

Finally we are elevating development alongside diplomacy and defense within our foreign policy. Poverty, disease, hunger, and climate change can destabilize entire societies and sow the seeds for future conflict. We have to make investments now not just to promote human security, but to meet even our traditional foreign policy goals down the road.

Through the Global Health Initiative, we are consolidating programs, increasing efficiencies, and shifting responsibilities to host countries. By driving down costs, we will be able to provide life-saving HIV treatment for 6 million people by the end of 2013 without additional spending—accelerating our progress toward President Obama's vision of an AIDS-free generation. Building on past investments, we are increasing countries' own health system capacity. That helps us target our resources where they are most needed and have the greatest impact, including areas like maternal and child health.

Our Feed the Future Initiative will help millions of men, women, and children—farmers and consumers—by driving agricultural growth and improving nutrition to hasten the day when countries no longer need food aid at all.

As we pursue these initiatives, we are transforming the way we do development. We are partnering with governments, local groups and the private sector instead of substituting for them. We are making it a priority to deliver measurable results, build local capacity and promote good governance and progrowth policies to empower people to create and seize their own opportunities.

These five priorities—the frontline states, the Asia-Pacific, the Arab transitions, economic statecraft and elevating development—are each crucial to American leadership. And they are just the beginning of what we do to serve and safeguard the American people in every region of the world—including Africa, Latin America, Central Asia, and Europe. State and USAID reduce the threat of nuclear weapons, fight international trafficking, counter violent extremism, and protect U.S. citizens overseas.

This work is done by some of the most capable, hardest working and bravest people I have ever met: the men and women of State and USAID. The political officers who worked for thousands of hours to assemble and hold together a NATO-Arab coalition that helped the Libyan people reclaim their future—without a single American death. The economic officers helping American companies take part in the tens of billions of dollars of construction underway as Brazil prepares for the World Cup and Olympics. The development officers offering life-saving treatment. The consular officers who serve as the front line of our efforts to secure our borders. The public diplomacy officers who tell the world our story. And the management officers who make everything else possible. Working with them is one of the greatest honors I have had in public life.

With so much on the line, from the Arab world to the Asia-Pacific, we simply cannot pull back. Investments in American leadership are not the cause of our fiscal challenges, and retreating from the world is not the solution.

American leadership is personal for me. It is my job everywhere I go. After 3 years, 95 countries and over 700,000 miles, I know very well what it means to land in a plane that says "United States of America" on the side. People look to us to protect our allies, stand by our principles and serve as an honest broker in making peace; to fight hunger, poverty, and disease; and to stand up to bullies and tyrants. American leadership is not just respected. It is required. And it takes more than just resolve. It takes resources.

This country is an unparalleled force for good in the world. We all want to make sure it stays that way. I urge you to make this investment in strong American leadership and a more peaceful and prosperous future.

The CHAIRMAN. Well, thank you, Madam Secretary. Thank you particularly for those last comments.

And I think I can express the thoughts of everybody on the committee in expressing our gratitude to you for the enormous energy you have expended and the terrific job that you have done in public diplomacy for our country. I think we have seen that in many of the photographs coming back from various parts of the world.

I was particularly struck by the one of you and Aung San Suu Kyi, which was really a historic moment. And I think those and many others are the kinds of things that really do make a difference. So we compliment you, all of us, on that.

Since I am confident colleagues are going to ask you specific budget questions with respect to specific countries what I would like to do is ask you perhaps to be a little bit more broadly reflective and expand on the comments that you just made, since this is now your fourth budget and, by your own decision, the final budget that you will put before us.

And having now been in there for more than 3 years, I wonder if you could put a little meat on the bones on the importance of the foreign affairs budget number that we deal with here?

Egypt, for instance, is teetering on potential economic collapse unless the right decisions are made. That would have profound implications on every other interest we have in the region. There are many parts of the world where we are simply not adequately staffed to be able to protect our economic interests, to promote American business opportunities and so forth.

And it seems to me that begging the foreign affairs budget, which, as you said, is about 1 percent the entire budget of the United States, but which has so much—which touches on trillions of dollars of engagement, one way or the other—simply does not make sense.

So would you share with the committee what you think we get for this, and you have particularly put this fund in there for the North Africa piece. And I think that is part of this discussion. There must be some measure of frustration in some degree as this budget is 8.5 percent lower than the President's request, and the President's request clearly is reflective of his sense—and your sense—of our national security priorities.

But what we are missing and what are we losing for not being willing to be a little more critical about \$100 billion a year in military expenditure in Afghanistan and these small amounts that get parceled out in these longer term investment opportunities elsewhere?

Secretary CLINTON. Well, that is a question, Mr. Chairman, that I obviously spend a lot of time worrying about because as we try to respond to the urgent demands that are made because of changes in the world, we often find ourselves having to reprogram, shift resources, come up with what we can so that America is present, America is a player, America is in there trying to influence the outcomes of events. And this past year has been unprecedented in the demands that we have faced.

At the same time while we are dealing with the urgent, even the emergency humanitarian and political strategic demands, we also try to look over the horizon, which is one of the reasons why the so-called pivot to Asia is so important. We need to be very clearly present in Asia.

So it shouldn't be an "either/or," and there are many other examples of that that I could give you. We need to be very clear-eyed about how we interact in this fast-moving environment in which we find ourselves.

And I also firmly believe, as I alluded to in my opening remarks, that were it not for the work that Foreign Service officers and civil servants and locally employed staff do every day, American businesses would not be as profitable and expanding and creating jobs in this recovery as they are. I mean, we have these 1,000 economic officers. We have many other people who are there constantly trying to support American business.

I just held and hosted a big conference at the State Department where we called in American Chambers from across the world so that we could be asking them, What are we doing right? What can we do better?

We are in an economic competition that has profound consequences, but it is primarily the work of diplomacy. As our businesses are trying to open doors, they come to our embassies. They come to the State Department. They say, "What do I need to know about this country? What can you do to help me get to the right person so that my bid can be fairly considered?"

We are also seeing an increase in travel to the United States. So we have dramatically had to up our budget and our presence in countries like Brazil and China because business travelers, tourists, they want to come here. We want them to come. That is good for our economy. It holds forth the possibility of greater benefits.

We have to continue to counter violent extremism. I mean, we have done, I think, a good job in going after the top leadership of al-Qaeda, including bin Laden, but we can't rest. I mean, al-Qaeda has now made a coalition with al-Shabaab.

And I just came back from North Africa, and everywhere I went, from Tunisia to Algeria to Morocco, we talked a lot about security because of al-Qaeda in the Maghreb.

We have to be constantly not only responding with our intelligence community and military means, if necessary, but we have to be on the ground picking up the information that can then be shared with our intelligence and military professionals. And we also put together for the first time this past year a global counter-terrorism forum, where we have the major players from around the world.

I hosted the first meeting with Turkey in September. We are setting up a center in the UAE to counter violent extremism. So these are all parts of the multitudinous role that the diplomacy and development experts at State and USAID perform every single day, and obviously, we think it is important work because we do it with great pride.

The CHAIRMAN. Well, I thank you for that. I know they do it with great pride and to great effect.

I think one of the things I was struck by—this is not under the 150 Account, but under the commerce account, which I also serve on—was that when I was in Hong Kong, I remember there were about three Foreign Commercial Service folks, who were complaining bitterly that they didn't have either the place, which other countries had, to convene meetings in or the staff capacity and that

we were literally missing, they said, “billions of dollars of business” because we weren’t as aggressive as other people in seeking it. So I think this connection is something that we really need to try to underscore to people.

Secretary CLINTON. Well, I appreciate your mentioning the Commerce Department because they have been our partners over the past many decades. Their budget has been severely affected with the result that they are removing commercial officers.

Here we helped to liberate Libya from Gaddafi, and the commercial officer that could be there to help guide American investments, whether it be in hydrocarbons or agriculture or you name it, is not going to be renewed.

And throughout the world—and you know, I have had many conversations with major American corporations, but also with small and medium-sized businesses in our country. We are trying to double exports in the 5 years. We are close to meeting that goal. We have to keep upping the number so that we are always on our toes because that is where a lot of the new jobs are going to come from.

As Senator Lugar pointed out, we still have a lot of people hurting in our country. And although I think we are making progress, we want to accelerate that progress, and we have to get into those markets overseas, and it is difficult for many American companies to navigate through that without expert help.

The CHAIRMAN. Thank you, Madam Secretary.

Senator Lugar.

Senator LUGAR. Madam Secretary, in the budget that you presented, the leading candidates to receive foreign assistance are Israel, Afghanistan, Pakistan, Iraq, and Egypt in that order with very sizable portions of money—\$3 billion for Israel, \$2.5 billion for Afghanistan, \$2.2 billion for Pakistan, \$2 billion for Iraq, and so forth.

My question comes down to the fact that long ago, before you had any responsibility, the United States decided to build the largest embassy we have ever built in the world in Baghdad. During many years, those of us who visited that building or the general compound noted how important the security was around all of it not only for United States personal, but for Iraqis who were working with us to try to build democracy and stability in that country.

Now, as we have withdrawn our Armed Forces and, as you pointed out, the diplomatic mission still remains remarkably vital and important, I ask this question along with the sidebar of Afghanistan, which in this budget you presented contemplates building consulates across Afghanistan, staffing them at significant cost.

Given the realities of the security situations in both Iraq and Afghanistan how do we, or even can we, adjust the size and scope of these buildings given our current financial situation and the political and diplomatic realities on the ground? You can’t try to revise the whole policy today in this hearing, but is there discussion, as you contemplate this budget and as we think about it, as to how to move forward, given these circumstances and really how much building we should be doing? Or how do we even secure what we have?

Secretary CLINTON. Well, Senator, you ask two very important questions. With respect to Iraq, you know, the planning for what

we are doing now really began several years ago in the prior administration. It set the date for withdrawal. It set the date and the framework through the strategic framework agreement for our relationship with Iraq.

And we certainly have planned to try to fulfill what we considered to be national expectations. So we are doing everything we can to ensure the safety of our staff and our contractors in Iraq. We constantly monitor the on-the-ground security conditions, but there is never a guarantee of safety.

And all staff who are deployed to Iraq are certainly aware of the risks. They are getting out. They are working with their counterparts in government agencies, businesses, NGOs. But we are in the process of trying to right-size our presence in Iraq. I think we have to assume we are moving toward a more normalized relationship with Iraq, and that means we have got to be very clear about what we can do and what we cannot do.

Because of our experience in Iraq, we are starting that process earlier in Afghanistan, because we do have through the end of 2014 until the NATO ISAF combat troops will be out. So we are trying to get ahead of the curve.

But your questions are absolutely the right ones. I mean, we do want there to be secure, democratic governance and progress in both Iraq and Afghanistan, and how we allocate the responsibilities within the civilian workforce is what we are trying to determine.

Senator LUGAR. On an entirely different subject, Madam Secretary, yesterday the Keystone pipeline company announced it was going to construct a pipeline between mid Oklahoma and Houston, TX. They pointed out this would not require any OK by the State Department. That was a great relief to you perhaps.

At the same time, it begs the question of why the State Department has been studying the Keystone pipeline issue for 3 years. Now, the usual answer is because it crosses an international boundary between Canada and the United States.

And nevertheless, after the State Department apparently had come to a conclusion that it had been studied enough, I recall a very large demonstration of citizens surrounded the White House one Sunday in the latter part of last year, demanding that the Keystone pipeline be stopped. There were many arguments. One of these, however, was that essentially we should not be importing more oil into our country. It is an ardent theme of those who are fighting climate change who feel that fossil fuels, whether they are oil, natural gas, or coal, create CO₂ and problems for our children and our grandchildren.

Nevertheless, even though it may be a very powerful argument, it was an argument that apparently gave the President enough consternation that he recommended it to go back to the State Department for further review. Maybe perhaps by February 2013, you might be able to come up with an answer.

My hope is that it happens long before that, but can you give us any idea what kind of deliberation is proceeding? Why might there be a recommendation much sooner than the Keystone proposal on behalf of energy needs of our country, and particularly given the program of energy the President has presented, that has a

conspicuous omission of the oil that might come from our near neighbor Canada?

Secretary CLINTON. Well, Senator, yesterday the Department received a letter from TransCanada indicating their intent to submit a new application for a pipeline which crosses the United States-Canadian border and ends at Steele City, NE. You are right that under the laws of the United States, the State Department is responsible for evaluating any request for such permits that do cross an international border.

And at this point, I obviously cannot make any comment on a hypothetical application and permit, but I do think that your concerns and the concerns of others about the pipeline, both pro and con, suggest that it is important that the process follow the laws and regulations because whatever the outcome, it is likely to be controversial whichever way the decision is finally made.

It is taking place within the context of U.S. gas and oil supplies increasing dramatically domestically. In fact, we are now beginning to export domestic supplies. I believe that we have to continue to develop supplies everywhere. That is an absolutely critical component of our energy security going forward.

And I think that when you look at the request here, there were, up until the very end of the process that we were engaged in, serious questions raised and most particularly from one of the States on the proposed pipeline route. Other States had made their own determination, but it wasn't until recently that Nebraska weighed in.

And so, I think that a new application triggers a new review process under existing regulations. We would be able to draw on some of the technical information that has already been compiled. But I think it is probably fair to say that until we get the application, until we actually have a chance to study it, we won't be able to provide you information as to when a decision could be made.

Senator LUGAR. Thank you.

The CHAIRMAN. Thank you, Senator Lugar.

Senator Cardin.

Senator CARDIN. Well, Madam Secretary, let me join the chairman and members of the committee in thanking you for your dedicated service to our country. We very much appreciate you representing America throughout the world. You have done an incredible job.

Secretary CLINTON. Thank you.

Senator CARDIN. I want to talk about the issue of human rights for a moment. You stated in the last December's OSCE ministerial meeting in Vilnius that lasting peace and stability depends just as much on meeting our citizens' legitimate aspirations as they do our military security. That is certainly true with the Russian citizens who are on the street demanding that their legitimate aspirations be taken seriously by their government.

Shortly, we will be considering whether to grant PNTR to Russia, as the United States looks at Russia joining the World Trade Organization. To me, that presents an opportunity for us to advance the aspirations of the people of Russia.

Jackson-Vanik at its time may have been controversial, but I think today we all recognize that the inclusion of Jackson-Vanik

put a spotlight on the world of the oppressive practices of the former Soviet Union.

As we move to PNTR, I would like to get your view as to how we can use that opportunity. Assistant Secretary Gordon was quoted as saying, when responding to what Congress might do on PNTR, said—on human rights, he said, “We will see what they, Congress, demand.”

I would hope we could work together on this issue, and I would welcome your thoughts as to how we could use this opportunity.

Secretary CLINTON. Well, first, Senator, let me commend you for your long work on behalf of the Helsinki Commission and your continuing interest in the OSCE, which I believe not only played an important historical role, but still has a role to play in maintaining an emphasis on human rights. Promoting universal human rights is one of the highest priorities for the United States around the world, and we engage on behalf of human rights every day everywhere.

Our other priority, which we don't think is in conflict, but is certainly one of particular importance, is promoting U.S. trade and boosting our economy. We strongly believe that voting for PNTR for Russia is a vote to create American jobs.

So we agree with you that we think it is important that we go ahead and do that. Jackson-Vanik served a very important role in the past by helping thousands of Jews to emigrate from the Soviet Union, and we ought to lift it. Failing to lift it will put our farmers and our manufacturers and our workers at a disadvantage.

At the same time, we would like to work with you on the need to send a clear, unmistakable message to Russia that we care deeply about rule of law in Russia. We care deeply about universal human rights and that Russians have every reason to expect their government to protect their human rights.

So I am not standing back waiting. I would like to very affirmatively offer to you the opportunity we work together because I think we can do both. I don't, again, think it is either/or. I strongly believe we should lift Jackson-Vanik, and I believe we should send a message about our continuing concern about human rights in Russia.

Senator CARDIN. I thank you for that, and I look forward to working with you. I do think we can do both, and I know there are many Members of the Senate who agree on that.

Let me talk a little bit about an amendment that Senator Lugar and I were responsible for including in the Dodd-Frank legislation dealing with transparency of extractive industries and in which you were extremely helpful in supporting that effort and having it included in the Dodd-Frank provisions.

I would ask if you could perhaps share with us how you see that playing internationally. We know that that is important for investors to have transparency when they determine whether to invest in a particular company. It also leads to stability of governments that are critically important to U.S. interests.

The international community is looking at the United States and sees the leadership here. And I am wondering if you could share with us how you think this will be effective internationally, the U.S. leadership on transparency of these mineral companies so that

the wealth goes to the people of the country rather than to fund corruption.

Secretary CLINTON. Well, first, I want to commend you and Senator Lugar for including the principles that underpin the extractive industries disclosure requirements in Dodd-Frank. Look, we know and we see it every day how development of natural resources has fueled corruption, mismanagement. It is the so-called oil curse or resource curse that actually impedes inclusive, broad-based economic growth. And so, you set a new standard for transparency.

We are working very hard to try to make sure that it is implemented effectively. We know that there are challenges in doing this. I hope the regulations expected from the SEC reflect the clear intent of the law, namely to require all relevant companies operating in this sector to disclose the payments they make to foreign governments.

I think everybody is benefited by the disinfectant of sunshine and the spotlight to hold institutions accountable.

And the section 1504, which is what the SEC is promulgating rules on, complements other efforts at transparency that we are committed to.

And yet I hear a lot from people who are concerned about whether the SEC is going to go far enough. In our system, they are the ones that have responsibility for doing it. So we are encouraging them to go as far as possible because the EU is already considering provisions similar to section 1504 because we passed 1504.

We are working at State on a program called the Energy Governance and Capacity Initiative, which is trying to encourage governments to manage their oil and gas and mineral sector responsibly. So we have got a good start here. USAID even has an EITI multi-donor trust fund to help countries know how to implement it.

So I think that our own Government, all aspects of our own Government should be as forward-leaning as possible in giving full weight to what the intent was behind the legislation that you and Senator Lugar proposed and passed.

Senator CARDIN. Thank you, Madam Secretary.

Let me just say and you don't need to respond, in regards to Alan Gross in Cuba, we appreciate the fact that you are working to get him released from the Cuban prison, and I look forward to continuing to work with you on that issue.

I ask consent that an editorial from the Financial Times about the rulemaking process for Section 1504 be included in the record.

Thank you, Mr. Chairman.

[The above mentioned editorial follows:]

[From the Financial Times, Feb. 26, 2012]

TRANSPARENCY RULES

In the past two years, the US Congress and the European Commission have acted boldly to clear up the murkiness in which natural resource companies' payments to governments around the world are clouded. Lobbying efforts aimed at overturning this progress on both sides of the Atlantic should not be allowed to succeed.

In the US, the American Petroleum Institute, the lobby group for the oil industry, has mounted a rearguard action to engage regulators in a battle it lost against legislators in 2010. Senators Ben Cardin and Richard Lugar inserted into the Dodd-Frank regulatory reform bill a requirement that US-listed oil, gas and mining companies report publicly their payments to host governments. The Securities and

Exchange Commission must now specify exact rules. It is this step that lobbyists want to trip up.

In Europe, too, rule-making procedures give special interests second chances. Last year the Commission proposed similar reporting requirements, now going through the Council and the parliament. Denmark is laudably eager to get the law passed before its Council presidency ends in June. It should not be weakened along the way.

The case for public reporting has long been clear. Fuel and mineral resources hold back the development of countries that have them as often as they promote it. The concentrated wealth they entail is a breeding ground for corruption and waste. Publicity around what governments are paid for national wealth extracted from the ground is not sufficient for managing it better, or for reducing the instability of resource-rich states that also threatens the well-being of importers. But it is necessary.

Many extractive companies are happy to live with this, but the most recalcitrant demand changes. On both sides of the Atlantic the fight is on to reshape the reporting rules so that whatever is published is less informative. In particular, it is suggested that the laws' call for reporting project-by-project details be watered down with overbroad definitions of "project". There is no justification for this: most payments to states are calculated on a project basis anyway, so publishing such detail is no great burden.

What the rejectionist companies most seem to fear is an inability to compete against non-western companies with fewer scruples. If realistic, it would be a concern. But that case has not been proven: an ability to bribe is not the only competitive edge in the industry. Nor is it one either Europe or the US permits. Keeping it hard to expose would not make it more legal.

The CHAIRMAN. Thank you very much.

Senator Corker.

Senator CORKER. Thank you, Mr. Chairman.

Madam Secretary, thank you for being here today. I think you have earned a well-deserved respect on both sides of the aisle for the way you have conducted yourself as Secretary, the way you have worked with all of us, and I thank you for that. I really do.

I know that—and I especially thank you for coming before a committee that doesn't do authorizing.

But you are presenting your budget. I realize that much of this is punted to the Appropriations Committee, and there may be a few committee meetings regarding this. But it is nice of you to come up here anyway, even though we probably won't impact that in any way.

One of the things that we did impact, I think, was the START treaty. And we worked very closely with Rose and Secretary Tauscher to work through the START treaty. And I supported the START treaty. We worked very closely with your office to make sure all the complements of that treaty were put in place.

One of the big components, and I think a lot of people would consider this to be rational, and that is if we are going to reduce the number of nuclear arms that we have in this country, we ought to make sure the ones that we have work. That was a pretty rational thing.

We have guided systems that have literally tubes like our old black and white televisions, and to at least have them operate as well as my little BlackBerry might be a good thing to do. And so, as part of that, we worked out a very intricate plan, 1251 plan relating to modernization.

Matter of fact, Secretary Gates said, "The modernization program was very carefully worked out between ourselves and the Department of Energy. And frankly, where we came out on that

played a fairly significant role in the willingness of the Senate to ratify the START agreement.”

Secretary Panetta recently said, “I think it is tremendously shortsighted if they reduce funds that are absolutely essential for modernization. If we aren’t staying ahead of it, we jeopardize the security of this country. So, for that reason, I certainly would oppose any reductions with regard to the funding.”

So now the START treaty is in place. It passed with a majority. I helped do that, among others. And the budget that has come forth from the administration this year almost totally negates the agreement regarding funding.

I know, again, that you worked on that. Secretary Tauscher worked on that. A lot of trust was built. Rose was up here nonstop. I am just wondering within the Department, does that create any kind of integrity issue, and how should those of us who relied upon these commitments—a letter from the President—how should we feel about this as it relates to other serious agreements that may occur between Congress and the White House?

Secretary CLINTON. Well, first, Senator, thank you for your engagement on that and other issues with me and with the Department. I highly value this committee. I know how difficult it is to get an authorization done, but in effect, the constant consultations are very influential in determining our policy.

And with respect to NNSA modernization, the level of funding requested in the November 2010 section 1251 report for nuclear modernization was unprecedented, as you know, since the end of the cold war. We had, frankly, neglected our nuclear stockpile. We did not make the kinds of investments.

And as we have looked at what the sequence will be, the FY 2013 request for \$11.5 billion will help the NNSA achieve the nuclear security objectives and the underlying agreement that you referred to under START. It is an increase. It is an increase of 4.9 percent over the FY 2012 appropriations.

And it was developed, as I understand it—because you know it is not in my budget. It is in the Department of Energy’s budget. It was developed closely in concert with the experts about how much money could you spend in a year to get this underway and then looking out, year after year, to actually deliver.

Now if the Congress doesn’t fully fund the President’s budget, as laid out in the 1251 report, then the President will have to make a report to Congress.

Senator CORKER. If I could?

Secretary CLINTON. Yes.

Senator CORKER. I know we don’t have time, and I have tremendous respect for you. So this is not meant to be disrespectful.

But all that is history, but I am talking about the budget that has just been submitted. The President did not ask for the very funds that he committed to in the 1251 that was laid out. It was all part of this package that we all worked so closely together on. So it is a total—it is a reneging of an agreement.

I guess I would ask the question if we are not going to modernize as was laid out by everybody involved as being very important, including our chairman, should we consider reducing, slowing the commitment on the START treaty since we are not really living up

to the modernization component that was so talked about in such detail, with such commitment by all involved?

Secretary CLINTON. Well, Senator, I don't think, respectfully, I agree with the premise. There is a 4.9-percent increase in the budget request for FY13. The \$11.5 billion requested will go into the modernization agenda. As I understand it, it is what the experts who will be doing the work at the labs and elsewhere believe can be effectively spent in a year.

So I am happy to take this question for the record, have the Department of Energy respond to it. But I really want to say that I think that, given the budget, that the President and the administration are meeting the assurances that were given to you and others. It is tough in a time of budget restraint, but \$11.5 billion that will be this year's investment will be followed by more, which will be followed by more.

Because I mean, if you gave the NNSA \$100 billion, they couldn't physically do the work. So I believe that we are on the right track. But let me take that and get the Department of Energy to respond.

[The written information from the State Department follows:]

The administration remains committed to maintaining a safe, secure, and effective nuclear arsenal. Over the past 3 years, the administration has worked with Congress to develop a sustainable, bipartisan commitment to a nuclear deterrent to defend and protect the United States and our allies.

The administration's historic budget requests and nuclear modernization plan have sought to reverse years of declining investments in the nuclear weapons complex. With congressional passage of the Budget Control Act (BCA), we face new fiscal realities. These do not weaken our commitment to the nuclear deterrent, but they must inform programmatic decisions.

As stated in the March 2 letter from Secretaries Panetta and Chu, the administration worked aggressively to develop a budget request for FY13 that makes hard choices to meet fiscal realities, but maintains funding for the most critical programs and capabilities. The resulting \$7.6 billion is \$363 million (or 5 percent) above the amount appropriated by Congress for FY 2012, is sufficient to keep our stockpile safe, secure, and effective.

This is one of the few accounts in the entire U.S. Government to receive an increase of this size, and it demonstrates the administration's support for the modernization of the U.S. nuclear weapons complex in a time when there is significant scrutiny of all budgets.

Senator CORKER. I am glad I had the opportunity to raise the issue, and again, I want to reiterate we have tremendous respect for the way that you have dealt with us.

The issue of Iran, and I know there is not much time left, is obviously front and center.

The CHAIRMAN. About 5 seconds.

Senator CORKER. And I think—I think most people in the country watching what is happening believe there is a very good chance that we could end up with a military engagement with Iran in the next 12 months. And I guess I would ask the question of you, what is it that you would like to see Congress do and not do as it relates to that particular issue?

Secretary CLINTON. Well, I think that we are absolutely on the same page. The administration has been unequivocal about its policy toward Iran. With your good work and our efforts, we have passed the Menendez-Kirk sanctions. We are implementing those sanctions.

There has never been anything like them that the world has ever agreed upon. We are diligently reaching out around the world to

get agreements from countries for whom it is quite difficult to comply with our sanctions, but they are doing the best they can. We know what the stakes are here.

We are in close, close consultation with Israel, with Europe, with our friends in the gulf and elsewhere. We are focused on the toughest form of diplomacy and economic pressure to try to convince Iran to change course, and we have kept every option on the table.

So, I mean, I think we are in agreement about the various aspects of our proposals—of our policy where we are today. The challenge is making sure that we are constantly evaluating where Iran is and what Iran's reactions are.

The CHAIRMAN. Senator Corker, let me just say I appreciate you raising that issue also, and I feel as if I am somewhat a party to that agreement, having worked that with you.

I very strongly feel that the Secretary has appropriately said that the amount of money being spent is what can be spent, that it is on track within the constraints of the budget overall. But I think that commitment remains extant and obviously needs to be made good on. And we will work with you on that.

Senator Menendez.

Senator MENENDEZ. Thank you, Mr. Chairman.

Madam Secretary, thank you for your incredible service to our country. I remember when you were sitting here for your confirmation hearing, that there were those who had questions. I think you have more than dissipated all those questions, and you have just done an extraordinary job.

I want to talk about Iran. I hope you agree with me that the best peaceful diplomacy tool left to us to stop Iran's march toward nuclear weapons is the vigorous enforcement of the sanctions policy that we presently have, particularly the Central Bank of Iran. Would you agree that that is our best peaceful diplomacy tool?

Secretary CLINTON. It is certainly probably the highest priority tool. We have other tools, but I think your characterization is right.

Senator MENENDEZ. And in that context then, with respect to the implementation of the Central Bank sanctions that will begin to take effect tomorrow on nonpetroleum transactions, I have concerns about the subjective criteria that will be used by the Department to determine whether a country has achieved significant reductions in purchases of refined petroleum.

I would have preferred that we had some scale, but I have heard the arguments for why having a subjective criteria may be better. But can I presume that in the absence of a national security waiver under the law, that all countries would be required to actually make significant reductions in their purchases during each of the 180-day periods?

Secretary CLINTON. Yes, our expectation and the direction we are giving to countries is that we do expect to see significant reductions. And I am pleased to report, Senator, that we have been aggressively reaching out to and working with countries to assist them in being able to make such significant reductions.

You know, for some countries, it is a lot harder than other countries. And so, we have really come in with a lot of suggestions to help them be able to do what we are asking them to do.

Senator MENENDEZ. I appreciate hearing that we expect to see them make significant reductions in each of those 180-day periods because I think it sends a very clear message to our allies abroad, joining with the Europeans that are already pursuing an oil embargo, about the seriousness of this nature.

In that respect, what progress can you tell us about with reference to countries like China, India, and Turkey?

Secretary CLINTON. Well, I think with respect to China and Turkey and India, we have had very intense and very blunt conversations with each of those countries. I think that there are a number of steps that we are pointing out to them that we believe they can and should make.

I also can tell you that in a number of cases, both on their government side and on their business side, they are taking actions that go further and deeper than perhaps their public statements might lead you to believe. And we are going to continue to keep an absolute foot on the pedal in terms of our accelerated aggressive outreach to them.

They are looking for ways to make up the lost revenues, the lost crude oil. That is a difficulty for a lot of these countries, not just the ones you mentioned. So we have had to put together an entire team to try to assist them in thinking through ways of doing that.

Senator MENENDEZ. Well, I appreciate that because I think the stronger and more uniform the message is, the fewer challenges we will have getting countries to join us in common cause toward something that is in their mutual national security interest. This is not just about the United States, not just about Israel, and certainly not even about the European Union. It is about the entire region and certainly beyond.

One final question in this regard. Several of us wrote a letter to the President about the P5+1 talks and where that would lead. And some of us are concerned that the Iranians, to gain time, would just simply enter into a negotiation thinking that either the sanctions would cease or that their enrichment facilities and centrifuges would not be part of the discussion on the table.

Can you give me a sense of the conditions that we are going to be looking at as it relates to any such talks?

Secretary CLINTON. Well, as we have done since 2009 within the P5+1, we have pursued this dual-track policy, and we have had a policy of pressure and a policy of engagement.

And we have used these escalating sanctions as a way to persuade Iran to engage with us. And there are two things we have been very clear about.

First, as outlined in Cathy Ashton's letter to Iran, any conversation anywhere with Iran has to begin with the disposition of their nuclear program. I mean, that is the No. 1 issue. And Iran's response to her letter appears to acknowledge and accept that.

Second, we have been working with our colleagues in the P5+1 to set forth the actions we expect Iran to take that would have to be verifiable, would have to be sustainable because there has to be some guarantee to the international community that assuming they were willing to come into compliance with their international obligations, that they would actually do so in a way that was not reversible or certainly not immediately reversible.

So we are a long way from having any assurance as to what Iran would or would not do in the P5+1. But I can certainly assure you, Senator, that there is not going to be any front-loading of concessions on our part. This is going to be a very hard-nosed negotiation, and we are joined by the P5+1 in that kind of approach.

Senator MENENDEZ. Well, I thank you for that. We look forward to continuing to work with you.

And I will just close by saying I know that everything cannot be a priority in the world, although I am sure everything is important in the world. But certainly, I want to call your attention to what is happening here in our own hemisphere, and I appreciate that probably more than any other Secretary of State, your travel to the hemisphere has been extraordinary.

This is incredibly important when we see the erosion of democracy within the hemisphere, the erosion of free press within the hemisphere, the influences that Iran and China are seeking within the hemisphere right in our own front yard. So I look forward to continuing to work with you on that.

And I will have a question for the record on Camp Ashraf. I am concerned about the transition at Camp Liberty and what goes on there, and I look forward to your response.

Secretary CLINTON. Thank you, Senator.

The CHAIRMAN. Thank you, Senator Menendez.

Senator Risch.

Senator RISCH. Thank you, Mr. Chairman.

Secretary Clinton, I am not going to dwell on this because you spent quite a bit of time on it. But I didn't vote for the treaty, but the administration almost took me with the promises that it made. And there has been a lot of discussion as to whether the promises are being kept or not, and I don't think it comes as a surprise to you that there are a good number of people on my side of the aisle that feel that the promises are not being kept.

And the good chairman of this committee acted in very good faith I think in soliciting votes and making commitments. The President made commitments in writing. So when you take the question for the record for the DOE, I don't think I would focus on so much as what can be done as to whether or not the commitments are being kept.

So that is my two-cents worth.

Moving to Iran for just a minute. As you try to work through this Rubik's cube and try to get a handle on this thing and try to get things ratcheted down, it is always best to start with what is the other side thinking? And you read this stuff and you just—it is hard to comprehend why they continue to push the envelope and why they continue to pursue something that everyone in the world doesn't want them to do.

What is your theory on that? Is it homegrown politics? What is it that is motivating them to continue to do this?

[The written information from the State Department follows:]

The administration remains committed to maintaining a safe, secure, and effective nuclear arsenal. Over the past 3 years, the administration has worked with Congress to develop a sustainable, bipartisan commitment to a nuclear deterrent to defend and protect the United States and our allies.

The administration's historic budget requests and nuclear modernization plan have sought to reverse years of declining investments in the nuclear weapons com-

plex. With congressional passage of the Budget Control Act (BCA), we face new fiscal realities. These do not weaken our commitment to the nuclear deterrent, but they must inform programmatic decisions.

As stated in the March 2 letter from Secretaries Panetta and Chu, the administration worked aggressively to develop a budget request for FY13 that makes hard choices to meet fiscal realities, but maintains funding for the most critical programs and capabilities. The resulting \$7.6 billion is \$363 million (or 5 percent) above the amount appropriated by Congress for FY 2012, and is sufficient to keep our stockpile safe, secure, and effective.

This is one of the few amounts in the entire U.S. Government to receive an increase of this size, and it demonstrates the administration's support for the modernization of the U.S. nuclear weapons complex in a time when there is significant scrutiny of all budgets.

Secretary CLINTON. Well, Senator, first, very briefly on the question about nuclear modernization, I will certainly provide you with information that I hope that makes it as clear as possible that we took our obligations seriously, and we are fulfilling them.

There may be debate about how fast we are going, where we are doing it. That I don't have any expertise on, but I want to reassure you that certainly I acted in good faith, and so I do believe—

Senator RISCH. I believe you did act in good faith. But the comfort level needs to be raised, I can assure you.

Secretary CLINTON. Well, I will do what I can. I will have the answers delivered with macaroni and cheese and other comfort food that I hope makes that case to you.

Senator RISCH. That will get you everywhere.

[Laughter.]

Secretary CLINTON. Well, thank you, Senator.

Look, I know that last week, the Director of National Intelligence former General Clapper, the Director of the CIA former General Petraeus, the Chairman of the Joint Chiefs General Dempsey, plus Secretary Panetta, all testified in front of other committees here in the Senate that it is the conclusion of our Intelligence Committee that the Iranians have not yet made the decision to produce a nuclear weapon.

Now the explanation that I think came from those very credible sources, patriots all, is that there is a continuing debate going on inside the Iranian regime, and it is an especially complicated debate for anybody on the outside and, I dare say, some people who are on the inside to understand because there is a lot of power struggle going on. There are personality clashes.

The Supreme Leader, who is the head of the clerical presence institutionally within Iran, the Revolutionary Guard and the Quds Force, the Parliament, and the President, we just get a lot of static in intelligence reporting and analysis from not just our own sources, but international sources.

So I think there is a debate. There is no doubt they are pursuing nuclear power. They have a right under the NPT as a signatory to pursue peaceful civil nuclear power. And there is no doubt that a lot of what has been discovered by the IAEA points in the direction of a nuclear weapons program, and there is no doubt that they raise all kinds of suspicions by putting a lot of their work in their nuclear program into very remote, inaccessible places and recently denying the IAEA the right to investigate.

So I think it is understandable, Senator, why you and why millions of people who are concerned and worried about this are trying

to discern what they want and what they are trying to achieve. And that is one of the reasons why I support our dual track of intense pressure and of being willing to engage because I want to gather as much information not only about actions, but about intentions.

And we have very deep ongoing consultations with Israel, with the Gulf Arabs, with the Europeans, with others. There isn't anybody of any stature in the world in any government that really is not concerned about what the Iranians are doing, and it is a source of constant discussion.

So what we are intending to do is ratchet up these sanctions as hard and fast as we can. Follow what is going on inside Iran, which seems to be a lot of economic pressures that we think do have an impact on decisionmaking. Continuing to be vigilant. Responding quickly to threats like the threat about the Strait of Hormuz, leaving absolutely no question in the Iranian mind as to what we would do should they take any foolhardy action.

Having aircraft carriers going in and out of the gulf. Consulting and planning with a lot of our partners. So that is the state of play right now. But the question you asked is a question that is asked every day in the intelligence community and in foreign affairs agencies around the world.

Senator RISCH. Well, thank you very much. I appreciate that.

And I would think that someone in their decisionmaking authority in Iran would look back at recent history in Iraq and look what Saddam Hussein did. What a reckless thing to do to take the world and make them believe something that isn't even necessarily true.

So thank you very much for your analysis. I sincerely appreciate it.

Thank you, Mr. Chairman.

Secretary CLINTON. Thank you.

The CHAIRMAN. Thank you, Senator Risch.

Senator CASEY.

Senator CASEY. Thank you, Mr. Chairman.

Secretary Clinton, it is great to be with you again. Thank you for appearing before us.

I have two questions. The first one concerns Pakistan, the other, Iran.

With regard to Pakistan, this August, Senator Whitehouse, Senator Blumenthal, and Senator Michael Bennet and I traveled to both Afghanistan and Pakistan. Our trip had one focus, and that was this question of IEDs and the material components thereof. And just recently, the four of us sent you a letter that you may have just gotten a number of days ago, and I wanted to ask you about that topic.

I want to focus your attention on what the Pakistanis have done or not done. The Pakistanis gave us assurances on our trip—and I mean assurances at the highest levels of their government—that they would take this matter more seriously and that they would implement the strategic plan that they presented to us in writing. And it is my judgment that, despite these assurances, they have been very slow to implement the plan, especially focusing on the networks that are moving component parts that become the foun-

dation of IEDs that are either killing or grievously wounding our troops on a regular basis in Afghanistan.

As a predicate to my question, I want to thank you for your determined leadership on this. You have been focused. You have been vigilant. And you have been persistent in pushing the Pakistani leadership to help us on this, and I am grateful for that.

Based on your observation of their actions or inaction on this, do you think the Pakistani Government has taken any measurable steps to specifically go after the networks? Because I think that is what a lot of us are waiting to see, that is, whether or not their professed plan becomes a plan of action and specific steps. Can you tell us about how you see it?

Secretary CLINTON. Well, Senator, I appreciate your leadership on this issue. And as I reported to you some months ago, I raised it at the very highest levels of the Pakistani Government one more time. I discussed it at some length last Thursday in London with the Foreign Minister. And it is very clear they need to do more, and they need to do more for themselves.

I mean, our concern is very much rooted in the terrible attacks that take place in Afghanistan against our soldiers, against other targets there. But in 2011, there were 1,966 terrorist attacks in Pakistan which resulted in 2,391 deaths, the vast majority of which were the IEDs. So our point to Pakistan has been this is not about the United States, NATO ISAF, Afghanistan alone. This is also about you.

Now what they have done is they have introduced legislation in their national assembly. I have been told they expect to pass it shortly. It is focused on the transport of calcium ammonium nitrate. They have an implementation plan in the works. We have had several expert meetings with them on their national counter-IED strategy that they approved in June 2011.

They are working actually with their Afghan counterparts to improve coordination on the border to restrict fertilizer imports. We have had several productive meetings between the Government of Pakistan, the Government of Afghanistan, and ISAF over the past year. And so, we are making progress.

And I just have to say, Senator, that when I raised it directly with the very highest levels of the military and civilian governance in Pakistan, there was a lot of confusion. They did not understand how fertilizer, that many of them told me they use on their own farms, was such a problem.

So I explained to them after the Oklahoma City bombing, we had to reach the same conclusion, and we had to go after the use of fertilizer. And so, they are like 10 to 15 years behind us in terms of thinking through what this means and how to do it. So they are making progress, but they are not doing enough, and they are not moving fast enough.

Senator CASEY. I know that you sat with their leadership back in May, and I remember seeing the video from Memorial Day weekend. And when you came back, you called me about it. I remember you making that point at the time.

But I just hope we can all continue to be as persistent as you and others have been to make this point because, as you said, it really is about protecting their own people as much as it is about

the urgency we feel about protecting our own troops. And it is remarkable the lengths to which our Armed Forces and our military intelligence have gone to protect soldiers, to prevent and to deal with the aftermath of the horror of those explosions.

And you know Pennsylvania well. A lot of Pennsylvanians have served in both Iraq and Afghanistan. At last count, the number of Pennsylvanian fatalities in Iraq and Afghanistan was 79—it could be above 80 now. By the last count, that's 79 Pennsylvanians killed in action, and 573 wounded. So it is a major issue for our families.

In my remaining time, let me address another aspect of the Iranian question. The Institute for Science and International Security recently released a report about efforts to prevent Iran from gaining access to illicit nuclear materials.

The report said, "There remain significant gaps, notably the weak implementation of U.N. Security Council sanctions by China. China remains vulnerable to Iran's smuggling of vital goods for its nuclear program. Smugglers use front companies to buy from Chinese suppliers or Western high-technology subsidiaries located within its borders. There remain many concerns about Iran's continued ability to transship goods through countries with weak implementation of sanctions or trade controls, commonly called countries of 'transit concern.'"

The basic question there, and I know you may have to elaborate in writing, but can you say anything about the efforts to urge China to do what it should do in terms of preventing this illicit transfer?

Secretary CLINTON. It is one of our highest priorities, and we are working with the Chinese. They have made some progress. They have eliminated some of the companies that were engaging in that illicit trade, but they have not done everything that we would like to see them do.

So I will get you more details. Some of that will have to come in a classified section, but I will respond to that.

[The written information from the State Department follows:]

Pakistan has taken steps to stop the flow of materials used to make improvised explosive devices (IEDs) from entering Afghanistan. Over the past year, Pakistan established new requirements to monitor and secure shipments of calcium ammonium nitrate (CAN), ammonium nitrate (AN), and potassium chlorate. Pakistan continues to participate in the ISAF-Afghanistan-Pakistan IED coordination group aimed at improving information-sharing on the IED threat between these two countries. Most significantly, Pakistan supported the U.N. 1988 terrorist designation of IED facilitator Samad Achekzai. This is the first such designation related to IEDs.

These actions are a step in the right direction, but more stringent controls are needed to further restrict access to these chemicals for illicit use. It is clear Pakistan can do more and their actions must have an impact. We will continue to engage Pakistan and press for more progress in these areas.

Senator CASEY. Thank you very much.

The CHAIRMAN. Senator Rubio.

Senator RUBIO. Thank you.

Good afternoon. How are you?

A few months ago, I had the unique opportunity to travel to Libya right in the aftermath of that transition. It was startling to watch pro-American graffiti on the walls, and people walking up to you on the streets and thanking America.

They very clearly knew who was with them, and they also very clearly knew who had turned their back on them. And I hope that will pay dividends in the future.

We are now several months into that transition and the U.S. involvement in it. So my question really is two part. No. 1 is how is that going in terms of our role there, the money that we are spending, and how the budget anticipates our ongoing involvement with Libya?

And then the second question is one that is hopeful that there will be a transition similar to that in Syria very soon, and what lessons have we learned or are learning from the Libyan experience that as far as what role we could play, particularly in things like making sure that these sophisticated weapons—MANPADS and so forth—don't fall in the wrong hands, but also some of the other things that are going on?

So, in essence, how is the transition in Libya going as far as our role is concerned, and what lessons are we taking from Libya, that could potentially be applied to a Syrian transition hopefully very soon?

Secretary CLINTON. Senator, thank you for that visit. I remember very well getting briefed about it. And you are right. I think the United States has a very important opportunity from Libya through Tunisia through Algeria to Morocco. If we do what we need to do in those four countries, we can really help them move toward sustainable democracy, open up their economies, and produce results for people.

Libya is more challenging because Gaddafi destroyed all institutions. They don't have institutions that they can remove people from and fill people with because it was such a personality cult. They are making progress. The new Prime Minister will be coming to visit in just a few weeks.

I would urge, if it is not already on the schedule, that he meet with members of this committee and explain to you what he is doing, what his government is doing. They have cooperated with us on going after the MANPADS. We have implemented a plan that we worked through with them, and we are also working with them to fulfill their signing of the conventional weapons destruction technical arrangement. So they have been very cooperative.

We know they faced problems in combining all of the militias into a coherent, organized military presence. We are certainly supporting them in their efforts to do so. I think that we have got a chance here to really respond to their very positive attitude toward the United States. This is something that can bring dividends in not only how they develop, but in our own standing and leadership in the region.

Reintegrating these militia members into civilian life and into the security services is the biggest challenge. They are getting their economy up and going. We are working with them on trying to help with their wounded warriors, something that is, I know, important to several members of the Senate.

The people in Libya seem still to be quite optimistic about how things are going. But it is like starting from scratch. They really are working as hard as they can, and I think it is in our interest to support them.

With respect to Syria, it is a much more difficult and complicated set of circumstances. I recently returned from a meeting in Tunis, where about 70 countries and organizations were present to try to plot a way forward on Syria. The potential of supporting the political transition, the humanitarian assistance that they need, ratcheting up pressure—the EU just adopted more tougher sanctions yesterday—is what we are all working on.

And then, as you know, there is a big debate about whether there is a feasible way of trying to help the people who are under assault by the Assad regime defend themselves.

So this is at an early stage, and there is a lot of good work being done. But there is no plan yet that we can point to.

Senator RUBIO. Thank you.

And my last question is involving PEPFAR, which, as you know, enjoys incredible bipartisan support here. I was pleased to see earlier this year an increased commitment to the program by the administration. Would the current budget projections, which I think has some level of reduction, keep us on track for the goal of putting 6 million people on life-sustaining treatments by 2013? Does it keep us on that trajectory?

Secretary CLINTON. It does, and I would welcome the opportunity to provide you with more specific information. But I just wanted briefly to say that we have brought down the cost of the drugs dramatically. We have also leveraged American support for the Global Fund to do the same. So I am confident we are on the track to bringing down the number of infections and bringing up the number of people on treatment.

And as you referenced, Senator, we do have a chance to have an AIDS-free generation because the evidence is compelling that treating people very early helps to prevent AIDS. And the request that we have given to you will give us the maximum impact in our investment in fighting HIV–AIDS.

But I will give you details on it because this has had bipartisan support. This was a really historic program started under the Bush administration, begun by President Bush, fully supported on a bipartisan basis. It buys us so much goodwill. You really—if you go to sub-Saharan Africa, it is one of the reason why people have a positive view of the United States.

So we think we are on track, but I will give you additional information on that.

[The written information from by the State Department follows:]

The PEPFAR budget will indeed allow for such a goal. The FY 2013 request for PEPFAR bilateral programs is \$4.54 billion, including HHS appropriation for HIV/AIDS, accompanied by a contribution to the Global Fund of \$1.65 billion. PEPFAR is confident that these plans provide sufficient resources to bilateral programs to keep PEPFAR on target to meet its goal, announced by the President on World AIDS Day, to provide treatment for 6 million people by 2013.

In FY 2013, PEPFAR will continue efforts to support greater impact and efficiency through smart investments, improve the quality of collect data, and ensure that country programs continue to reflect the realities of the epidemic at the local level so that we can target our investments to maximize impact. PEPFAR has reduced the cost of treatment per person per year from over \$1,100 to \$335. Lower costs of drugs, bulk purchasing, and simple changes like shipping medication by ground instead of air have reduced the cost of treatment. Given the efficiencies that PEPFAR has built into its system, we will be able to reach this goal under this budget.

The CHAIRMAN. Thank you, Senator Rubio.

Senator Webb.

Senator WEBB. Thank you, Mr. Chairman.

Secretary Clinton, I have to apologize for having missed your opening remarks. I was presiding over the Senate at the time, a chore which I am sure you well remember.

Secretary CLINTON. I do.

Senator WEBB. Let me begin by expressing my agreement with your words of caution about the Syrian situation. It is enormously complex, geographically, culturally, diplomatically, and I think we are right to try to proceed very carefully forward, no matter what we end up doing.

In fact, one of the more clarifying moments of my life was when I was a journalist in Beirut in 1983, and you remember how complicated that was. And in the middle of a very complicated firefight, a Marine turned around to me and said, "Sir, never get involved in a five-sided argument."

I would like to ask you a couple of questions with respect to this region. First, I am interested in learning more about this Middle East and North Africa Incentive Fund. There is \$770 million in the budget request for that fund, and that comes on top of other programs, such as about \$2 billion for the OPIC, and \$1 billion in debt swaps to Egypt, about \$500 million in existing funds being reallocated, and the considerable moneys we give to other countries in the region.

I am just curious to learn from you what programmatic and particular ways you see that fund as working?

Secretary CLINTON. This fund idea came out of two experiences, Senator. One experience about what happened this past year when we were constantly trying to carve out money to respond to the emerging needs in Tunisia, Egypt, and Libya and how we could make sure we were demonstrating leadership, whether it was humanitarian leadership, or in the case of trying to create enterprise funds, debt swaps, the kinds of things that would send a clear message to these new Arab transformations that we were on their side.

The second source of experience is what we did at the fall of the Soviet Union. Back in 1989, for example, we had support for democracy in Eastern Europe, where we provided assistance for Hungary and Poland at a \$1 billion fund level, and it gave us flexibility. We could be agile about it.

So what we are asking here is to give us some of that flexibility. We would obviously come back to the Congress and notify the Congress. We would look at projects based on rigorous analysis as to what could work, helping the democratic transformation.

I just came back from Tunisia, and here is an Islamist government that is saying all the right things on human rights, on women's rights, on economic reform. They have a huge budget gap by their standard. It is a billion dollars.

That is a huge budget gap.

They have a very well thought-out plan about how they are going to reform their economy, open it up. But they have to get some help from where they are to where they are headed. And they just basically said, "What can the United States do for us, and can you help us then leverage what you can do with other countries?"

Well, that is the kind of request that we want to respond to because it is in our interest to do so. So the fund would complement existing bilateral and regional programs, but it would give us flexibility to look and be as smart as possible.

Senator WEBB. Thank you.

We have got about \$12 billion in this budget request going to Iraq, Afghanistan, and Pakistan, at least by our staff's count. You are about \$4.8 billion into Iraq; \$2.8 billion of that for diplomatic funds, embassy, consulates, et cetera. About \$4.6 billion into Afghanistan, and \$2.4 billion into Pakistan; this actually reflects an increase in funding for Pakistani military, as compared to last year.

The first question I have on this goes to some correspondence that we initiated out of our office last year that expresses concern about how Pakistan has been expanding its nuclear program, even as our assistance programs have continued over these years, and wanting to know whether we have a firewall in the moneys that are going into Pakistan so that they don't directly, or indirectly, assist in expansion of their nuclear program.

Secretary CLINTON. Well, we certainly have constructed one. I think the fair question is, even with a firewall, if you provide aid for other purposes, does that permit the government then to divert funds that should be spent for health, education, energy, et cetera, to that program? And it remains a serious concern of mine, Senator.

You know, part of our ongoing and very tough dialogue with Pakistan is around the reforms they need to make for their own people. They have invested the great bulk of their revenues into their military establishment, including their nuclear program, to the great cost of providing basic education, health care, electricity, the kinds of things that would demonstrate to the people of Pakistan they had a government that, No. 1, cared about them and, No. 2, produced for them.

So I can answer the direct question, yes, we have a firewall. But that isn't the end of the dialogue, as you know very well. And we are going to keep pressing hard to make sure that the IMF and the World Bank and we and others are working toward the kind of reforms that are going to stabilize Pakistan for the long term.

Senator WEBB. Well, I hope we can continue to focus on that. We may have some more dialogue.

I had a number of discussions with Admiral Mullen on this subject, and it is something that I think we should put at one of our highest security priorities. And I understand how that could be taken in a different way from the Pakistani side, but you can't not look at the way that they have expanded their nuclear program and not want to try to figure out whether we are indirectly assisting it; that would clearly not be in our national interest.

I am running out of time. So I am just going to say that I hope we can find the right kind of off-ramps in terms of the amount of money that we are spending in these transitional occupations and contingency operations—like we have in Iraq and Afghanistan—for the good of our own country and the good of our budget, but in a way that doesn't destabilize the region.

And again, I apologize for not being here at the beginning, and I appreciate everything you have been doing.

Thank you, Mr. Chairman.

Secretary CLINTON. Well, Senator, on the last question on the off ramps, we are very committed to that, and I would like to have our team come and brief you. And if you have any ideas about that, I certainly would welcome them. And I also want to publicly thank you for the great preliminary ground work you did with respect to Burma. It made a big difference.

Senator WEBB. Thank you very much, and I will look forward to that meeting with some of your people.

Thank you.

The CHAIRMAN. Thank you, Senator Webb.

Senator DeMint.

Senator DEMINT. Thank you, Mr. Chairman.

Secretary Clinton, thank you for the way you have represented us around the world and for being here today. I certainly agree with you that American power is a stabilizing force around the world, and I am sure you will agree with me that any perception of American weakness is a destabilizing force around the world.

And in some circles today, I think because of a perception that we are overextended, in financial trouble here at home, and maybe tired of wars and intervention, that our determination to continue to be a stabilizing force is in question. As I look at your budget and budgets, I guess, throughout the Federal Government now, I have to look at it not so much as I once did as what we want to do or what we should do, but what we are financially able to do, given the fact that probably half of the money that we will be spending through the State Department is either borrowed or printed money. So we have got to make that money work for us.

And I agree with your priority, certainly, of facilitating and expediting international business travel, trade, and energy supplies are key to Americans' interests. But I do question just looking at history that our attempts to, let us say, buy friends in a lot of parts of the world have not appeared as successful. It does seem that countries we have spent decades supporting are willing to turn on us relatively quickly.

So I am very concerned that how we spend our money, particularly the fact that we don't have enough to do the things we need to do domestically. And so, I have a number of questions about the budget, but I will just turn to one of them because maybe it will shed some light on others. Again, this in the context of our money meaning something and that we mean what we say.

As you know, last year the United States pulled its funds for UNESCO in accordance to United States law when the organization decided to grant membership to Palestine. And they have not changed their position on Palestine, but the administration is now requesting \$78 million and a waiver from Congress in order to fund UNESCO.

So I would just like you to take a minute to explain why we are changing, if we are, previous policy and asking for a waiver of United States laws instead of insisting that they comply with really U.N. agreements about Palestine that has been going on for decades.

Secretary CLINTON. Well, Senator, thank you.

Our position is absolutely clear that there cannot be any premature recognition of Palestinians in any international body because that is not a way to bring about a lasting peace through a negotiation over a two-state solution. And we believed, as we said at the time, that Palestinian membership in UNESCO was premature and unhelpful in the overall goal that we were seeking.

We continue to make that clear. We tell everyone that we are against it and that we have legislation that requires us to withdraw.

Now the State Department does believe that some benefits accrue to the United States in membership in these organizations. And as was pointed out in my earlier hearing before the Senate Foreign Ops Subcommittee of the Appropriations Committee, Israel remains a member of UNESCO, despite the Palestinian membership. And in our conversations with Israelis, they basically point out that there are a number of areas where UNESCO action is helpful to the Israelis.

We have very clear instructions from our legislation, but we also think it is in America's interests to do things like Holocaust education programs, which UNESCO does, stand up for the freedom of press and expression. So the waiver would give us the opportunity to evaluate specific circumstances, and it would also give us the chance to react if, by some unforeseen circumstance, some of the major U.N. organizations, like the World Health Organization or the International Atomic Energy Agency, were to be so wrong-headed to extend membership. Those are organizations that we really have a big stake in.

So the policy is one we agree with. We obviously follow the legislation. But as we have done in many situations over the years, providing some national security waiver would allow us to make case-by-case decisions.

Senator DEMINT. But aren't you afraid that this is going to send a signal to United Nations, to the whole world that our threats don't mean anything? I mean, we warned UNESCO not to take this action. You warned them personally.

And for us less than a year later to come back and say, well, never mind, we are going to fund you again, it just seems like we are just telling the world that our words don't mean anything.

Secretary CLINTON. You know, I think, Senator, that all of these issues that we are confronted with have different factors. Certainly, we have made it abundantly clear that we would stand in the way at the Security Council to any attempt to try to provide a shortcut to the Palestinians. That is the real issue to me is that they will never be a member of the United Nations unless they negotiate a solution with Israel.

We do worry that there are a lot of initiatives that are undertaken by these organizations that directly help Israel, directly contribute to the potential for negotiations, and then there are other actions that are very much in the United States interests. I mean, if there were some new flu virus that arose out of somewhere in the world that was killing people on the way to the United States, working with the World Health Organization would be in the interests of our people.

So I agree with you that we have taken a stand. It is based on our law. But we can't predict the future, and I think some flexibility that would be only exercised very prudently might be worthwhile considering.

Senator DEMINT. Thank you. And thanks again for your service.

Secretary CLINTON. Thank you, sir.

The CHAIRMAN. Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Madam Secretary, I want to echo my colleagues' thanks for all of your effective and hard-working service for our country around the world.

And I would also like to just echo what you had to say about the role that our embassies play around the world in promoting American trade and business interests. My office had the opportunity to help organize a trade mission to India, and the business people who went on that mission would not have had the same prospects for meetings, for opportunities to do future business without the support from our Embassy in India.

So thank you very much for that effort.

As I look at the top five recipients of U.S. foreign assistance, and Senator Lugar read those earlier, No. 2 on that list is Afghanistan, which has been in the headlines in the last several weeks because of concerns about trust between the United States and Afghanistan. Certainly on the military side, there have been concerns raised about whether our strategy of being able to turn over security to the Afghan forces has been an effective one.

And I wonder if you could talk about what you are seeing on the economic foreign assistance side and whether you see those same kinds of strains and what concerns you have about how our efforts there are working.

Secretary CLINTON. Well, Senator, thank you for the kind comments about the work of the Embassy in India. And I well remember how difficult it was for you, having planned such an excellent trip, and then being kept because of Senate business unable to go. But that is what we like to do to try to promote that kind of interaction, and we think it pays off.

With respect to Afghanistan, we do see progress on the civilian side in terms of what our investment and the investments of our partners has brought. There is still a very long way to go. But if you look at health indicators, maternal mortality has dropped significantly in Afghanistan, and I think that that could not have been possible without investments on the part of the United States and others, but also a real commitment on the part of Afghans themselves—education, energy, infrastructure.

So we do see progress. But I hasten to add we see a lot of instability, and we see a very difficult road ahead for Afghanistan.

The transition that is agreed to, to have the end of combat missions and troops in 2014, is one that we are working to try to support because like we saw in Iraq, when 2014 comes and troops leave from NATO ISAF, the civilians in the United States and other countries will be there and will be interacting with the government, working with businesses, with citizen groups. So we are intent upon doing everything we can to try to strengthen those parts of the equation.

It is a difficult environment, but I think if you, as I did recently, talk to hundreds of our civilians who are serving across Afghanistan and asked them what they were doing on rule of law, on women's empowerment, and so much else, they are proud of what they are doing. They feel like they are making a difference. So we have to protect them, and we have to enable them to continue to do what they need to do and to be prepared with whatever the right size mission is for our relationship after 2014.

Senator SHAHEEN. Thank you.

As you know, we have a really serious situation in Egypt. It also has been in the headlines, as a number of very effective NGOs, their employees have been arrested, their records have been taken. I wonder if you could speak both to the situation there and what we think the prospects are for an effective resolution that releases those Americans who are being held and allows those NGOs to continue to do their work or not.

But also speak to it in the context of the effort that we have spent in Egypt over the years in terms of providing foreign assistance, and again, it is in the top five of those countries receiving foreign assistance, and how we explain to the American public about the effectiveness of that foreign assistance and what they are currently seeing being expressed by Egyptians in the news today.

Secretary CLINTON. Well, first, as you know, Senator, the great majority of our foreign assistance over the last three decades has been to the Egyptian military, and it did create a very positive working relationship that was certainly to the benefit of the Camp David accords enforcement and the peace treaty between Egypt and Israel and also to the United States.

And it helped greatly in avoiding what we are now seeing in Syria when the Egyptian revolution began. Long ties between American and Egyptian officers played an instrumental role in encouraging the Egyptian military not to intervene and cause a great bloodbath in the streets of Egypt.

With respect to our NGOs, we think they have been working in good faith to support Egyptian aspirations, the transition to democracy. They are respected organizations. They have been working in Egypt with a goal of trying to assist in all the work that needs to be done, such as holding elections.

They don't favor a group. They don't favor individuals. They are providing what we would call nonpartisan education and information.

We are working very hard to resolve this NGO problem. We have had a lot of tough conversations with various Egyptian leaders, and we hope that we will see a resolution soon.

Senator SHAHEEN. Thank you.

My time has expired, but I do want to let you know that I will be submitting for the record some specific questions about the NATO summit coming up in Chicago in May. I think it offers a tremendous opportunity for us to highlight the still critical economic and security ties of our transatlantic partnership, and so look forward to your responses.

Thank you.

Secretary CLINTON. Thank you.

The CHAIRMAN. Thank you, Senator Shaheen.

Senator Lee.

Senator LEE. Thank you, Mr. Chairman.

And thank you, Secretary Clinton, for joining us. I want to join the chorus that you have heard from my colleagues praising you for your hard work on our country's service.

Every time I watch the news, I wonder whether they ever allow you to sleep. I hope they do.

Senator LEE. But rest assured, the American taxpayer is getting his money's worth out of your service, and I appreciate the hard work you have put in.

I want to follow up, first of all, on some of Senator Shaheen's questions about Egypt. You know, in your fiscal year 2013 request, there is a request for an additional sum, going up from \$1.5 billion in the previous fiscal year to \$1.56 billion for Egypt.

And I am wondering what level of cooperation do you feel like we are getting out of Egypt in exchange for that? And specifically, do you feel like Egypt has shown a commitment to honoring its treaty obligations with Israel?

Secretary CLINTON. Yes, I do. To that last question, we have no evidence or even any intention expressed by different centers of power within Egypt that any decision has been made not to, and we have no evidence that there is any concern there yet. We obviously consult closely with the Egyptians and the Israelis about the challenges they face in the Sinai, for example.

So, at this time, Senator, that is not yet a concern that we have to address. We also believe that they have carried out credible elections, and that was no easy task, given where they started. But we have to judge them on what they both say and what they do. And they don't yet have their government in place.

So we are really unable to draw conclusions until we see the new Parliament acting, until they hold elections for their President, and then we will have more data on which to make decisions.

Senator LEE. OK. And you feel like the aid that we give to Egypt is a component of that? That is part of what is keeping them maintaining the buy-in with respect to those hard-fought treaty obligations, the treaty obligations that we and Israel had so long hoped for need to be kept intact.

Do you feel like that is strengthening that position?

Secretary CLINTON. It certainly has historically, and again, sitting here today, I have no evidence on which to draw any other conclusion. But I also know that we are going to learn a lot more about the new government in the months ahead, and we will be very vigilant.

But at the end of the day, I think Egyptians understand that peace is in their interests, and they have a lot of work to do to build their economy, to get their democracy up and going. If I were certainly in their shoes, I would not be wanting to abrogate agreements and cause problems when my plate was already more than full.

Senator LEE. Good. And if they call you for advice on that, I hope you will counsel them along those lines.

Secretary CLINTON. I have said that.

Senator LEE. I want to turn to a study that was conducted last year by the British Government. The name of the study, I believe,

was the Multilateral Aid Review. In that study, the British Government undertook an examination of the performance of various U.N. organizations against criteria including cost control, delivery of outcome, transparency, and other related factors.

The review found that performance was severely deficient among several of these U.N. entities, including the International Labor Organization, U.N. Habitat, and the Food and Agriculture Organization. It found the performance, in fact, so poor on those criteria that the British Government chose to withdraw at least its core funding to those same programs.

And the British Government also concluded that various other U.N. entities, while not scoring quite as bad as those, were jeopardized enough that they recommended that “as a matter of absolute urgency,” the U.N. implement special measures to try to improve those programs.

So my question for you is with the United States continuing to provide support to the U.N., including these same programs, do you feel like the U.S. funding toward those programs is being utilized responsibly? Is it money well spent?

Secretary CLINTON. Senator, we are a staunch supporter of U.N. reform, and we have made it very clear that we expect reforms at the level of the U.N. and at every constituent group. We led efforts to cut the size of the 2012–2013 U.N. budget. We are pushing them to be more efficient.

So we do think that the U.N. does an enormous amount of good work, work that helps to share the burden of everything from peacekeeping to keeping airplanes safe in the sky. They do a lot of very important work. But they have got to reform, and they have got to adapt to the expectations of more accountability and transparency in their operations.

So we are adamant about that, and we are going to continue to press it. We have made some progress in the last year or two, but I am not satisfied. We have to expect more.

Senator LEE. What reviews, if any, has the State Department conducted or will the State Department be conducting that are comparable to this Multilateral Aid Review conducted by the British Government?

Secretary CLINTON. Well, we participated in a number of such reviews. I will take that for the record and give you a full accounting of that. The British Government, through their development agency, conducted their own review, but we have been involved in supporting independent high-level reviews, and I would be glad to provide that to you.

[The written information from the State Department follows:]

We greatly value your concern and assure you that we are working very diligently to promote transparency, effectiveness, and accountability across the spectrum of multilateral agencies to ensure the most effective use of our aid. This issue is, and will remain, one of our top priorities. The Multilateral Aid Review (MAR) evaluated the effectiveness of various agencies in advancing the U.K.’s national development priorities and contributed to the ongoing international effort to promote results.

U.S. vision and leadership have been crucial to building consensus for reform, making progress on concrete initiatives, and preventing complacency and “business as usual” at the U.N. As the largest financial contributor to the U.N., the U.S. is committed to ensuring the funds are spent wisely and not wasted. Most significantly, we led efforts to achieve a 5-percent cut in the size of the 2012–13 U.N. regular budget, resulting in a savings to American taxpayers of as much as \$100 mil-

lion, and representing the first time in 14 years—and only the second time in the last 50 years—that the General Assembly has approved a regular budget level below the previous biennium’s final appropriation. More specifically, we also advanced the establishment of a new U.N. agency called U.N. Women, combining four separate U.N. offices into one stronger, streamlined and more efficient entity working to support and empower women worldwide.

Although we do not produce a single product akin to the MAR, we are working on all fronts to ensure close oversight of United States funding to United Nations bodies and to promote their capacity to audit or evaluate themselves. For instance, our support of the U.N. Office of Internal Oversight Services (OIOS) has been critical to it being a strong and independent watchdog of taxpayer funds, and we spearheaded efforts to strengthen OIOS through the creation of a new Assistant Secretary General to serve as a deputy and help lead this vital office. We have worked with great effect to ensure that audits and evaluations produced by U.N. organizations, including UNDP and UNICEF, are made available to donors.

The Department has spearheaded many reforms of U.N. agencies through Phases I and II of the U.S.-sponsored United Nations Transparency and Accountability Initiative (UNTAI), which targets areas where member states can increase oversight and accountability and ensure that contributions are utilized efficiently and effectively. For example, when we launched UNTAI Phase I in 2007, most U.N. organizations did not disclose their internal audit reports, and many lacked an ethics and integrity framework. As a result of robust U.S. engagement between 2007 and 2010, 10 U.N. organizations decided to make their internal audit reports available to member states, 7 established independent ethics functions, 3 implemented credible whistleblower protections programs, and 4 began requiring their senior officials and staff with fiduciary or procurement responsibilities to disclose their financial interests. The Food and Agriculture Organization and International Telecommunication Union were two of the most improved U.N. agencies during Phase I. In Phase II of UNTAI, U.N. organizations continue to make progress on oversight and ethics reforms. Reforms of internal evaluation procurement, and risk management, which are new goals under Phase II, are in their early stages, and work is ongoing across the U.N. system to make progress.

We also constantly monitor U.N. organizations’ practices, especially with regard to their results frameworks, evaluations, and evidence-based decisionmaking. We also utilize findings from effectiveness reviews conducted by independent entities, such as the Multilateral Organization Performance Assessment Network (MOPAN) and the Organization for Economic Cooperation and Development (OECD). We have regularly attended MOPAN meetings, which focus on the Network’s effectiveness reviews of various multilateral organizations, and we will continue to support such independent reviews in the future.

These diverse efforts expand our knowledge base and help us make more informed recommendations regarding our own budgetary allocations. Our assessment of agencies’ performance and their commitment to reform will remain an important factor in those recommendations. As a result of our efforts, U.N. organizations continue to make progress in terms of oversight, ethics, and financial reforms, and we will continue these efforts to ensure accountability and effectiveness.

Senator LEE. Thank you very much.

I see my time has expired. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Lee.

Senator Coons.

Senator COONS. Thank you, Mr. Chairman.

And thank you, Madam Secretary, for your outstanding service. You have demonstrated, I think, really remarkable leadership and vision in a very difficult time in world history, and I just want to applaud you and the administration for leading a strong foreign policy that is based not just on defense, but also diplomacy and development.

I was grateful for the chance to witness firsthand your leadership on a joint delegation trip to Liberia for the inauguration of President Johnson Sirleaf.

I think it is critical that the United States continue to demonstrate support for democratically elected leaders in Africa as well as in other places in the world, to encourage the rule of law and

good governance, and I am also grateful you continue to elevate, as you did today, economic statecraft and development among the five principal priorities you put forward this year.

A number of the Senators who preceded me have touched on issues of real concern to me—Alan Gross’s case in Cuba, Iran sanctions and making sure we continue to press them, the path forward with Egypt. There has been lots of good ground covered, and I want to associate myself with Senator Rubio’s comments about PEPFAR and its importance.

But as the Africa Subcommittee chair, I just wanted to move, if I could, to the twin concerns of trade and governance and how an American values agenda around governance and transparency and rule of law also helps promote economic opportunity, economic statecraft, as you put it.

You recently commented at the first-ever State Department Global Business Conference how America’s foreign policy can champion U.S. business abroad and drive recovery here at home. Describe for me, if you would, in a little detail the tools for pursuing these critically important objectives in Africa, in particular in this FY13 budget request, and what we are doing around trade and investment for the United States. And then, if we could, go on to a question about governance and how these two connect.

Secretary CLINTON. Well, Senator, thank you. And thanks for your passion and commitment to Africa, and thanks for traveling with us to Liberia.

I think that is an excellent question. You posed it with respect to Africa. It obviously could be more generalized.

But speaking about Africa specifically, our approach combines several different tools. First, trade missions to Africa. Assistant Secretary Johnnie Carson just took a large delegation of American energy firms to Africa to meet with government officials, to meet with utility companies and businesses to talk about how the products and expertise of American energy companies could really enhance development of the energy sector in Africa.

Second, we are doing a lot of other energy work through our newly constituted Energy Bureau because Africa is so blessed with energy resources that are either not developed or underdeveloped and underutilized or being developed in ways that are not good for sustainable development. So we are interacting at the highest levels of government to try to work on that.

Third, the African Growth and Opportunities Act is a tremendous tool, and we have actively worked the last 3 years to help countries take better advantage of it. A lot of countries that are members don’t really utilize it to the fullest and also to work with countries that could benefit from it.

We have the Partnership for Growth. We have the Feed the Future. We have the Global Health Initiative. These are development objectives, but they are development objectives that are really focused on enhancing the capacity in African nations. The Millennium Challenge Grants, which are operating in Africa, do some of the same work.

We also have encouraged greater regional integration, like the development in East Africa of a kind of a common market among some of the countries. We would like to see that all over the con-

continent. I mean, if African nations would open up their borders to one another, if they would trade with one another, knock down barriers, if they would develop transportation networks, that would add dramatically to the ability of Africans to reap economic benefits.

And the final thing I would say is probably no part of the world has benefited more from the advance in information technology, particularly wireless technology, especially mobile phones, than Africa. So we have a lot of interesting initiatives under way to help people do mobile banking, to help them get linked into the futures markets on their mobile phones. Just all kinds of really innovative ways that we have promoted both from outside, but also from within by running contests for young African entrepreneurs.

So, I mean, I could go on for a long time. But it is a very important part of our agenda for Africa.

Senator COONS. Well, thank you, Madam Secretary.

And let me transition then to the other part of what I think is our shared agenda for Africa, which is promoting America's core commitment to transparency, to rule of law, to democracy, to Internet freedom, to human rights.

Many of us were relieved that Senegal's elections proceeded without significant violence, but it raises the ongoing question, whether in Uganda, Cameroon, Equatorial Guinea, or Zimbabwe, of national leaders who have either manipulated constitutions or avoided really free and fair elections on a continent where there has been steady progress toward democracy in the last decade.

What can we do to encourage and sustain good governance in Africa? What priorities are reflected in this 2013 budget in that regard, and then what can we be doing together that will help bring together these twin strands?

One of the most striking things Senator Isakson and I saw, for example, in Nigeria was how that mobile phone revolution you are talking about made possible transparent elections in Nigeria in just the same way that they are making possible access to the marketplace, information for small farmers in Ghana. So how are we advancing the American values agenda in Africa?

Secretary CLINTON. Well, you are right to point out what technology has meant because we have invested in helping countries modernize their voting systems, making elections more transparent. We did a lot of work in Kenya, and the constitutional referendum there really demonstrated the impact that technology can have because we were able to get technology widely distributed, get votes counted without going through a lot of hands.

So we are emphasizing use of technology to empower citizens to hold their governments more accountable, to have elections that are free, fair, and credible. We are also pushing very hard on how we interact with leaders in Africa by supporting those who are legitimately elected, like President Ouattara in Cote d'Ivoire.

There was a case where there was a credible election. He was elected, and the former President Gbagbo wouldn't leave. Well, we weighed in very heavily.

So we are trying to demonstrate that our commitment to technology, our commitment to elections, our commitment to good governance go hand in hand with what we think Africans across the

continent want, which is more effective functioning societies that give them a chance at a better future.

Senator COONS. Thank you very much.

I have additional questions I will submit for the record about Nigeria, Somalia, the Sahel, others.

Thank you so much for your appearance before this committee today, and thank you for your leadership.

The CHAIRMAN. Thank you, Senator Coons.

Let me just take a moment to thank you for your tremendous energy and diligence and enthusiasm in your leadership of the African Affairs Subcommittee. It has been really terrific and much appreciated by the committee.

We are down to the hard core here.

[Laughter.]

Senator Udall has been here from the opening gavel to the last question, and I am happy to recognize him.

Senator UDALL. Thank you, Chairman Kerry.

And thank you, Secretary Clinton, for being here. Thank you for your stamina. I think you have been here for more than 2 hours, and I really appreciate that, you taking some final questions here.

And it seems to me, in listening to your travels, that you may be one of our most traveling Secretaries of State, and you may have set some records there. So I know all of us very much appreciate that.

I have been a proponent of an accelerated transition in Afghanistan, and I believe it is important that Afghans begin to take a lead role in protecting their country so they can begin to gain the experience and the capability before the drawdown of United States forces is completed. And I believe this will help stabilize Afghanistan and lead to a faster drawdown of United States combat forces.

And I don't believe, Madam Secretary, as some have asserted, that this means abandoning Afghanistan. I believe a strong diplomatic training in counterterrorism will likely be necessary to support the developing Afghan Government.

What I am wondering about is whether the State Department has begun considering what Secretary Panetta posed recently about accelerating the transition of combat responsibilities to Afghans by mid or early 2013. Has the State Department been considering this option? What are its implications?

Do you look forward to what is going to happen with the NATO summit in May in Chicago? Is that going to be a part of the discussion that occurs there?

Secretary CLINTON. It certainly will. We agreed with all of our NATO ISAF partners to have a transition that would, beginning a year ago, transfer lead responsibility to Afghan security. We are doing that. We are transferring districts throughout Afghanistan on a regular basis.

We also know that there has to be continuing training in order to equip the security forces to do what they are expected to do. So this is an agreed-upon transition sequence that was adopted at the Lisbon conference, is being worked through on both the military and civilian sides, will be further refined in Chicago, and we are certainly geared up to follow through on that.

Senator UDALL. Thank you.

The issue in your opening statement came up where you talked about pivoting to Asia, and we know that the President has talked about Marines in Australia. I know you recently gave a speech talking about the South China Sea and activities there.

Could you just talk in a broad, general way about what this actually means for the United States to put more of an emphasis in the Pacific? Are we talking about containment of China? I mean, how does China relate to this whole thing, and what roles are we trying to fulfill?

Secretary CLINTON. Well, I think, Senator, we have always considered ourselves so blessed by geography that we were both an Atlantic and a Pacific power, and that unique position has granted the United States significant strategic advantages that have been accompanied by economic benefits and so much else.

But because of our heavy emphasis starting on 9/11 in going after those who attacked us, also the war in Iraq, the broader emphasis on the Middle East, there were many in Asia who thought that we were either by intention or by default abandoning our leadership role in the Pacific, and it was our intent to reestablish that leadership role, which we have done.

We have initiated new strategic dialogues in the region. We became a full and active partner in strengthening our alliances in ASEAN and APEC. We have joined the East Asia summit. We have signed the Treaty of Amity and Cooperation. We began the Lower Mekong Initiative to work with countries that are dependent upon the Mekong.

We have got great deal of work going on with Indonesia and the Philippines. We have the major trade agreement with Korea. We came to the aid of our good ally, Japan, after their disasters. We are having this opening to Burma.

We are actively involved in what is going on in the Asia-Pacific because we think it is very much in America's interest to be so. And that includes being able to project both civilian and military power. And as we looked at where we had forces operating, we saw some gaps, and that is what the President addressed on his recent trip to Australia.

We think that there is a great deal for America to gain by being very much involved in and supporting the incredible growth of the region. So that is what we are positioned to do.

Senator UDALL. Thank you.

I just returned several weeks ago, maybe about a month ago from India. And we had an excellent trip, and one of the things that was remarkable was seeing the activity out in the villages and seeing the cooking and seeing the pollution by the way they cook. And I know that you have been a real advocate of these kind of modern stoves that if they are utilized, I think, do a lot of things from pollution to using less fuel, to make it a healthier home and all that.

Could you just, in the last couple of seconds we have left here, describe how you are doing that and what you are doing.

Secretary CLINTON. Well, first, let me thank you for caring about that, Senator, and asking a question about it. Because it is one of those long-term projects that I think has tremendous payoff, but it is not in the headlines. So thank you, sir.

We are actively driving an initiative we helped to put together called the Global Cookstove Alliance, or the Alliance for Global Cookstoves. We are working with dozens of other countries, with the United Nations and organizations to help create a market for cleaner burning cookstoves in developing countries because you are right. This has tremendous benefits.

It cuts down on respiratory illnesses for women and children. It also helps keep the environment clean by cutting down the soot, the black carbon that goes into the atmosphere. It is a security issue to the extent that many women and girls are put at risk when they go out to gather fuel in many of these countries.

So we have looked at the data. The National Institutes of Health has been one of our partners. That in terms of cleaning up the atmosphere, reducing health costs, this is one of the most effective approaches we could take.

For anybody who is really interested, maybe you or some of the staff would be interested, we have a display of clean cookstoves in the State Department that we just opened a few days ago because we want people to know what we are talking about.

And when I was in India, I was in Chennai, we had an exhibit set up and we are working some Indian universities that are actually taking measurements of the pollution that goes into women and children's lungs and also into the atmosphere. That is related to an announcement we made last week that in our effort to try to help the environment, the United States has joined with five other countries in setting up a new coalition to fight the climate forcers, the short-term climate forcers—methane, soot, black carbon, et cetera. And cookstoves, obviously, are part of that.

So, again, this is the kind of initiative that I think is worth investing in. It will pay dividends down the road. It is not a quick fix, but it is something that we are able to do with public-private partnerships.

Senator UDALL. Thank you for your efforts.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you. Thanks, Senator Udall. And thanks for your patience.

Senator Lugar, do you have anything additional?

This hearing has taken a little longer, and I apologize, Madam Secretary. But thank you for being patient and staying with us.

We are going to keep the record open for a week.

There is one additional issue I just want to raise with you very quickly. I know you are very familiar with the case of Colin Bower, my constituent from Massachusetts whose two children were taken illegally from Massachusetts against court order and taken to Egypt. And he has had, as you know, an extraordinarily difficult time trying to get resolution of this.

I raise this at the end of the hearing not because it is of last importance, but I want the Embassy and the Egyptian Government to take note that this is increasingly a concern among colleagues about respect for law and respect for family and an individual parent's rights, as well as the sort of international legal system.

So I hope we can continue to have that issue raised in the context of your diplomacy, and we will continue to raise it, obviously.

A final comment I would just say to all of you who are wearing the yellow jackets here, I want to express my respect for and appreciation for the way in which you have been present today. Yours is an issue that is of note to all of us, and we are concerned about it and pursuing thoughtful approaches to it. But I am particularly appreciative for the respectful way in which you have taken part in this hearing, and we thank you for that.

Madam Secretary, thank you so much for being with us today. We stand adjourned.

Secretary CLINTON. Thank you.

[Whereupon, at 3:40 p.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS SUBMITTED BY SENATOR JOHN F. KERRY

Question (#1a-c). In July 2011, you announced the New Silk Road (NSR) initiative, a long-term economic vision to transform Afghanistan into a hub of transport and trade, connecting markets in India, Pakistan, Afghanistan, and Central Asia. In December 2011 the Senate Foreign Relations Committee's majority staff released a report that recommended several concrete steps for implementing NSR.

- Please describe the FY 2013 spend plan for NSR.
- Of the twenty NSR investment projects, which ones is the United States prioritizing with other donors? Is the administration casting a broad net or focusing on a few specific projects that stand the greatest chance of success? What big-ticket infrastructure projects is the United States supporting? Which projects is the United States supporting that will focus on removing barriers to continental transport and trade?
- Most of the projects envisioned under NSR will take 3 to 10 years to yield results. Which projects is the United States supporting that will deliver results in the near term, demonstrate the potential of this strategy, and help broaden political support to sustain longer term U.S. engagement?

Answer. We appreciated the Senate Foreign Relations Majority Staff Committee report of 19 December, 2011 "Central Asia and the Transition in Afghanistan." Our New Silk Road vision calls for an Afghanistan that is economically reintegrated into its region, at the center of web of transportation and trade linkages. We particularly appreciate your recommendation to extend the New Silk Road vision beyond Afghanistan, and both USAID and State are working on this challenge.

Because the New Silk Road vision is not a list of infrastructure projects, it does not have an associated spend plan. However, you should be aware that Mission Kabul will complete in late May a Program Review to ensure that U.S. civilian assistance programming for Afghanistan is fully in line with policy and Administrator Shah's sustainability guidance, including to ensure projects are cost effective and contribute to our transition objectives. The review will discuss the need to identify institutional, governance, and policy factors critical to the success of program initiatives.

Again, our New Silk Road vision is not a list of infrastructure projects, but an organizing principle. We are very pleased to see Afghanistan and its regional partners will come together at the fifth Regional Economic Cooperation Conference on Afghanistan (RECCA V) in Dushanbe March 26–28. At RECCA, Afghanistan and its regional partners will identify 15 hard and soft infrastructure programs that would foster greater regional economic integration. Among these 15 projects, several focus on cross-border issues, including Customs harmonization and greater coordination between chambers of commerce. The Dushanbe Declaration will stress the importance of a comprehensive regional approach to challenges faced by the region, and emphasize the importance of encouraging private sector investment as a driver of economic growth. We will continue to support efforts by Afghanistan and its region to implement our New Silk Road vision.

Among the 15 proposed RECCA V projects, the United States has already provided significant assistance and support. For example, we have supported the rehabilitation of the Salang Tunnel, we continue to encourage regional partners to make progress on the Turkmenistan Afghanistan Pakistan India (TAPI) pipeline, we continue to support the CASA 1000 energy project, we have been instrumental in devel-

oping the Afghan fiber optic ring, and we play an important role in encouraging cross-border transit trade initiatives. All of these initiatives are in line with our New Silk Road vision.

Question (#2a). In June 2011, the Department launched a new \$4.1 million initiative known as “CACI,” or the Central Asia Counternarcotics Initiative, to build local capacity and stimulate regional cooperation on counternarcotics. CACI seeks to establish vetted units and build counternarcotics task forces in the five Central Asian countries, linking them with existing task forces in Russia and Afghanistan.

- The administration has requested \$9.1 million in its FY 2013 budget for CACI. Please describe how this money will be spent.

Answer. The administration requested \$9.0M for CACI in FY 2013. These funds will be spent to: (1) cover the ongoing operational costs, including salary supplements, communications costs, vehicle maintenance, training, polygraph and other vetting procedures of Central Asian personnel in the three vetted units that we anticipate will be operational, under DEA oversight, during fiscal year 2013; (2) provide additional funding support to the Kyrgyz and Tajikistan drug control agencies; (3) provide funding support to the Central Asian Regional Information and Coordination Center (CARICC); (4) contribute to the United Nations Office on Drugs and Crime’s (UNODC) Regional Program for Counternarcotics in Afghanistan and Neighboring Countries as it relates to the development of investigative capacities and drug task force development; (5) support operational cooperation between Afghanistan’s Sensitive Investigative Unit (SIU) and Central Asian vetted units; and (6) contribute to the NATO-Russia Council Counternarcotics Training Program for Afghanistan, Pakistan, and Central Asia.

Question (#2b). How will CACI be implemented, given recent reports that Russia has convinced Collective Security Treaty Organization (CSTO) members not to participate?

Answer. While news reports have indicated that some unnamed officials associated with some parts of the Russian Government, and some officials associated with the Collective Security Treaty Organization (CSTO), are not supportive of CACI, the Russian Ministry of Foreign Affairs has advised us that the government does not oppose CACI but would like to have additional information about the initiative. Two countries in Central Asia have endorsed CACI and one of them has already agreed to establish a vetted unit. We are in discussions with two others which have shown strong interest in vetted units. However, we can only establish these units in countries where DEA has a full-time presence. The process of finding space for DEA at our embassies and processing NSDD-38 requests is ongoing as are negotiations with governments in the region.

Question (#3). This committee encourages cross-border stabilization and development programs between Afghanistan and Pakistan, and between each country and the five Central Asian republics. The committee’s December 2011 majority staff report on “Central Asia and the Transition in Afghanistan” offers a number of specific cross-border proposals.

- Please describe in detail the FY 2013 plan for cross-border projects between Afghanistan and Pakistan, and between each country and Central Asia.

Answer. The Senate Foreign Relations Majority Staff Committee report of 19 December 2011, entitled “Central Asia and the Transition in Afghanistan” notes the importance that the New Silk Road vision extend beyond Afghanistan, and both USAID and State are working to support national and regional efforts to advance this agenda.

Over the past decade, the United States has spent significant diplomatic effort and assistance funding to support cross-border linkages that support sustainable Afghan economic growth. We aggressively supported Afghan and Pakistani efforts to negotiate and sign the Afghan-Pakistan Transit Trade Agreement (APTTA) and now continue to support efforts by the parties to resolve outstanding implementation efforts. U.S. funding to support the Afghan transportation sector is helping to bring online a new stretch of rail line, recently funded by the Asian Development Bank, that extends connections to Uzbekistan to Mazar-e-Sharif.

USAID support to the Afghan electrical grid and the electrical utility (DABS) has made possible the purchase of Central Asian electricity for distribution to major Afghan urban areas, including Kabul, to the benefit of both Afghanistan and the supplier countries. There are many other examples of U.S. support for projects that facilitate cross-border economic cooperation over recent years.

Ambassador Morningstar is leading a complex diplomatic engagement with Turkmenistan, Afghanistan, Pakistan, and India to make the TAPI pipeline a re-

ality. These countries are making significant progress toward agreement on a pipeline that would link world-class gas reserves in Turkmenistan with massive demand in South Asia, a concrete example of our New Silk Road vision.

We also continue to support the Asian Development Bank's Central Asia Regional Economic Cooperation (CAREC) program, which brings together 10 countries and 6 multilateral agencies to focus on tangible ways to promote cross-border synergies in the areas of trade, transportation, and energy.

We recognize that there is more we can likely do, and greater synergies we can pursue between our assistance programs in the countries of the region. That is why USAID is convening a series of regional meetings to discuss opportunities for cross-border projects that might help reintegrate Afghanistan into both Central Asia and South Asia, in the spirit of our New Silk Road vision. This planning session will inform the FY 2013 plan for cross-border projects, which is at the initial planning stages given that we recently submitted a congressional budget justification.

Question (#4a-e). I have a series of questions about the status and future plans for the Afghan National Security Forces (ANSF).

- Reports indicate that ANSF will be reduced to 230,000 personnel. What are the projected end strength numbers for the Afghan National Army (ANA) in 2013, 2014, 2015, and 2016?
- What are the projected end strength numbers for the Afghan National Police (ANP) in 2013, 2014, 2015, and 2016?
- What missions does the new strategy envision for the ANA?
- What missions does the strategy envision for the ANP?
- What is the demobilization plan for getting ANSF down to 230,000?

Answer. The goal of Afghanistan and the international community remains clear: to build a strong, effective Afghan Army and police force that is capable of securing Afghanistan's territory and protecting the Afghan people from violent extremism. The international community is committed to assisting the Afghans in this goal and in a manner that is not a threat to any of Afghanistan's neighbors. It is premature to publicly discuss what the Afghan National Security Forces (ANSF) will look like post-2014 and beyond as no decisions have been made. We are in discussions with our NATO allies, ISAF partners, and the Afghan Government on the nature of the long-term support necessary to maintain a sufficient and sustainable ANSF. This collaborative discussion with allies, partners, and the Afghan Government on sustainable costs associated with the future posture of the Afghan forces will be based on relevant variables during the post-transition period and conditions on the ground. These discussions further reinforce the long-term commitment by the United States and our NATO allies to the Afghan people, as agreed at Bonn in December 2011 and at the NATO Lisbon summit in November 2010.

Question (#4f-l). What is the current strength of the ANA and the ANP? How many are present for duty?

- What is the attrition rate for the ANA and ANP?
- How many ANA units are capable of operating independently, that is, capable of planning and executing missions, maintaining command and control of subordinates, and exploiting intelligence?
- How many ANP units are capable of operating independently?
- How many new ANA recruits come from the Pashtun south?
- What is the ethnic composition of the ANA's officer corps?
- What is the ethnic composition of the ANP? What is the literacy rate for the ANA and ANP?

Answer. In regards to the current status of the Afghan National Security Forces, I refer you to our colleagues at the Department of Defense, who, through their work with the NATO Training Mission in Afghanistan (NTM-A), work side by side with their Afghan partners on a daily basis to build a strong, effective Afghan Army and police force that is capable of securing Afghanistan's territory and protecting the Afghan people from violent extremism.

Question (#4m). What metrics is the administration using to measure success in the transition to Afghan lead for security responsibility?

Answer. Successful transition of security responsibility requires that Afghan Security Forces, under effective Afghan civilian control, will be capable of tackling security challenges on a sustainable and irreversible basis—albeit with some level of continued support from NATO. Afghan and NATO authorities have been assessing the readiness of areas for transition through the Joint Afghan-NATO Inteqal Board (JANIB), which produced its first set of conclusions and recommendations on 24 February 2012. Transition is a conditions-based process, not a calendar-driven event

and the recommendations of the JANIB are based on an assessment of conditions on the ground.

Criteria for the transition of a particular area include: ANSF are capable of shouldering additional security tasks with less assistance from ISAF, security is at a level that allows the population to pursue routine daily activities, local governance is sufficiently developed so that security will not be undermined as ISAF assistance is reduced, and ISAF is postured properly to thin out as ANSF capabilities increase and threat levels diminish. In addition, transition assessments also consider the ability and authority of the Afghan Government to provide the rule of law and manage public administration at subnational and local levels and the capacity of an area to sustain socioeconomic development.

Question (#4n). Has the U.S. mission changed in transitioned areas?

Answer. No area of Afghanistan has completed transition, as the process is gradual and completely conditions-based. The announcement of the beginning of transition is only the first step of a process that is expected to last between 12–18 months, with a gradual reduction in support to the ANSF from ISAF forces, until the point that the ANSF can fully provide for the area's security. Even as Afghans assume the security lead, ISAF will continue to be fully combat ready—and we will engage in combat operations as necessary. Additionally, in order to maintain the support and commitment of the Afghan people, we continue to work with our Afghan partners to improve the provision of basic services, promote government transparency and accountability, strengthen institutions, and advance Afghan-led reconciliation throughout Afghanistan, including in areas undergoing transition.

Question (#4o). Is ANSF capable of consolidating security gains in transitioned areas, and if so, are these gains sustainable?

Answer. Although no area of Afghanistan has completed the transition process in its entirety, the fact that the ANSF has so far maintained control in those areas that have begun the transition process is encouraging. While I would again refer you to our DOD colleagues for specifics on ANSF capabilities, we have seen that the insurgents attempt cowardly attacks aimed at causing fear and feelings of insecurity among Afghan citizens. The successful, professional response to many of these attacks by the ANSF, with ISAF mentors on hand for support, is an indication that transition is working as envisioned.

Question (#5). How much has been obligated and disbursed on civilian assistance to Pakistan since October 2009? How much has been obligated and disbursed in Kerry-Lugar-Berman (KLB) funds? How much of the \$500 million in KLB funds committed to flood relief in Pakistan has been obligated and disbursed?

Answer. From October 2009 to December 31, 2011, the United States obligated \$1.61 billion in bilateral civilian assistance to Pakistan. During the same time period, the United States disbursed a total of \$2.6 billion in civilian assistance to Pakistan. This includes both funding obligated prior to October 2009 and over \$800 million of emergency humanitarian assistance following the floods of 2010 and 2011.

Of FY 2010 and FY 2011 bilateral civilian assistance authorized under the Kerry-Lugar-Berman (KLB) legislation, as of April 2012, the United States has obligated \$1.44 billion and disbursed \$756 million of funds authorized under KLB.

In response to the massive floods of 2010, then-Special Representative for Afghanistan and Pakistan, Richard Holbrooke, announced in November 2010 that the United States would seek to redirect up to \$500 million of existing bilateral civilian assistance to Pakistan to support flood recovery and reconstruction. Of the \$500 million commitment (all of which has been obligated), over 60 percent has been disbursed, which includes \$190 million toward the Citizens' Damage Compensation Program (CDCP).

Of the remaining \$310 million, approximately half of the funding is supporting existing programming which could be redirected to address flood recovery, for purposes such as: to provide seeds and fertilizer to farmers affected by flooding; assistance to women's microenterprises; maternal and child health programs and support for small grants programs and gender equity grants, in flood-impacted areas; and quick impact infrastructure projects in flood-impacted regions of the Federally Administered Tribal Areas. The other half supports reconstruction of infrastructure damaged by floods, including schools, roads, bridges, and irrigation control systems.

Question (#6). The United States supports a peaceful and humane solution to the situation at Camp Ashraf. Recently, 397 residents of the camp were transported to Camp Liberty, where UNHCR is supposed to begin processing them for resettlement. But there seem to be delays in the processing and concerns about the presence of Iraqi security personnel within the new living quarters.

- What is the status of the full closure of Camp Ashraf and what steps is the U.S. Government taking to ensure that the Memorandum of Understanding that was agreed to by the U.N. and the Iraqi Government is effectively implemented?

Answer. As you mentioned, on December 25, 2011, the United Nations and the Government of Iraq (GOI) signed a Memorandum of Understanding (MOU). This MOU opened the way for a peaceful and humane temporary relocation of Ashraf residents to Camp Hurriya (formerly Camp Liberty) and their eventual departure from Iraq. The United States has publicly supported the MOU, while also calling on the GOI to abide by the MOU's terms, specifically the elements of the MOU that provide for the safety and security of Camp Hurriya.

On January 31, following much work by the GOI, the U.N. High Commissioner for Refugees (UNHCR) and U.N. Human Rights Office in Baghdad determined the infrastructure and facilities at Camp Hurriya to be in accordance with international humanitarian standards, as required by the MOU.

On February 18, the first group of Ashraf residents relocated to Camp Hurriya. The United Nations Assistance Mission for Iraq (UNAMI) and the Office of the UNHCR, as they had committed, supported that relocation through human rights monitoring and mediation of certain issues between the GOI and the residents. There were complications during that move, but despite delays, it took place peacefully and the GOI provided significant resources for the protection of the residents' travel. U.S. officials from Embassy Baghdad also observed portions of this movement, at both Ashraf and Hurriya. A second and similar relocation of nearly 400 residents occurred on March 8, followed by a third relocation on March 19.

At Hurriya, the UNHCR has begun a verification and refugee status determination process for the relocated residents, have registered over 500 residents and has conducted over 100 refugee status determination interviews. U.N. monitors also remain available on a round-the-clock basis. The residents at Hurriya, who have access to the Internet and unrestricted ability to communicate with anyone outside Hurriya, have identified problems with certain facilities at the camp. UNAMI, with support from U.S. Embassy Baghdad, has acted swiftly to seek resolution of those problems by the GOI. UNAMI and U.S. officials have also urged leaders of the residents to work directly with the GOI on issues of security, including police presence, and on resolving remaining and future logistical issues. We have seen significant progress between the residents and the GOI on finding practical solutions in that regard. Patience and flexibility is required, and both the GOI and residents must continue to cooperate to find solutions. The brief but unfortunate outbreak of violence on April 8 at Camp Ashraf between Iraqi security forces and residents shows that the progress so far cannot be regarded as self-sustaining.

In addition to our general support for these U.N. efforts, officials from U.S. Embassy Baghdad visit Hurriya regularly and frequently, and are in contact with representatives of the residents still at Ashraf. We remain attentive to the situation at Ashraf and Hurriya and remain in active, regular contact with both the U.N. and the GOI in support of completing a peaceful and safe relocation process.

The decision of the remaining Ashraf residents to continue relocations to Hurriya is vital in moving forward with the work of UNHCR and the subsequent relocation of individuals out of Iraq. That relocation will require efforts on the part of many governments, including our own. We share your interest in seeing a peaceful conclusion to this issue and we look forward to continuing our dialogue with you.

Question (#7a-c). The United States has played a key role in addressing the Iraqi displacement crisis by providing funding to ensure refugee children have access to education, that torture survivors receive medical treatment and that female-headed households receive basic assistance. But the needs of these Iraqis persist, as thousands of them continue to live in squalor.

- a. How is the United States working with the Iraqi Government, as well as its neighbors, to provide basic assistance to these vulnerable populations?
- b. How concretely is the United States assisting those who voluntarily return to their homes?
- c. What progress has been made to work with our partners to find a durable solution for the thousands of refugees and internally displaced persons?

Answer. In FY 2011, the State Department's Bureau of Population, Refugees, and Migration (State/PRM) provided nearly \$290 million to support Iraqi refugees, IDPs, and conflict victims. So far in FY 2012, State/PRM has provided almost \$51 million to support this population, and more will be provided in the coming months. While the U.S. Government will continue to provide humanitarian assistance through international and nongovernmental organizations to these populations, we anticipate the levels will decline as the USG shifts from relief to development activities,

and as the Government of Iraq assumes increasing ownership of addressing the needs of displaced Iraqis.

Outside of Iraq, the USG remains the single largest contributor of humanitarian assistance for Iraqi refugees. Our funding supports international organizations, such as the United Nations High Commissioner for Refugees (UNHCR), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), and the World Food Programme (WFP), and nongovernmental organizations to address the needs of roughly 168,000 registered Iraqi refugees in neighboring countries, primarily Syria, Jordan, and Lebanon. As a result of State Department assistance, these populations received a range of services including relief commodities, shelter, cash and livelihoods assistance, health care, and education.

Syria hosts the majority of Iraqi refugees. Despite the ongoing violence, State/PRM funding continues to provide assistance to refugees in the form of cash assistance for vulnerable families, medical clinics with pediatric care, primary education support and vocational education for youth, and psychosocial counseling. In Jordan, the USG has worked with the Government of Jordan to secure the right to work for Iraqis in some sectors, access to the national health care system for primary health care, and access to schools for Iraqi children. In Lebanon, our partners provide psychosocial assistance to Iraqis and work with the Government of Lebanon to integrate Iraqi children into the national school system. In Turkey, funded partners provide language classes to enable Iraqi children to attend Turkish schools.

In addition to USG financial assistance, we continue intensive humanitarian diplomacy with host governments, the Government of Iraq (GOI), and international organization and nongovernmental partners in the region to protect displaced Iraqis and those who have chosen to return to their homes. Inside Iraq, U.S. Government engagement is aimed at encouraging the GOI to take greater ownership of managing the displacement issue. We have seen some positive signs in this direction. In August 2011 the GOI increased the return stipend from 1 million dinars (about \$849) to 4 million dinars (\$3,395). In the months following this decision, Iraq saw a large increase in returns of both IDPs and refugees and, by the end of 2011, roughly 261,000 Iraqis had returned to their home areas—the highest number since 2004. Iraq's Ministry of Displacement and Migration is also making strides to confront the housing issue for IDPs and returnees. Two large plots of land in Baghdad have been identified for shelter construction, and the GOI is working with UNHCR and the U.N. Human Settlements Program (U.N.-HABITAT) to acquire proper title to this land, identify beneficiaries, and start construction of shelters. The GOI has also recently announced a Comprehensive Plan on Displacement that will guide the GOI actions to address issues relating to displaced Iraqis in the coming years. We will continue to work with the GOI as it moves forward to provide land and shelter for the displaced, and to ensure the GOI includes the displaced community in its resource planning.

Since 2007, the United States has admitted nearly 64,000 Iraqi refugees for permanent resettlement. More than 10,000 of these accessed the U.S. Refugee Admissions Program (USRAP) through a direct access mechanism created by the 2008 Refugee Crisis in Iraq Act. Iraqis eligible for direct access to the USRAP include direct-hire U.S. employees, employees of certain entities receiving U.S. funds, and employees of U.S.-based media organizations or NGOs, as well as certain family members of those employees and Iraqi beneficiaries of approved I-130 immigrant visa petitions, including Iraqis still inside Iraq. The remainder were referred for resettlement consideration by UNHCR and include many with identified vulnerabilities, including victims of violence or torture, female-headed households, and those with medical needs that could not be met in the country of asylum.

Since 2003, USAID's Office of U.S. Foreign Disaster Assistance (USAID/OFDA) has provided more than \$451 million of humanitarian assistance to IDPs and vulnerable populations. This assistance has included support for the distribution of emergency relief commodities; the provision of emergency shelter; expanded access to essential water, sanitation, and hygiene facilities and services; income-generating opportunities and economic recovery; strengthened humanitarian coordination and information-sharing among relief agencies supporting IDPs; increased food security through agriculture and livestock-rearing programs; and the promotion of children's psychosocial health through the operation of child-friendly spaces and teacher training. Through the Danish Refugee Council, USAID/OFDA enhanced the capacity of Iraqi governorate authorities to prevent, respond to, and manage emergencies through the expansion and strengthening of the existing national Governorate Emergency Cell network currently operating in 11 of Iraq's 18 governorates.

By June 2012, USAID/OFDA's programs in Iraq will transition from emergency relief to early recovery, laying the foundation for long-term development and durable solutions. For instance, USAID/OFDA worked with State/PRM to ensure suc-

successful transition of a returnee assistance program, implemented by International Medical Corps (IMC), from USAID/OFDA funding to a State/PRM-supported UNHCR program, once the USAID/OFDA-supported program ended in January 2011. The program expanded the capacity of the GOI Ministry of Migration and Displaced to efficiently provide needs-based assistance—including registration, legal aid, and protection—to vulnerable IDP and refugee returnee populations.

Principles relating to return, resettlement, and reintegration, require that “competent authorities”—in this case, the Iraqi government—have the primary duty and responsibility to either allow IDPs to return to their homes, or resettle and reintegrate them voluntarily in other parts of the country. Special efforts should also be made to ensure full participation of IDPs in planning and management of their return, resettlement, and reintegration. IDPs should have the right to participate fully and equally in public affairs, have equal access to public services, and not be discriminated against for being displaced. Additionally, “competent authorities”—in this case, the Iraqi Government—have the primary duty and responsibility to assist IDPs in recovering and reclaiming their property and possessions or compensation for their loss. Finally, international humanitarian organizations and other appropriate actors must be allowed rapid and unimpeded access to IDPs to assist in their return and resettlement.

USAID development assistance for durable solutions supports these principles through the following activities:

- **Microfinance:** USAID has recently committed \$18.3 million to focus on expanding access to credit for vulnerable groups, including IDPs.
- **Access to Justice:** USAID’s Access to Justice Program assists vulnerable and disadvantaged Iraqis by increasing awareness of their rights as well as avenues for receiving remedies from the Iraqi Government.
- **Civil Society and Governance:** USAID works to strengthen civil society through the Community Action Program (CAP) which assists community action groups to identify their priorities, implement solutions and advocate for their needs with local authorities. Along with CAP, USAID’s Governance Strengthening Project and the Administrative Reform project, both provide technical assistance to national, provincial, and local governments to improve their capacity to respond to the needs identified by local communities, such as IDPs.
- **Health and Education:** USAID works with the Iraqi Ministry of Health to improve their delivery of primary health care services. USAID is also currently designing a Primary Education program which will work with the Ministry of Education to improve the delivery of primary education throughout the country, and will also benefit IDPs.

By working with the Iraqi Government at all levels and with Iraqi counterparts directly engaged and assisting the Iraqi people, USAID assistance can work toward long-term durable solutions that improve the Iraqi Government’s response to IDP needs, while empowering IDPs themselves to improve their situation.

Question (#8a-c). The administration has asked for \$770 million in FY 2013 funding for the newly created Middle East and North Africa Incentive Fund. In your testimony, you justified this request by referencing the difficulties in the past year in reprogramming funding and by referencing the U.S.’s policies in Eastern and Central Europe shortly after the fall of the Soviet Union.

- a. What examples does the State Department have to show where policy outcomes could have been improved if such authority was available?
- b. If much of this funding will ultimately be allocated through other programs—USAID, NADR, INCLE, and others—who will determine where this money flows and how it is accounted for?
- c. What kind of internal oversight will the State Department rely on to ensure that fast-tracking funding to new projects does not result in unnecessary waste and expenditure at the taxpayer’s expense? What criteria will be used in dispersing this funding?

Answer. The MENA-IF represents a new approach to the Middle East and North Africa by demonstrating a visible commitment to reform and to the region; tying assistance to reform agendas; and providing flexibility for contingencies in order to take advantage of new opportunities. To support this new approach, this Fund has broad authorities to allow the USG to better respond to political changes in the Middle East and North Africa and incentivize meaningful and sustainable political and economic reforms by tying these reforms to significant levels of U.S. assistance.

a. While we were able to respond to Arab Spring events by transferring money and reprogramming funds, the process was lengthy, our tools were limited, the opportunity costs were high, and we were not able to respond at levels commensurate

with the diversity of challenges and opportunities we faced, which ranged from humanitarian needs to working with internal security forces. The MENA Incentive Fund will improve upon the process by enabling a more timely and flexible USG response to changing events in the MENA region. Reprogramming and moving funding takes time, both in identifying available funds and notifying the movement of these funds. Second, the MENA-IF will provide flexible response mechanisms such as loan guarantees or enterprise funds without having to seek new authorities each time we need to provide short-, medium-, and long-term responses to regional changes. Finally, when new opportunities arise that were not anticipated by global programs—such as new opportunities to work with internal security forces on human rights and capacity-building—MENA-IF funding flexibilities will allow us to target sufficient resources appropriately.

b. Regardless of which agency or bureau implements MENA-IF programs, the funds will be centrally managed and allocated. Decisions about potential implementing agencies will be made based on the types of programming needed and each implementer's comparative advantage.

c. The same oversight mechanisms governing all foreign assistance accounts will apply to the MENA-IF. We welcome credible proposals for economic and political reform but will prioritize funding for those countries that have the greatest commitment to reform (judged by actions taken this year and/or credible reform proposals), where successful outcomes would have the greatest impact in the country and/or region, and where U.S. strategic interests are greatest. We will evaluate them against qualitative assessments to determine commitment to reform, need, access to resources, opportunities for U.S. engagement and partnership (with partner governments as well as other stakeholders, including IFIs, etc.), potential impact and strategic interest.

Question (#9). What reforms do you believe need to occur in the Egyptian economy to set it on a sustainable path to prosperity? How is the United States supporting those reforms? Do you intend to use Middle East and North Africa Incentive Funds, and how would that fit into the \$250 million of economic assistance that we already provide to Egypt?

Answer. We believe that the long-term success of Egypt's democratic transition depends in large part upon the achievement of sustainable, inclusive economic growth that can address Egypt's unemployment and development challenges. To meet this goal, reforms in four main areas are essential. First, Egypt needs to strengthen its private sector and in particular the competitiveness of its small and medium enterprises (SMEs), which employ the majority of Egyptians. Central to this is improving the legal and regulatory environment for investment and business. Egypt also needs to make financing available to a greater number of SMEs so they can grow and hire more workers. Second, Egypt should reduce trade barriers and implement other reforms to enhance trade's significant potential as an economic driver and job creator. Third, to address the revolution's demands to root out corruption and cronyism, Egypt will need to achieve greater transparency and accountability in governance. Fourth, Egypt should redouble its efforts to deliver quality, market-relevant education to its workforce, particularly for young graduates. This will better align the skills of job-seekers with employers' needs.

To help Egypt create a brighter economic future that will help ensure the country's long-term stability, the United States is providing support in each of these areas. For instance, we are helping Egypt make its private sector more competitive and enact reforms that create an enabling business environment, reduce the cost of doing business, and encourage innovation and entrepreneurship. We are also assisting Egyptian financial institutions increase lending to small businesses, including through a \$250 million OPIC loan guarantee facility. The new Egyptian-American Enterprise Fund, currently capitalized at \$60 million, will invest in the SME sector, further demonstrating our commitment to job creation. As part of the administration's Middle East and North Africa Trade and Investment Partnership (MENA-TIP), we will work closely with the Government of Egypt on technical and policy reforms that can help Egypt expand its regional and international trade, including through a program to improve Egypt's trade facilitation regime and strengthen its domestic market in order to create jobs and grow Egypt's economy. We are supporting Egyptian efforts to promote transparency and anticorruption, and we will seek opportunities to expand our support in this critical area as the transition continues. In addition, we are helping Egypt improve its vocational technical education system to bolster Egyptians' employable skills and link qualified young Egyptians in the science and technology sector to jobs in their field.

The Middle East North Africa Incentive Fund (MENA-IF) could complement all of these efforts by creating incentives for the reforms the Government of Egypt must

make to grow the Egyptian economy and attract greater foreign and domestic investment. Our current Economic Support Funds package will continue to support the democratic transition and sustainable economic growth that benefits the people of Egypt. While the large bilateral assistance program means that Egypt would not be top priority for MENA-IF funding, we would not rule out particularly innovative ideas from a new Egyptian Government. MENA-IF projects should complement the foundation built through our ongoing bilateral economic assistance.

Question (#10a-b). The administration has repeatedly stated its intent to end the Assad regime through a peaceful transition of power. Among the many tools it has used at its disposal, it has cut all economic ties with Syria and advocated for increasingly strict sanctions within the international community. Yet a Russian company, Rosoboronexport, continues to state its willingness to supply Syria with weapons even as it works under a \$375 million Department of Defense contract, overseen by the State Department, to maintain helicopters in Afghanistan.

- a. Was the administration aware of Rosoboronexport's arms sales to Syria at the time that it signed the contract for it to work in Afghanistan?
- b. Are there alternatives to Rosoboronexport in Afghanistan?

Answer. We have voiced our concerns about Russian weapons sales to Syria repeatedly, both publicly and through diplomatic channels, with senior Russian officials. Secretary Clinton has publicly urged Russia to cease arms sales to Syria. We will continue to press Russia on any activities that contribute to the Syrian regime's violent crackdown or threaten regional stability. For additional specific questions regarding U.S. contracts with Rosoboronexport, we must refer you to the Department of Defense.

Question (#10c). Most importantly, what systems and oversight are in place to ensure that foreign companies signing contracts with the United States are not engaging in other practices contrary to stated administration policy?

Answer. Contracting Officers are responsible for determining that companies are responsible contractors capable of performing successfully before making an award. Companies who violate sanctions, violate export controls, commit fraud, bribe officials and otherwise engage in illegal and irresponsible behavior may be placed on the governmentwide excluded parties list, which would make them ineligible for award. This list is checked by State Contracting Officers before award. The list is Internet-based and is maintained by the General Services Administration.

Question (#11a). In December of last year the State Department created a new office, the Office of the Under Secretary for Economic Growth, Energy, and the Environment, which brought together the Bureau of Economic and Business Affairs; the Bureau of Oceans and International Environmental and Scientific Affairs; the new Bureau of Energy Resources; the Office of Science and Technology Adviser; and a new office of Chief Economist, in an effort to enhance the Department's commitment to economic statecraft, environmental sustainability, and energy security.

- What are you doing to get economic statecraft into the DNA of the State Department?

Answer. In four speeches in summer and fall 2011, I outlined a vision for Economic Statecraft that places a renewed emphasis on the role and the importance of economics and market forces in our foreign policy. The United States has long recognized that our foreign and economic relations are indivisible.

With our far-reaching platform overseas, the State Department is uniquely positioned to promote American economic leadership around the world. As stated earlier, our goals are twofold: to change how we think about and implement foreign policy; and to use that foreign policy to reinvigorate the economy.

In order to elevate the economic and commercial diplomacy elements of the Economic Statecraft agenda, we have established an Economic Statecraft Task Force to ensure that we have the right people, support tools, and engagement platforms. The Task Force covers four principal areas of work.

The Human Capital working group is developing recommendations to ensure the Department is hiring, training, deploying, and incentivizing staff in a manner consistent with the requirements of effective economic statecraft. We are looking at the data and collecting viewpoints on how to make the best use of the Department's most important asset—our people.

The Internal Tools working group is improving and developing effective tools and resources. We are working with FSI and the Commerce Department to develop new online courses intended for economic officers and other Department of State staff to support execution of economic statecraft objectives.

The External Engagement working group is implementing a strategy to improve and elevate our engagement with the private sector and the public at large. It uses the Department of State's online resources, convening power, and global personnel network to increase our impact. One key priority of external engagement is our "Jobs Diplomacy" agenda for helping U.S. business and advancing America's economic interests abroad.

The Policy Targets of Opportunity working group, in conjunction with posts and business support organizations, is identifying opportunities for U.S. Government engagement on key policy priorities. Deputy Secretary Nides recently issued a new Department travel policy requesting all officials at the DAS-level and above to include economic or business issues in their trips.

Question (#11b). As you reflect on lessons learned from these initial few months, what additional efficiencies or additional organizational changes do you think would be helpful to assure that the Department's organization is properly calibrated and aligned to meet the economic statecraft challenge?

Answer. These first few months of focus in Economic Statecraft have given us the opportunity to get the lay of the land. As we continue our bottom-up approach to find where the real challenges are and where real change can be successfully implemented, we will discover what organizational changes may be helpful.

Question (#11c). How is the new office positioned to seek to adjudicate and align efforts on energy security and environmental sustainability, which far too often are presented as opposites and with policymakers asked to make false choices between achieving goals in one area or the other as opposed to developing smart balanced approaches that will enable us to advance the dual imperatives of energy security and environmental stewardship?

Answer. The Office of the Under Secretary of State for Economics, Energy, and the Environment was created, in part, to ensure that environmental issues remain at the same level as economic growth and energy. This is the first time that an Under Secretary of State has been given the mandate by title to address environmental issues. The realignment is not a way to subordinate one set of issues to another (i.e., make false choices between energy security and environmental stewardship) but rather will help ensure that all aspects of a given issue are considered at a senior-level. This new organizational structure will help us to better harmonize and coordinate our efforts in the key areas of trade, financial flows, development assistance, cybersecurity, science and innovation, sustainable development, health, and many other areas.

Question (#12a). I wholeheartedly welcome your leadership elevating the importance of Economic Statecraft in U.S. diplomacy. At the recent Global Business Conference, you hosted major U.S. corporations and businesses leaders, including the CEO's of Boeing and the U.S. Chamber of Commerce, to talk about the nexus of foreign policy and domestic economic growth. You spoke of something that you called "job diplomacy."

- a. What does "job diplomacy" look like?

Answer. "Jobs Diplomacy" is a series of efforts focused on promoting American business, pursuing policy priorities for U.S. competitiveness, and equipping State Department personnel with the skills and tools they need to advocate for America's economic interests abroad. "Jobs Diplomacy" is a top priority of our broader Economic Statecraft agenda.

We will use our global network of economic staff at embassies, consulates, and headquarters to connect U.S. industry, small businesses, and state and local governments with economic information and business opportunities abroad. State is implementing a year-long plan to transform business promotion. We announced the following efforts to implement "jobs diplomacy":

- A commitment to meet with business leaders on every foreign trip.
- A policy directive to all senior State Department officials (Deputy Assistant Secretaries and above) to conduct economic outreach on every foreign trip.
- A "Direct Line to American Business" program will be launched, in which ambassadors in key markets will conduct regular conference calls to brief the U.S. business community on economic opportunities and answer questions.
- State's Special Representative for Global Intergovernmental Affairs will launch an initiative to help U.S. international business councils at the state and local level arrange briefings from State Department speakers and foreign diplomatic personnel.

- Regular leadership conferences will be convened around the world to promote U.S. business modeled on the Global Business Conference held February 21–22, 2012.
- State will help U.S. business capitalize on economic opportunities in emerging economies.
- The Department will deploy Internet and social media tools to share information about economic opportunities abroad more widely and openly with U.S. businesses.

Question (#12b). What are your top priorities within the economic statecraft initiative?

Answer. This work is a critical aspect of our broader economic statecraft initiative, which covers a lot of ground, but at bottom, boils down to two simple aims: First, as more nations come to deal in economic power, how we think about and practice foreign policy must change. And second, this is also a time when the needs of the American people demand that our foreign policy be a force for economic renewal. To deliver on these two objectives, we are pursuing four lines of work:

1. Update our priorities to focus on where we have the greatest opportunities. Our foreign policy cannot be only focused on where we face the greatest dangers, but must be focused on where we have the greatest opportunities. This is the premise behind our “pivot to Asia,” where—through efforts like the Trans-Pacific Partnership, APEC, and our strategic dialogues with China, India and others—we are establishing the United States not simply as a resident diplomatic and military power in Asia, but as a resident economic power as well. To name just a few more examples, we are also devoting new focus to the challenges surrounding state capitalism, as well as unlocking the emerging middle class in Africa to fuel growth on the continent.

2. Play better offense by updating and integrating our trade, investment, and commercial diplomacy agenda. Future U.S. economic growth will increasingly rely on our ability to compete and win overseas. Shoring up American competitiveness will require confronting systemic, inherently political problems that only a thoroughly different brand of U.S. diplomacy can tackle. Through our “Jobs Diplomacy” agenda, outlined above, we are answering this charge—and coining a smarter, tougher brand of diplomacy when it comes to advancing America’s economic interests abroad.

3. Use economic tools to solve foreign policy challenges. We need to recognize that many of the issues that we have traditionally characterized as first-order “security” objectives—from fostering reform and successful democratic transitions in the Middle East, to freedom of navigation in the South China Sea—hinge increasingly on important economic dimensions, and so economics must play a more central role in shaping our choices and responses. This has guided our responses to the transitions across the Middle East and North Africa—where we are helping these countries lay the economic foundations for successful democracies through fiscal stabilization measures, jobs and skills training efforts, and incentives toward structural reforms. This has also guided our New Silk Road efforts in Afghanistan and Pakistan—where we are creating a web of economic and transportation links that will embed Afghanistan in the thriving economies of South Asia as ISAF draws down its presence.

4. Build the capacity of the Department of State. As a Department, we are expanding our capacity to advance our economic statecraft agenda by ensuring that our diplomats have the knowledge, skills, resources, and direction necessary to execute it. The first-ever Quadrennial Diplomacy and Development Review (QDDR), released in December 2010, made a series of organizational changes to strengthen the Department’s ability to promote economic statecraft. State has established a new Office of the Chief Economist, who has the rank of an Assistant Secretary, and which will advise the Secretary on a range of strategies for advancing U.S. competitiveness. Foreign Service Institute curricula are being revised to ensure they reflect the realities of today’s most sophisticated and integrated global markets, as well as the needs of American businesses that navigate them.

5. Under the leadership of Deputy Tom Nides, we are also working on other steps to strengthen the Department’s internal capacity on economic and commercial issues.

Question (#12c). How do you intend to implement them, and how will you measure results?

Answer. State is addressing top priorities for U.S. business with an ambitious policy agenda:

- In support of the National Export Initiative (NEI), State is replicating best practices for export promotion at posts around the world, targeting infrastruc-

ture opportunities, and increasing support to small- and medium-size enterprises.

- Designing and executing diplomatic strategies to combat a host of nontariff barriers—including forced localization, abusive regulatory practices, and other priorities for U.S. firms. To increase inward investment, State is working with Commerce to further the efforts of Select USA, aligning our efforts with state and local initiatives, and pressing for regulatory changes that facilitate rather than impede investment into the United States. The State Department is committed to giving our people the tools and skills they need to serve as the world's best advocates for America's economic interests and to create American jobs.
- State has launched a comprehensive review of human capital at the State Department, including training, staffing models and performance management, with additional recommendations to follow.
- A new Department economic information portal and new information resources are being created, so that economic officers can better focus on supporting U.S. business. State is coordinating training options to leverage resources across agencies.
- A distance learning program is being launched to help our economic personnel continually acquire new skills and knowledge that will help them advance our economic agenda and be America's frontline economic professionals.
- State has deployed a range of internal challenges and collaboration tools to crowd-source suggestions and best practices for effective economic work.
- A new Department-wide prize will be awarded by the Deputy Secretary, to recognize excellence and innovation in commercial statecraft.

Beginning in the fourth quarter of fiscal year 2010, the Economic and Business Affairs Bureau (EB) began coordinating and documenting the Department's NEI efforts. Our more than 200 U.S. missions overseas are asked to report quarterly on their contributions to the NEI. Posts have reported increasing levels of commercial advocacy, U.S. business outreach, and commercial success stories. The key indicators measured include the number of commercial and economic policy advocacy activities conducted by embassy personnel on behalf of U.S. businesses that attempt to advance transactional deals, investment dispute settlements, or favorable foreign government economic policy changes.

Question (#13a). This administration has made significant progress in promoting the deployment of clean energy solutions and improving the capacity of vulnerable countries to address the impacts of climate change. In the FY13 budget, the administration requests \$770 million in "core" funding for the Global Climate Change Initiative.

- Given the important role the private sector plays in developing innovative technologies to reduce greenhouse gas emissions and solutions to address some of the more dire impacts of climate change such as drought and sea-level rise, please discuss how you are working to leverage and engage the private sector in your efforts?

Answer. The role of the private sector is critical in deploying clean energy technologies and finding solutions to the impacts of climate change. Most low-carbon infrastructure investment can and should originate from the private sector rather than the public sector. For this reason, engaging and leveraging the private sector is a primary goal of our climate finance activities. In particular, we have put increasing emphasis on the role of the Overseas Private Investment Corporation (OPIC) and the Export-Import Bank of the United States (Ex-Im), as these institutions directly leverage private finance in their activities in developing countries while stimulating American investment and jobs. These two agencies have increased their clean energy finance activities from well under \$500 million in FY 2009 to \$1.3 billion in FY 2011, consistent with congressional mandates to increase their clean energy financing.

Leveraging private investment and engagement has also been a theme in our bilateral and multilateral programs implemented through State, USAID, and Treasury—including in greenhouse gas mitigation programs such as the Global Methane Initiative, the World Bank's Partnership for Market Readiness and Forest Carbon Partnership Facility, the USAID-supported Private Financing Advisory Network, and the Clean Technology Fund (CTF).

Leveraging private commercial finance and investment for adaptation activities is somewhat more difficult, as such activities are not always deemed commercially viable by private investors. This is one reason why we anticipate that funding for adaptation activities from public sources may remain more important in the mid to long term relative to mitigation finance. However, our contributions to multilateral adaptation funds such as the Special Climate Change Fund and Pilot Program for Coun-

try Resilience do leverage some private sector finance, and USAID has done some pioneering work with private reinsurance companies on insuring countries against climate change-related risks.

Support for these programs is part of a concerted effort to target public support for efforts that will have the maximum impact in scaling up private investment in clean energy, forest preservation, and adaptation to the effects of climate change.

Question (#13b). Please describe how the State Department's efforts to date to implement the Global Climate Change Initiative have contributed to the decision-making process for what future activities will be supported by the FY 2013 funds?

Answer. State, USAID, and Treasury coordinate closely on the implementation of the Global Climate Change Initiative (GCCI). Lessons learned in the first 2 years (FY 2010–2011) of GCCI programming, along with our understanding of the difficult fiscal environment, play a major role in our FY 2013 request. For example, following our experience with FY 2010 programming, we decided to focus our programming in each of the GCCI “pillars” in a smaller number of priority countries: small island developing states, least-developed countries, Africa, and glacier-dependent countries for adaptation; major developing country emitters and early clean energy adopters for clean energy; and key forest ecosystems (Amazon, Congo, Southeast Asia) for Sustainable Landscapes. A related priority has been support for the development of Low Emissions Development Strategies (LEDS) in developing country partners, a joint State/USAID Agency Priority Goal.

We did this because we found that larger amounts of funding in a more limited number of countries produces more effective results than smaller amounts spread across a larger pool of countries. This shift began with our FY 2012 request and programming of the actual FY 2011 appropriation, and carries over into the FY 2013 request.

Finally, as noted above, we are increasingly using State, USAID, and Treasury GCCI funds, along with policy engagement and the help of our partners in OPIC and Ex-Im, to leverage additional financial resources from both other donors and the private sector.

Question (#14). You recently launched a new partnership aimed at reducing emissions from pollutants that have significant harmful effects on public health and climate change. This new effort to reduce so-called “short-lived climate pollutants” including black carbon, methane, and hydrofluorocarbons, creates a unique global opportunity for a coalition of countries. It is my understanding that addressing these pollutants will yield significant benefits to public health, food security and energy access in developing countries.

- Please discuss how this new coalition will complement existing State Department activities to address these pollutants and outline some of the benefits to the United States and the international community of this new coalition?

Answer. This new partnership, the Climate and Clean Air Coalition, is the first multilateral effort to treat short-lived climate pollutants together, as a collective challenge. The founding coalition partners are Bangladesh, Canada, Ghana, Mexico, Sweden, and the United States, together with the U.N. Environment Programme. In its first year, the Coalition will catalyze new international action to reduce short-lived climate forcers and highlight and bolster the work of existing efforts.

Fast action to reduce short-lived climate pollutants can serve to further many objectives of the U.S. Government and the global community. Reducing these pollutants would have a direct impact on near-term global warming, with the potential to reduce the warming expected by 2050 by as much as 0.5 Celsius degrees. At the same time, by 2030, such action can prevent millions of premature deaths, while also avoiding the annual loss of more than 30 million tons of crops. Moreover, many of these benefits can be achieved at low cost and with significant energy savings.

The United States is already actively engaged in efforts to reduce these pollutants on the national and international levels. Here at home, the U.S. Environmental Protection Agency addresses these pollutants through robust programs that protect public health and the environment. Abroad, the State Department, USAID, and EPA are providing support to developing countries who seek to reduce these pollutants and other causes of climate change through programs like the EPA's Global Methane Initiative, the Enhancing Capacity for Low Emissions Development Strategies program, and USAID support for clean energy and forest preservation. We will also reinvest efforts to address these pollutants through existing work under the Global Alliance for Clean Cookstoves, the Arctic Council, and the Montreal Protocol. The Coalition's work will augment, not replace, global action to reduce carbon dioxide (CO₂), which is a key issue under the U.N. Framework Convention on Climate Change.

Question (#15). I understand that, under your leadership, progress has been made to establish the League of Green Embassies, a bipartisan collaboration of State Department's overseas building office, American embassies, the Departments of Commerce and Energy, energy service companies, U.S. clean-tech exporters and international stakeholders.

- Please discuss the progress of the League to date, including the savings to the Federal Government this program has achieved through smarter energy choices. What will be the impact on these savings if the program is expanded?

Answer. The progress of the League of Green Embassies to date can be effectively demonstrated under three criteria:

(1) Number of embassy and industry partnerships the League has established: The League counts among its members over 70 U.S. embassies as well as a growing number of foreign missions in the United States, and has partnered with the Alliance to Save Energy to tap its vast membership for expertise and advice. Additionally, over 14 leading U.S. companies have provided equipment and services at-cost to U.S. embassies for Energy Efficiency Sweep events ("EE Sweeps"), in which U.S. Diplomatic Mission facilities showcase American clean energy technologies and services.

(2) Number of EE Sweeps completed: Eleven Europe EE Sweeps have taken place beginning in November 2011. Ambassador-hosted events took place in Berlin, Brussels, Madrid, Berne, Warsaw, Bratislava, Sophia, Lisbon, and Rome, with Paris and Vienna to come. The Department will be able to provide full metrics on cost savings after a year has passed as these require an established baseline that accounts for weather and seasonal anomalies. Projected energy savings versus preinstallation are estimated to be up to 40 percent depending on level of investment and regional energy costs.

(3) Education and publicity: The Department of State views the League as a platform to share information on U.S. leadership in clean energy technology and services. These events have led to U.S. companies receiving increased interest and contracts for their products and services. Additionally, the visibility of the program also advances U.S. public diplomacy objectives of increasing public awareness of alternative energy and energy efficient technologies.

The League of Green Embassies is part of the broader Greening Diplomacy Initiative, a program to improve the environmental performance and sustainability of the Department of State's worldwide facilities and operations. The impact of expanding the League will be more exposure around the world for energy efficient goods and services and American leadership in this field. Additionally, the use of more energy efficient technologies in American embassies will clearly lower overall operational costs while demonstrating U.S. leadership in resource efficiency and sustainable operations.

Question (#16). The President's Emergency Plan for AIDS Relief (PEPFAR) has been one of our most successful foreign policy programs, saving millions of lives and transforming the global health landscape. However, PEPFAR funding was significantly reduced in the President's Request, although funding for the Global Fund to Fight AIDS, Tuberculosis, and Malaria, with which our bilateral programs are closely intertwined, was substantially increased.

- With reductions in drug prices and gains in efficiencies, I understand that this truly is a case where our experts in the field are able to do more with less, but please explain how, even with this reduction, PEPFAR can achieve our ambitious treatment goals also meet other objectives such as training health care workers so that countries can do more themselves.

Answer. With the resources provided in the budget request, by focusing on proven interventions and continuing to push for greater efficiency and lower cost, PEPFAR will be able to achieve its ambitious goals, including—but not limited to—supporting treatment for 6 million HIV patients in FY 2013. This is true because PEPFAR continues to increase impact, improve efficiency and lower costs. In the area of treatment, costs per patient have declined from \$1,100 to \$335. Nearly \$600 million has been saved due to increased generic procurement. And shifting from air freight to land and sea freight saved \$52 million through December 2010. For voluntary medical male circumcision (VMMC), teams have been able to expand patient load with increased experience. One health VMMC team can now perform 8,000 circumcisions per year versus 2,000 per year when we first began. And upcoming improvements in VMMC technology hold the promise of cutting the cost of the procedure by 50 percent or more. In the area of infrastructure and equipment, investments have resulted in a decline of per-patient site level cost by 80 percent in the 2 years following establishment of a treatment site.

PEPFAR has become more efficient in using health care workers, with tasks being more appropriately allocated among trained health professionals, ranging from physicians to community health workers. Perhaps most importantly, PEPFAR is seeing countries devote increased resources to HIV and the health sector. South Africa, the country with the largest HIV burden in the world, has dramatically increased its financing of its response to over \$1 billion per year. As we move aggressively to a sustainable response, PEPFAR, the Global Fund and partner countries are working more closely together—which will ultimately produce an overall decrease in PEPFAR’s programming costs even as services are expanded to reach more people. Building on science, focusing on proven interventions and increasing access to life-saving antiretroviral treatment, the United States can help dramatically decrease new infections with the resources provided in this budget.

With respect to health workforce, partnerships such as our Medical Education Partnership Initiative (MEPI) and Nursing Education Partnership Initiative (NEPI) will continue under this budget. These programs provide resources to governments and educational institutions to better equip doctors, nurses and midwives to improve the health of vulnerable populations. MEPI and NEPI support our objectives to strengthen both the quantity and quality of health workforces and reflect our continued engagement with country health and education ministries. As PEPFAR transitions from an emergency response to a more sustainable effort our programs support national plans that strengthen health care delivery systems and empower countries to move toward country ownership of their HIV/AIDS responses.

Question (#17a). President Obama plans to travel to Cartagena, Colombia, in April for the Sixth Summit of the Americas. He made a strong impression at the most recent summit in 2009 in Trinidad and Tobago when he spoke about equal partnership. “There is no senior partner or junior partner,” Obama said. “There is just engagement based on mutual respect.”

- What message will the administration hope to convey at this year’s summit

Answer. At the Fifth Summit of the Americas in Trinidad and Tobago, President Obama challenged the region to embrace an updated architecture of regional co-operation based on partnership and shared responsibility. Many nations embraced that call and the results have been significant. The Sixth Summit of the Americas provides an excellent platform for the President to continue building on this partnership agenda and to highlight the accomplishments of his administration’s hemispheric agenda.

Colombia’s summit theme, “Connecting the Americas: Partners for Prosperity,” reinforces the spirit of partnership that has been at the core of the Obama administration’s policy since 2009. Through the establishment of equal partnerships and the power of proximity, the United States is working effectively with an increasingly capable set of partners to address key challenges facing the people of the Americas—from energy and citizen security to more inclusive economic growth and environmental protection—while also advancing core U.S. interests, both in the region and beyond.

Fully recognizing that the region has moved beyond “senior/junior partner” relationships with the United States, we intend to showcase the strong record of progress, growth, inclusion, and security that we have developed with governments in the region as we continue to confront common threats and challenges.

Question(#17b). What are the most important Summit of the Americas agenda items?

Answer. Heads of state and government from throughout the hemisphere will convene under Colombia’s leadership to address issues of regional importance, including infrastructure integration, the reduction of poverty and inequality, citizen security, natural disaster response and preparedness, and the access to and use of information and communication technologies throughout the hemisphere.

The administration will focus on advancing the Energy and Climate Partnership of the Americas, a deliverable from the Fifth Summit of the Americas, establishing engines for economic growth and competitiveness, promoting innovation and social inclusion as vital components of development, sustaining natural capital, and institutionalizing government-private sector dialogue throughout the region.

Question (#17c). What goals does the United States seek to achieve at the summit?

Answer. Colombia’s theme “Connecting the Americas: Partners for Prosperity” provides a useful framework to advance U.S. foreign policy. Through the summit process the President plans to promote a broad, inclusive agenda focused on the following key themes:

(1) An Energy and Climate Partnership of the Americas (ECPA) initiative, proposed by Colombia, to interconnect electrical power systems throughout the Americas;

(2) The President's 100,000 Strong in the Americas goal to increase student exchange between the United States and Latin America and the Caribbean;

(3) Encouraging the development and creation of small and medium enterprises across borders, especially through diaspora linkages;

(4) Promoting universal access to communications and broadband technologies;

(5) Supporting economic growth by breaking down barriers to women's economic participation;

(6) Increasing public-private partnerships by promoting regular communication between private sector leaders and their governments;

(7) Promoting climate change mitigation and adaptation by reducing deforestation and promoting sustainable development in the Andes-Amazon region;

(8) Supporting good governance and respect for human rights by combating discrimination and promoting economic and social inclusion; and

(9) Financing more effective and lower cost solutions to some of the region's toughest development challenges.

Question (#18a). Under the Bush and the Obama administrations, the United States has forged a particularly cooperative law enforcement relationship with Mexico. Today our Federal law enforcement agencies are sharing an unprecedented amount of information, helping target successful enforcement operations against transnational criminal organizations operating in both in Mexico and the United States.

- Recognizing that the Merida Initiative has promoted a very positive transformation of bilateral law enforcement cooperation, what are the greatest obstacles to further strengthening law enforcement cooperation between Mexico and the United States?

Answer. The relationship of U.S. and Mexican law enforcement has never been stronger. The cooperation of U.S. and Mexican law enforcement is vital to the success of institutionalizing capacity to sustain the rule of law. While we have delivered over \$900 million in Merida Initiative funding over the past 3 years, the Government of Mexico continues to devote extensive resources toward strengthening law enforcement and justice sector institutions.

Mexican law enforcement entities, particularly those at the federal level, have made significant strides and expanded their capabilities to confront the cartels; however, the initial challenges confronting Mexico—notably corruption and a shortage of law enforcement capabilities at the federal, state, and municipal level—continue to exist.

The Government of Mexico initiated substantial reforms against corruption in its law enforcement entities, but the process of implementing the reforms presents a new set of challenges. For example, Mexican law mandates that all police officers receive vetting every 3 years. Mexico's federal agencies and states have established "Control de Confianza" centers to conduct this vetting, which includes a background investigation, as well as toxicology, medical, psychological, and polygraph examinations. The Control de Confianza centers are working to obtain sufficient resources and develop needed capabilities to conduct the vetting of thousands of currently serving law enforcement officers and recruits. While the Mexican Federal Police tripled its size, from 11,000 in 2006 to over 35,000 at present, many states lack sufficient numbers of new police officers who are vetted and trained to replace the removed, corrupt officers. Moreover, many law enforcement forces continue to receive low pay, lack benefits like survivors' benefits, and remain concerned for the safety of their families and themselves. The cartels' concerted violence against Mexican law enforcement fosters additional concern among law enforcement officers.

The Merida Initiative provides assistance to the Control de Confianza centers at the federal and state levels. At the federal level, we are working with our Mexican counterparts to develop vetting standards and standard operating procedures. We are also working to develop Internal Affairs Units to investigate corruption and other abuses within federal and state law enforcement forces. At the state level, the Merida Initiative is providing training, technical assistance, and equipment to expand the capacities and capabilities of state-level Control de Confianza centers.

The shortage of law enforcement capabilities continues to plague all levels of law enforcement, particularly those in Mexico's states. Federal law enforcement, notably the Mexican Federal Police, have made extensive gains in elevating general-level skills across the officers in its force. Our Mexican federal partners are now turning to address needs in specific, specialized law enforcement capabilities. With Merida

Initiative support and the expertise of our U.S. Government agency colleagues, Mexican federal law enforcement officers are receiving specialized training in antimoney laundering, criminal investigations, and counternarcotics. We are also assisting Mexico's federal forensic laboratories to meet international standards in the forensic sciences, and we continue to enhance the ability of Mexican federal agencies to detect illicit goods at key check points and ports of entry with the donation of nonintrusive inspection equipment.

Many of Mexico's states and municipalities have faced challenges in developing the capabilities and resources required to meet citizen security needs and combat the cartels' violence. In addition to the above-outlined assistance to the Control de Confianza centers, the Merida Initiative has begun to support the Government of Mexico-sponsored Model Police Units (MPUs—known in Mexico as Accredited State Police Units), which are a major crimes task forces at the state level, and the state police academies. Merida assistance is working to elevate skill levels and expand the capabilities and resources of the MPUs in 21 states and Federal District by providing training, technical assistance, and equipment. To date, over 1,300 investigators, 450 analysts, and 1,900 operations personnel have received training. Merida is also providing assistance to the state police academies in the Government of Mexico-designated priority states of Chihuahua, Nuevo Leon, Sonora, and Tamaulipas, and to the development of a national law enforcement training academy in Puebla. We are coordinating with the Government of Mexico to place Senior Police Advisors/Mentors at those academies to better respond to MPU and state law enforcement needs, expand capabilities, and further elevate the skill levels of police officers.

Question (#18b). What is the Government of Mexico's strategy to strengthen law enforcement capabilities at the state government level? Has the Mexican Government invited the United States to support the training of specific state government police forces? Which ones?

Answer. The Merida Initiative supports Mexico's strategy of developing and training Model Police Units (MPUs) in the states and Federal District. The MPUs are similar to major crimes task forces and will operate within the states and communicate and coordinate with Mexican Federal Police and security forces. Our state and local law enforcement programs have three foci: (1) train recruits for the MPU program—currently, 21 states and the Federal District have started to develop these units; (2) provide assistance to state police forces and academies in the priority states of Chihuahua, Nuevo Leon, and Tamaulipas; and, (3) support the development of a national law enforcement training academy in Puebla. The U.S.-Mexico High Level Group in 2011 designated Chihuahua, Nuevo Leon, and Tamaulipas as priority states for Merida assistance. The Government of Mexico proposed expanding the list of priority states to eight during the March 2012 meeting of the bilateral Policy Coordinating Group, adding Durango, Guerrero, Michoacan, Sinaloa, and Sonora.

Our assistance provides training, technical assistance, and equipment to the MPUs. To date, we have provided instructors to train recruits in information analysis, investigations, and operations—the three components of a MPU. Thus far, we have concentrated our efforts in four state police academies (Chihuahua, Nuevo Leon, Sonora, and Tamaulipas) and Puebla's national law enforcement academy, due to open in May. We are coordinating with the Government of Mexico to place senior police advisors/mentors in Chihuahua, Nuevo Leon, Sonora, and at the Puebla Academy, and are evaluating requests for assistance from other states, including Coahuila, Durango, Guerrero, and Veracruz.

Question (#18c). What steps has the Government of Mexico undertaken to promote judicial reform at the federal level?

Answer. Mexico is undergoing a profound transformation of its existing inquisitorial judicial system to introduce an oral advocacy system where prosecutors, defense lawyers, and the accused appear before a judge to present testimony and evidence in an open court. This systemic, constitutionally mandated 8-year reform process carries a deadline of 2016 and requires extensive training across the entire justice sector, including the creation of entirely new business processes. This massive effort consumes time, energy, resources, and focus among judicial sector actors.

The Government of Mexico has stated its commitment to meet this deadline and has begun an extensive effort to train and equip all sectors of the justice sector.

Question (#18d). What have been the principle obstacles hindering the Mexican Government's ability to promote judicial reform at the federal level?

Answer. Mexico's transition from its inquisitorial legal system to an oral, adversarial one is progressing, but several states are advancing ahead of the federal legal

system. This systemic, 8-year reform process requires extensive training across the entire justice sector, including the creation of entirely new business processes.

The greatest obstacle we see is Mexico's failure, as of yet, to pass a Federal Code of Criminal Procedure—which would allow the necessary legislative changes needed to implement the adversarial system.

Additionally, during the extended Presidential transition that stretches from the Presidential elections in July until the next administration takes office in December 2012, the current administration will be legally and politically prohibited from making commitments to receive training or other assistance on behalf of the next administration.

Question (#18e). How has the United States encouraged the Mexican Government to promote federal level judicial reform?

Answer. The United States strongly supports the efforts of the Mexican Government to implement a long-term solution to the weaknesses in Mexico's legal system. Accordingly, the vast majority of U.S. Rule of Law (ROL) assistance is focused on helping Mexico achieve the long-term transformation of its justice sector, including strengthening the capacity of institutions at the state and federal level. Existing U.S. ROL assistance spans the breadth of institutional changes that will support the creation of an effective justice system in Mexico.

Some examples of our programs include:

- *Federal, State, & Local Training:* Through the Merida Initiative, over \$20 million in capacity-building training has been delivered to SSP, PGR, the Tax Administration Service (SAT), and state and local police officials. The project has resulted in, among many other new capacities, 4,400 trained SSP police investigators who are deployed throughout Mexico and can incorporate the comprehensive intelligence cycle in federal police investigations. All entities also have a much improved capacity for leadership and management of police forces. In addition, the development and certification of core instructor cadres at the federal and state levels provides an improved capacity for internal training. The Merida Initiative has also provided assistance in the design of federally supported training programs for judges, prosecutors, defense lawyers and investigative police.
- *Corrections System:* Prior to Merida Initiative assistance, the Mexican federal prison system contained seven prisons holding 6,400 out of 45,000 total federal prisoners (with the rest being held in state prisons) and no formalized system for training, classification, and transportation. With Merida support Mexico now has a fully functional national corrections academy, 2,635 newly trained prison staff including classification and transportation specialists, and has increased the capacity of the federal prison system to 18,000 inmates. In January 2012, Mexico received international accreditation from the American Correctional Association for four facilities and the Federal Academy at Xalapa. Mexico was also recently named the regional chair of the newly formed Latin American Chapter of the International Corrections and Prison Association in recognition of its leadership in corrections reform.
- *Prosecutors and Investigators:* Under Merida, U.S. and Mexican officials have designed and developed a comprehensive training program that combines prosecutors and investigators in courses designed to help them master the current inquisitorial code as well as the proposed accusatorial code pending before the Mexican Congress. In 2012, 2,500 PGR prosecutors and 6,000 investigators will be trained in core investigative and prosecutorial competencies, enhancing their ability to work together to effectively prosecute cases.
- *Witness Protection:* The Merida Initiative provided technical assistance in drafting Mexico's first federal witness protection law which was approved by the Mexican House in November 2011 and is pending passage in the Mexican Senate. With expected passage of this legislation, the U.S. Marshals Service will commence training and provide technical assistance to create a sustainable witness protection program in the PGR and to train almost 500 Federal Investigative Agency agents in all aspects of witness protection with Merida funding. This will collectively improve prosecutors' ability to engage witnesses and elicit trial testimony, a key component in the oral trial system.
- *Forensics Development of Attorney General's Office (PGR) and Federal Police (SSP) Laboratories:* With U.S. funded fixed and mobile forensics extraction devices, the SSP now has the capacity to collect evidence which is admissible in criminal prosecutions. Additionally, Merida assistance has financed training and equipment for PGR and SSP forensics laboratories and as a result they are aggressively moving toward international accreditation in core forensic disciplines. Sixty PGR employees are in the process of completing final certification

after 16 weeks of digital forensics training and 11 SSP instructors having begun the certification process.

- *Crime Scene Investigators (CSI)*: Through Merida, 180 PGR crime scene investigators and 158 of the 230 SSP investigators received forensics training modeled after the International Association of Identification and U.N. guidelines. Six PGR CSI instructors received an additional 520 hours of training and were certified as trainers. The SSP has requested that 11 instructors go through the instructor certification training in 2012. This provides both organizations with a new and flourishing capacity to conduct crime scene investigations to international standards, and to continue the standardized training into the future.
- *PGR Multi-Agency Digital Forensics System*: Merida assistance funded the integration of the first DNA server into the PGR network. With complementary U.S. training to PGR personnel, Mexico now has the infrastructure to begin nationwide use of a secure network to effectively collect and store DNA data, transforming the way evidence is gathered and crimes investigated and prosecuted at the federal level. In 2012, U.S. assistance will help fund a forensics training center at the national PGR laboratory to build on this capability.
- *Victims' Assistance*: The Merida Initiative provided technical assistance to the Federal Prosecutor's Office for the creation of an office focused on crime victims. This office is increasingly providing legal, medical, psychological, and social services to crime victims in 16 of the 32 states. The Merida Initiative is providing this federal office with technical assistance to expand its services in more states and coordinating with state authorities to ensure complementarity of services for victims. The Merida Initiative will also provide assistance to design services for victims of particularly serious crimes, such as forced displacements and extra-judicial executions.

Question (#19). Brazil has announced an ambitious program to encourage university students to study science and technology overseas.

- Describe the intent, scope, and funding of this initiative.
- How will the Brazilian Government place students in the United States?
- What is the State Department doing to facilitate the placing of Brazilian students enrolled in this program in the United States?

Answer. In July 2011, Brazilian President Dilma Rousseff announced Science without Borders, a large-scale nationwide scholarship program funded by the Government of Brazil to promote the expansion and internationalization of Brazilian science and technology cadres. The program aims to send 75,000 Brazilian university students in the science, technology, engineering, and mathematics (STEM) fields to study and conduct research abroad over the next 4 years, with the private sector funding an additional 26,000 scholarships, for a total of 101,000 Brazilian students studying overseas. Boeing was the first private company to provide funds, and we believe it likely that other American companies will follow suit.

The Government of Brazil has stated its intention to place at least half of these 101,000 students in U.S. universities and institutions of higher education. The Department sees President Rousseff's Science without Borders initiative as a boon to the bilateral relationship and a complement to President Obama's 100,000 Strong in the Americas goal. As you may know, President Obama announced 100,000 Strong in March 2011, aiming to have 100,000 students from Latin America and the Caribbean study in the U.S. and 100,000 U.S. students studying in the region each year.

In order to help facilitate these complementary efforts, the Department is building networks of cooperation between the Brazilian Government and universities in the United States. We have also expanded English language, Fulbright, and educational advising programs to prepare Brazilian students to succeed in the United States.

Through consultations with the Department, Brazilian education officials have raised visibility and awareness of Science without Borders in the U.S. educational community. The Bureau of Educational and Cultural Affairs' EducationUSA student advising program showcased Science without Borders at the 2011 EducationUSA Forum and at several national conferences of higher education associations in the United States. Discussions with Brazilian officials and educators in the U.S.-Brazil Global Partnership Dialogue and at subsequent events have shaped Brazilian university leaders' understanding of the U.S. higher education system, expanded U.S. awareness of opportunities in Brazil, and generated United States-Brazilian educational partnerships. The Department established a linkage between the Brazilian Government and the Institute for International Education (IIE), with the result of the first successful placement of 650 Science without Borders undergraduate students in more than 100 American universities in 42 States in January 2012.

Undergraduate candidates for the program are nominated by their Brazilian university and must receive approval from the Brazilian agencies responsible for the implementation of the program, Brazil's Federal Agency for Support and Evaluation of Graduate Education (CAPES) and the National Council for Scientific and Technological Development (CNPq). IIE conducts further review of the candidates and matches their applications with appropriate universities in the United States. IIE also manages payment of tuition, visa fees, placement logistics, and other operational support. The final decision to accept a Science without Borders student is made by the participating U.S. host institution.

The U.S. Mission to Brazil is facilitating visa appointments and hosting Science without Borders orientation events for students through a collaborative effort by the Government of Brazil, EducationUSA, the United States-Brazil Fulbright Commission, and IIE. To develop the pool of students who are academically prepared for U.S. study, the Department of State, in partnership with a consortium of 38 Binational Centers in Brazil, launched *english³* ("English cubed") in March 2012. The countrywide English language immersion program will incorporate language learning, test preparation, and orientation to life on a U.S. campus.

Question (#20). What has the United States done, and what more can it do, to address threats to freedom of the press in the Americas?

Answer. We are deeply troubled about recent threats to media freedom in the Western Hemisphere. The past 5 years have reversed a 20-year positive trend, with declines in freedom of expression, due to government pressures in countries like Venezuela, Ecuador, and Nicaragua, and due to violence and intimidation from transnational criminal groups in Mexico and Central America. The Department's "Country Reports on Human Rights Practices," reports and statements by the OAS Special Rapporteur on Freedom of Expression, NGO reports, and other data document clearly the challenges to media outlets and individual journalists from both government and nongovernment actors.

We have vigorously and repeatedly spoken out and expressed our concerns to the Ecuadorian Government on the *El Universo* and *Gran Hermano* libel cases, citing the Inter-American Democratic Charter's words that freedom of expression is an "essential component" of democracy, and stated unequivocally that democratically elected leaders have a responsibility to ensure political and legal space for freedom of expression. We continue to urge the Ecuadorian Government to address the potentially chilling effect on press freedom as a result of these and other cases.

In response to continued Venezuelan Government harassment and intimidation of privately owned and opposition-oriented media outlets and journalists by using threats, fines, targeted regulations, property seizures, criminal investigations, and prosecutions, the Department has repeatedly and publicly stated that free and independent media play the key role in the dissemination of information and views. We will continue to speak out when the role of this critical democratic institution, part of the foundation of any healthy democracy, is targeted by the Venezuelan Government.

In countries as diverse as Argentina, Nicaragua, Panama, Paraguay, and Suriname, heavy-handed government attempts to influence media, in some cases including imposition of restrictive legal frameworks and denying or suspending licenses, threaten the free flow of information. In Nicaragua, President Ortega has been consolidating a monopoly of television and radio stations owned by him, his wife, and family members. The government uses harassment, censorship, arbitrary application of libel laws, and national security justifications to suppress reporting, and withholds government advertising contracts from independent media.

Government control of traditional media in Cuba (press, television, radio) is complete, leaving Cubans isolated and eager for unfiltered news from outside the island, about events on-island and worldwide. Cuba has one of the lowest levels of Internet penetration in the world, and the Cuban Government remains intent on barring the vast majority of the populace from gaining unfettered access to the Web. Some Cuban activists who are also independent journalists have been imprisoned for their activities.

Cartel violence, particularly in Mexico and Central America, has taken a heavy toll on journalists' lives and has a chilling effect on media coverage of crime as well as on efforts to galvanize public support for countercrime programs. Mexico is rated as one of the most dangerous countries in the world for journalists by the United Nations and leading NGOs. We will continue to support the Mexican Government, which has taken considerable steps toward improving protections for journalists, including positive legislative action just this month.

Through diplomatic engagement, public statements, and programs, the Department calls attention to the obstacles to freedom of expression and conveys support

for those who strive to protect it, regardless of whether the threat comes from government or nonstate actors. Our embassies engage consistently with media organizations, human rights groups, journalists, and governments in the countries where freedom of expression is under threat. In Honduras we are supporting the Special Victims Task Force, which investigates the murders of journalists, among others. We will continue to enhance our public diplomacy programs focused on journalist education and safety, and on social media's capacity to buttress freedom of expression. The Bureau of Democracy, Human Rights and Labor as well as USAID manage programs throughout the region to work toward decriminalization of libel, promote independent journalism, empower civil society to support freedom of expression, improve the quality of investigative journalism, and provide journalists with tools to protect themselves in a climate of intimidation.

We have strongly and publicly supported the OAS Special Rapporteur on Freedom of Expression, particularly against efforts to limit the functioning and funding of that office, and will continue to support this independent monitor of media freedom in the hemisphere. We will also renew our calls for better implementation by countries of existing standards and mechanisms, and support the work of international and regional protection mechanisms.

Question (#21). What are the primary institutional obstacles hindering the Government of Honduras from addressing more effectively its enormous law enforcement challenges? Can the United States and other partner nations help Honduras promote law enforcement reform if these challenges are not addressed?

Answer. Rule of law institutions in Honduras suffer from a chronic lack of resources, insufficient and unqualified personnel, and widespread corruption. The average member of the Honduran National Police has a sixth-grade education and lacks formal investigative training. Police detectives, prosecutors, and judges are ill-equipped to address rampant gang activity and overwhelmed by the rapid expansion of transnational drug-trafficking organizations. Honduras is the primary transshipment point for U.S.-bound cocaine, and it has the world's highest murder rate. The result is pervasive impunity, including for human rights abuses.

The Government of Honduras has demonstrated the political will to strengthen its citizen security institutions and improve crime prevention. In July 2010, the Honduran Congress approved an asset forfeiture law to deprive criminals of ill-gotten gains and generate public resources. In June 2011, Honduran lawmakers approved an emergency tax to generate an additional \$80 million annually for security spending. The Congress also approved legislation permitting judicially authorized wiretapping, and a constitutional amendment authorizing the extradition of Honduran nationals to the United States.

Ultimately, success in combating crime and impunity will depend upon the Government of Honduras' efforts to improve the capabilities of its law enforcement institutions, root out corruption, expand state control over Honduran territory, and provide productive alternatives to young people tempted by lucrative offers from criminal enterprises. The U.S. Government and other donors see an opportunity to provide meaningful assistance in these areas to the Honduran people during this difficult time.

The United States is helping to strengthen Honduras' rule of law institutions by assisting in a comprehensive overhaul of the national police academy curriculum, participating in the vetting of police, and supporting a police investigative unit that focuses on human rights violations. At the same time, we are directly combating criminal elements through specialized units staffed by vetted Honduran investigators and prosecutors and advised by U.S. experts. Though small in scale, these units have had impressive successes in disrupting drug trafficking, bulk cash smuggling, and gang activity.

Question (#22). How can the United States, working with other partner nations and international organizations including the Organization of American States, best ensure that the Venezuelan people can freely choose who will represent them in the upcoming elections?

Answer. Venezuela will hold Presidential elections on October 7. In current context, these elections will offer Venezuelans a particularly important opportunity to exercise their democratic right to elect their government and choose the future path for their country. All signatories of the Inter-American Democratic Charter, including Venezuela, have committed to hold "periodic, free, and fair elections based on secret balloting and universal suffrage."

The international community can play an important role to guarantee that the electoral process in Venezuela is free, fair, and transparent. The U.S. Government has conveyed the importance of international electoral observation missions to the

Organization of American States, the European Union, and other organizations that would conduct rigorous observation of all aspects of the Venezuelan electoral process. The Union of South American Nations announced on March 20 that its Electoral Council will serve as observers in the elections. Multiple observer missions can add to the depth and credibility of the overall observation effort. For that reason, the United States would welcome participation by credible international observation.

Question (#23). I strongly support the administration's efforts to rebalance our attention, energy, and resources toward the Indo-Pacific region. It's important to recognize that Asia's dynamic and growing economies will be a global center of gravity that determines much of the future of the 21st century. In Asia, many of our allies, partners, and competitors are watching to see if we will continue to make credible security and economic commitments, and match them with concrete action. To do that, we need to adequately resource our diplomacy in the region.

- In your view, does this budget request for the East Asia and Pacific region reflect the administration's decision to rebalance U.S. efforts toward East Asia?

Answer. Looking forward to the next decade, we recognize that the Asia-Pacific region will continue to increase in importance to the United States and we understand that our diplomatic presence and engagement should reflect the significance the region will have for our country. Overall fiscal constraints in the foreign affairs budget have placed limits on our ability to increase direct State Department and USAID resources to the region in FY 2013. However, we are working smartly to elevate our commitment to the region through a strategy that is multifaceted, involving close coordination with the full spectrum of interagency partners to make sure our diplomatic, defense, and development efforts are targeted toward our highest priorities.

The efforts of our diplomats are an essential part of our longstanding and ongoing engagement in the region. They are a critical component of how we pursue and achieve our strategic objectives. For example, we successfully concluded our implementation review process for our free trade agreement with the Republic of Korea, which entered into force on March 15 of this year, and are now working aggressively on the Trans Pacific Partnership. Our enhanced engagement with Burma and our strategy to match "action-for-action" to encourage the country's reform process has already shown signs of progress including a substantial release of political prisoners.

These efforts have already produced real results, such as new strategic dialogues across the region with emerging partners, strengthened alliances, and enhanced engagement with the region's multilateral fora including the Association of Southeast Asian Nations (ASEAN) and the East Asia summit, as well as deepening regional cooperation on a range of economic issues through APEC. In addition, we have established the Lower Mekong Initiative with four Southeast Asian countries sharing the Mekong and launched a bilateral Comprehensive Partnership with Indonesia and Partnership for Growth in the Philippines. The budget request reflects the administration's continued support for and commitment to these important initiatives.

We have also coordinated closely with our interagency partners to significantly increase assistance to the region. Recently signed MCC compacts will bring more than a billion dollars of American assistance to Indonesia and the Philippines in the next 5 years.

We are substantially increasing our consular resources in the Asia-Pacific to address an unprecedented increase in demand for U.S. visas throughout that region. In China, we are expanding our consular presence at every single post, and visa issuances have more than doubled in the last 5 years.

As part of the National Export Initiative and the new focus on economic statecraft, our diplomats are helping U.S. companies learn about the massive infrastructure development opportunities in the ASEAN region, particularly Indonesia. We believe that our companies are best placed to bring world-class capabilities and state-of-the-art technology toward this endeavor and in the process create jobs for Americans at home.

Question (#24). After almost a half-century of military dictatorship, Burma is now sending signals that it is ready to change direction and rebuild its relationship with the United States. President Thein Sein's government is authoring a series of reforms that both baffle and excite long-time observers. If the parliamentary elections this April go well, after consulting with Aung San Suu Kyi, other Burmese democrats, and our partners overseas, some leaders in Congress will likely support efforts to ease some sanctions as part of a gradual process that encourages reform and improves the lives of the people. You made a historic trip to Burma this November

as part of an effort to show the U.S. Government is willing to invest in the country's reformers and encourage change. While the country's democrats, for the first time in decades, are finding reasons for encouragement, Burma's welcomed signs of spring remain fragile.

- What additional steps is the administration prepared to take in the coming months to help enlarge this window of opportunity and facilitate continued progress?
- If the government continues on the right track, will you advise in favor of easing certain sanctions? Where will you start? Would you support the provision of technical assistance from international financial institutions like the IMF, World Bank, and ADB?

Answer. The United States has played a leading role in seizing what we view as a window of opportunity, and we are seeking to enlarge that window. Following my visit to Burma in late 2011, we announced our commitment to match "action-for-action" to help encourage and sustain progress toward democracy and national reconciliation. In recent months, we have provided U.S. support for international financial assessment missions and limited technical assistance, undertaken steps to resume World War II remains recovery operations and counternarcotics cooperation, invited Burma to join the Lower Mekong Initiative, and we have announced that we are going to begin the process of upgrading diplomatic ties with Burma by exchanging Ambassadors.

Additionally, we are prepared to support U.N. Development Program's move toward conducting a normal country program in Burma. We are also seeking ways to expand U.S. assistance for microfinance and health activities in Burma and to increase educational exchanges to build capacity and promote human resource development in the country. In response to increased desire to strengthen civil society, we are renovating our American Center in Rangoon to increase its capacity for outreach.

If the Government of Burma continues in this positive direction towards democratic reform, we will consider additional steps to support and encourage further transformation. The April 1 parliamentary by-elections are an important milestone in Burma's democratization efforts. If the election process is free and fair, we will consider a range of actions including the targeted easing of certain sanctions and enhancing our USAID presence in Burma.

In February, I authorized a partial waiver of the Trafficking Victims Protection Act Tier 3 sanctions to enable U.S. support for international financial institution assessment missions and some technical assistance in Burma through the 2012 fiscal year. If the Burmese Government continues on the reform path—takes concrete steps to achieve greater civic openness, end violence in ethnic minority areas, and sever military ties with North Korea—we will consider further steps such as easing restrictions on bilateral assistance.

Once Burma has made the reforms we are looking to see, we believe that the international financial institutions can play a powerful role to promote overdue economic reforms to accomplish growth and poverty reduction in Burma. If circumstances warrant, we and our Treasury colleagues will consult closely with Congress on how we can support a resumption of multilateral financial assistance to Burma.

Question (#25). The administration recently decided to send a Senate-confirmed ambassador and signaled its willingness to receive Burma's counterpart in Washington. An ambassadorial exchange is not a reward. Upgrading our diplomatic presence could allow us to more effectively monitor events, advocate for human rights, and advance U.S. interests and values. Much work remains to be done, and time is of the essence.

- When can we expect the administration to come forward with a nominee for this critically important post?

Answer. Following a substantial release of political prisoners in January, the President and I announced that the United States would upgrade diplomatic ties by exchanging Ambassadors. This action will enable us to strengthen our ongoing high-level dialogue with senior government officials and pro-democracy groups, deepen and establish long-term ties with the Burmese Government and people, and identify new possibilities to support the reform process.

We are actively considering prospective nominees and aim to identify and name a nominee in the coming weeks. We expect our Ambassador, once nominated by the President and confirmed by the Senate, to work in close coordination with the Special Representative and Policy Coordinator for Burma.

Question (#26). According to some estimates, ethnic minorities constitute about 30 percent of Burma's population. President Thein Sein is in the process of negotiating cease-fires with the armed wings of various ethnic groups and making efforts to implement reforms.

- As the country begins to gradually emerge from international isolation, what steps is the United States taking to encourage the Government of Burma to protect the rights of minorities, specifically including the Rohingya, and to integrate these communities into the political process?

Answer. We have consistently called on the Burmese Government to halt hostilities in all of Burma's ethnic minority areas and begin an inclusive dialogue with ethnic minority groups toward genuine national reconciliation. Protecting the rights of all of Burma's diverse peoples, including the Rohingya, remains a priority for the United States Government. We are encouraged that the Burmese Government has signed cease-fire agreements with a number of armed ethnic minority groups. These preliminary agreements need to be followed up with a process for dialogue that addresses the deep mistrust between ethnic communities and the Burmese Government and begins laying the groundwork for lasting peace.

During my meeting with President Thein Sein in December 2011, I specifically raised the situation of the Rohingya and expressed our concerns about reports of ongoing human rights violations. The Rohingya continue to face severe discrimination and lack basic rights including citizenship, freedom of movement, and freedom to marry. I underscored the need for the Burmese Government to take appropriate measures to protect its people, to ensure nondiscrimination, to investigate all allegations of abuse, and to hold accountable all those found responsible for human rights abuses and violations of international humanitarian law.

As we move forward to support sustained democratic reform efforts in Burma, we will continue to emphasize the need for the Burmese Government to take additional concrete steps towards reconciliation with its ethnic minority groups.

Question (#27). The Department has worked very cooperatively with the East-West Center across a number of different areas: helping host APEC, inviting the Pacific Island leaders, and working on a recent, major English language initiative in Southeast Asia, to name several. The Center has also been the site of several major policy addresses on the region.

- Is this close relationship and the Center's important role in helping rebalance our strategy toward Asia sufficiently reflected in its FY 2013 budget allocation (e.g., \$10.8 million)?

Answer. The East-West Center is a well-known and respected institution that improves the Asia-Pacific region's understanding and appreciation of American values and society. Its programs largely support U.S. and Asia Pacific understanding and relations through cooperative research study, education programs, and exchange, including annual participation of approximately 2,000 individuals.

The Center augments U.S. capacity to deal with and lead in the rapidly growing Asia-Pacific region and plays major role in supporting our renewed regional engagement with Asia and the Pacific. Overall fiscal constraints in the foreign affairs budget have forced the Department to make difficult tradeoffs. However, we are working to elevate our commitment to the region through a strategy that is multifaceted, involving close coordination with the full spectrum of interagency and international partners to make sure our diplomatic, defense, and development efforts are targeted toward our highest priorities.

For example, the East-West Center serves as our implementing partner on the Brunei-U.S. Partnership on English Language Education for the Association of Southeast Asian Nations (ASEAN). This is a multifaceted \$25 million English-language training program funded by the Government of Brunei that draws upon State Department and East West Center expertise in English-language teaching to help unify the diverse members of ASEAN through use of English. This creative public-private partnership not only reflects a shared commitment on the part of the East-West Center and the U.S. Government to advance educational opportunities in the region, but also demonstrates a resourceful approach to funding these priorities.

At the same time we are working to leverage partnerships to advance our engagement in the region, it is also important in this constrained budget environment that we are forthcoming about the anticipated impacts of reduced funding and our efforts to address those impacts. The FY 2013 request of \$10.8 million for the East-West Center is a net decrease of \$10.2 million from the FY 2011 Actual and \$5.9 million below the FY 2012 Estimate. At this funding level, the Center must fundamentally reshape itself. Some projects will be carried out if funding outside of the Center's direct appropriation can be secured. The number of scholarships as well as the

award amount will be reduced. Center research activities will be more focused around issues of health, environment, governance and justice, regional relationships and organizations, and trade and their interrelationships. The Pacific Islands Development Program will be folded into the larger Research umbrella. The Education and Seminars Programs and External Affairs will focus on degree fellow awards and programs that are self-supporting, attract large external funding or are mission-critical, such as the journalism exchanges and alumni engagement.

Question (#28). What do you see as the political, institutional, and security implications of the current eurozone financial crisis? How is it shaping your views on the strategy and objectives for U.S. foreign policy? What scenarios should the United States plan for?

Answer. Europe remains America's partner of first resort on global challenges; a prolonged economic crisis in the European Union would potentially affect the long-term ability of crisis-stricken European countries to partner with us. We do not see this happening at present; European Union member states and other partners in Europe have moved decisively in recent months and years to expand assistance to critical transition countries in the Arab world, ramp up sanctions against Syria and Iran regarding those regimes' human rights abuses and defiance of international commitments, and sustain EU engagement in eastern Europe and around the world.

Driven by economic imbalances, competitiveness gaps, and institutional weaknesses in its monetary union, Europe's debt crisis illustrates the importance of pursuing sustainable, balanced growth in the world economy. It also shows the need for a pro-growth, pro-jobs agenda and strong economic coordination to support the global recovery while European governments put new institutions and policies into place. Finally, the crisis demonstrates the continued importance of international cooperation to restore financial stability, boost confidence, and create jobs.

Europe is the most significant foreign source of investment and jobs in America, so a long-term economic crisis in Europe would have a direct impact on our foreign economic policy and on the economic dynamism that underpins U.S. strength in the world. While Europe's debt crisis remains the foremost challenge to the global economy, the leaders of euro-area countries have pledged to do whatever it takes to stand behind the euro. We are confident they have the capacity and the resources to deliver on that commitment.

Europe's debt crisis highlights the importance of continued close cooperation with our European partners on diplomacy, defense, and development, reiterating our shared commitment to remain engaged globally. In a time of constrained budgetary resources on both sides of the Atlantic, it is more important than ever to coordinate with partners in Europe who can bring unique capabilities to bear in pursuit of shared goals. We are working together to ensure complementary outcome-focused development efforts in the Middle East and North Africa region, in sub-Saharan Africa, and elsewhere. Such coordination is crucial to maintain engagement and make sure our efforts are mutually reinforcing.

Question (#29). Can you please explain how the administration is distributing the aid to Nagorno-Karabakh? Are there any official restrictions on communication, contacts, travel, or other interactions between U.S. and Nagorno-Karabakh government officials?

Answer. The administration shares Congress' view on the importance of aiding those who have been affected by the conflict over Nagorno-Karabakh (NK). Since 1998, the United States has provided over \$37 million in humanitarian assistance to victims of the NK conflict, including food, shelter, emergency and medical supplies, access to quality health care and water, and demining projects. U.S. assistance currently supports humanitarian demining and improved access to potable water. The demining project has thus far cleared 94 percent of antipersonnel and antitank mines and 71 percent of the battle area. We are concluding a potable water project that will expand access to clean water in the city of Stepanakert. We intend to continue our support to the people of Nagorno-Karabakh in FY 2013.

As a cochair of the OSCE Minsk Group, the United States remains committed at the highest levels to assisting the sides of the Nagorno-Karabakh conflict to achieve a lasting and peaceful settlement. We continue to engage the leaders of the sides to reach agreement on a framework for such a settlement, which then can lead to a comprehensive peace treaty. No country, including Armenia, recognizes the self-declared independence of the so-called "Nagorno-Karabakh Republic." However, the U.S. cochair of the Minsk Group does travel regularly to Nagorno-Karabakh to meet with the de facto authorities there, as part of the overall effort to engage all the populations that have been affected by the conflict.

Question (#30). Is there additional information on the destruction of the medieval Armenian cemetery at Djulfa by the Azeri government. Can you report any other destructions of human heritage that have taken place in the North Caucasus since that time?

Answer. The United States has condemned the destruction of the Djulfa cemetery and urged the Azerbaijanis to investigate the incident. Despite our repeated requests to visit the Djulfa cemetery, local authorities have so far refused permission to do so.

As in many conflict areas, the Caucasus has seen destruction of important historical monuments. The United States is engaged with governments in the region to ensure the preservation of historical monuments and artifacts. For example, the United States, through the U.S. Ambassador's Fund for Cultural Preservation, has provided funding to improve infrastructure and capacity to support the long-term preservation of the Noratus cemetery in Armenia, home to the largest surviving collection of Armenian cross stones in the world. Under the same program, we have also sponsored the preservation of a medieval scholarly center near Tatev Monastery in Armenia. In Azerbaijan, the United States, among other projects, has awarded funding to the Gala Mosque project to help preserve the tower walls and mosque of the Gala village.

Question (#31). Are you concerned about ongoing threats by Turkey regarding the exploration for oil off the coast of the Republic of Cyprus?

Answer. The United States supports the right of the Republic of Cyprus to explore for energy in its offshore areas. We believe that Cyprus' oil and gas resources, like all of its resources, should be equitably shared between both communities in the context of an overall settlement. This policy, which we convey to both the Republic of Cyprus and Turkey, reflects our long-standing support of the Cypriot-led efforts under U.N. auspices to reunify the island into a bizonal, bicomunal federation and to encourage the two sides to come to a peaceful settlement.

On February 11, Cyprus announced the second round of licensing for offshore hydrocarbon exploration. In response, Turkey issued a press release that reaffirmed its strong opposition to this exploration absent an agreement. We have encouraged all sides to address concerns through talks. We continue to urge all parties to refrain from actions or statements which could increase tension in the region.

Question (#32). What is the United States currently doing to promote the construction of Southern corridor pipeline, such as Nabucco, from the Caspian to Europe?

Answer. Our Office of the Special Envoy for Eurasian Energy has been working hard on this issue, and there have been a number of recent developments on the Southern corridor. First of all, I would note that Nabucco has always been one of several options to achieve our shared goal with Europe of bringing new sources of supply to market, with a significant portion of that gas supplied to our friends and allies in the Balkans and elsewhere in Eastern Europe. In October of last year, Turkey and Azerbaijan took an important step when they signed a long-awaited gas supply deal. Then just in February, the consortium controlling Azerbaijan's Shah Deniz II natural gas field narrowed the choices for a route from Turkey to Europe to a scaled-down version of Nabucco, known as Nabucco West, the South East Europe Pipeline (SEEP) and the Trans-Adriatic Pipeline. We continue to work closely with all the companies and parties involved to achieve energy security for Europe.

Question (#33). You have championed women's initiatives throughout your tenure as Secretary of State. You know that integrating gender into program design and implementation greatly enhances the effectiveness of our foreign policy and foreign assistance efforts. The administration recently released the National Action Plan on Women, Peace, and Security. The Plan has a goal to empower half of the world's population as equal partners in preventing conflict and building peace in countries threatened and affected by war, violence, and insecurity.

- How will the administration's proposed budget support efforts to integrate gender throughout U.S. foreign policy programs and strategies and across agencies?

Answer. The administration's proposed budget will support efforts to integrate gender throughout U.S. foreign policy programs and strategies and across agencies through: (a) programs targeted to advance gender equality and the status of women and girls, and (b) ensuring that the full range of programs—from economic development to humanitarian assistance to exchange programs, as well as conflict prevention and crisis response operations—identify and address existing disparities, cap-

italize on the skills and contributions of women and girls, and are accessible and responsive to women and girls.

The U.S. National Security Strategy recognizes that “countries are more peaceful and prosperous when women are accorded full and equal rights and opportunity.” Evidence shows that investments in women’s employment, health, and education are correlated with greater economic growth and more successful development outcomes. Engaging women as political and social actors can change policy choices and makes institutions more representative and better performing. And a growing body of evidence shows that women bring a range of unique experiences and contributions in decisionmaking on matters of peace and security that lead to improved outcomes in conflict prevention and resolution.

To achieve successful outcomes for U.S. foreign policy priorities, including stability, prosperity, and peace, we must focus on promoting gender equality and advancing the political, economic, social, and cultural status of women and girls across our work. To further this strategic imperative, we have issued the Department of State’s first-ever Secretarial Policy Guidance on Promoting Gender Equality to Achieve our National Security and Foreign Policy Objectives. The policy guidance requests embassies and bureaus to build on existing efforts and work to bolster participation and leadership opportunities for women in local and national government processes, civil society, and international and multilateral forums; to unleash the potential of women to spur economic development by addressing the structural and social impediments that disadvantage and prevent women from contributing to their fullest extent in formal and informal economies; and to draw on the full contributions of both women and men in peacemaking, peacekeeping, and peace-building. The Department is also working to address the distinct needs of women and girls in disaster and crisis response through the U.S. National Action Plan on Women, Peace, and Security framework. USAID has also issued a new policy on Gender Equality and Female Empowerment, which requires integration of gender throughout our development work.

Furthering gender equality and advancing the status of women and girls in our work means going beyond simply ensuring a balanced approach to our diplomatic efforts, development assistance, and humanitarian aid; it also means focusing on reducing gaps between women and men and girls and boys in resources, opportunities and outcomes in our programs and the full range of our engagement with host governments, civil society, and the private sector. It also means encouraging and increasing women’s direct participation through bilateral, regional, and multilateral diplomacy to ensure better outcomes for governments and society.

To ensure that we are making progress, the Department will integrate gender through four key mechanisms: (a) strategic and budget planning; (b) programming; (c) monitoring and evaluation; and (d) management and training. We estimate that our FY 2013 request for foreign assistance will be used to fund over \$300 million in activities where gender equality or women’s empowerment is an explicit goal; \$1.23 billion in activities where gender equality or women’s empowerment is an important but secondary outcome; and \$147 million in activities that are aimed at preventing and responding to gender-based violence, for a total of \$1.68 billion.

Question (#34a). In our efforts to combat, prevent, and punish mass atrocities, we sometimes struggle for tools. In the past, the Department has been able to turn to the Department of State Rewards for Justice Program to assist with the apprehension and punishment of persons wanted by the war crimes tribunals for the Former Yugoslavia, Rwanda, and Sierra Leone. The Department has also been able to use the Program in connection with its efforts to combat and punish terrorists and narcotraffickers.

- Do you consider the program to have been successful? Can you provide representative examples of the program working at its best?

Answer. Yes, the Department’s three rewards programs are important tools for the U.S. Department of State, and protect the national security of the United States. The Rewards for Justice (RFJ) Counterterrorism Program is one of the U.S. Government’s most valuable assets in the fight against international terrorism and is the public face of U.S. efforts to prevent these acts and bring to justice those responsible. Since its inception in 1984, RFJ has paid over \$100 million to more than 70 individuals who provided information.

The RFJ Counterterrorism Program is credited with successes that have demonstrated global results. RFJ paid a \$2 million reward to a source who provided information to Diplomatic Security (DS) special agents in Pakistan for the location of Ramzi Yousef, mastermind of the 1993 World Trade Center bombing. In 1995, Pakistani authorities, assisted by DS agents, arrested Yousef in Pakistan and extradited him to the United States. He is currently at a maximum security detention center

in Colorado. In 2003, Uday and Qusay Hussein were brought to justice. In this instance, an RFJ campaign had been initiated and, in just 18 days, a source came forward with credible, actionable information—the fastest result in RFJ history. The 101st Airborne Division conducted an operation to capture Uday and Qusay, which resulted in the deaths of these two wanted persons.

The War Crimes Rewards Program has been instrumental in bringing to justice some of the most notorious and brutal fugitives sought by the U.N. International Criminal Tribunals for the Former Yugoslavia (ICTY) and Rwanda (ICTR). In the past 2 years alone, the program has made 14 payments for information leading to the arrest and conviction of these fugitives.

The Narcotics Rewards Program has proved a valuable tool for U.S. law enforcement agencies—not only encouraging confidential informants to come forward and thereby helping bring traffickers to justice, but also applying pressure to drug traffickers, making their illicit operations significantly more difficult and costly. Since the program's inception in 1986, the Secretary of State has authorized approximately \$71 million in rewards to confidential informants who helped bring narcotics traffickers to justice. Over the past 3 years, Narcotics Rewards payments have averaged approximately \$10 million annually.

The Narcotics Rewards Program has helped to bring important traffickers to justice, including major logistics managers for cocaine distribution networks out of Colombia and Venezuela, like Salomon Camacho-Mora. More recently, the program has helped to bring a number of cartel leaders to justice in Mexico. For example, after publicizing rewards for certain members of the Arturo Beltran-Leyva drug trafficking organization in early December 2009, Marcos Arturo Beltran-Leyva was killed during a law enforcement operation attempting to capture him. The organization's logistics leader, Jose Gerardo Alvarez-Vasquez, was separately captured in April 2010.

Due to the sensitivity of these programs, we are limited in the type of specifics we can provide in regards to the operations and successes. However, further details are provided in the classified reports that the Department of State submits to the House Foreign Affairs and Senate Foreign Relations Committees for every reward paid by each of these three programs.

Question (#34b). As the Yugoslavia, Rwanda and Sierra Leone tribunals wind up their work, do you see a potential role for the program with respect to other tribunals designed to hold accountable those accused of committing mass atrocities?

Answer. The War Crimes Rewards Program has been instrumental in bringing to justice some of the most notorious and brutal fugitives sought by the U.N. International Criminal Tribunals for the Former Yugoslavia (ICTY) and Rwanda (ICTR). In the last 2 years alone, we have made 14 payments for information leading to the arrest and conviction of these fugitives. Further details are provided in the report that we submit to the House Foreign Affairs and Senate Foreign Relation Committees for every reward we issue.

However, the present statutory authority for the War Crimes Rewards Program is limited to those fugitives indicted by the Special Court for Sierra Leone (SCSL), the ICTR and ICTY. From these three tribunals, there remain only nine targeted fugitives at large, all from the ICTR. After the capture of those fugitives, the program will be unable to ensure accountability for some of the world's worst crimes. The State Department would like to expand this program to bolster our ongoing efforts to help bring other alleged war criminals to justice. To do so, we would need legislation authorizing the Department to publicize and pay rewards for information leading to the arrest or conviction in any country, or the transfer to or conviction by an international criminal tribunal of specifically identified foreign nationals accused of war crimes, crimes against humanity or genocide.

Under such authority, fugitives would only be added to the rewards program after careful review and approval by an interagency committee and the Secretary of State or her designee. That committee would include representatives from relevant agencies, including State, DOD, DOJ, DHS and the Intelligence Community.

Question (#34c). How could the expansion of the program strengthen the hand of the State Department in efforts, for example, to assist with international efforts to apprehend Joseph Kony or remove him from the battlefield?

Answer. Subject to the interagency committee's recommendations and approval by the Secretary of State, some individuals who could be considered for inclusion in the War Crimes Rewards Program under the expanded authority include Joseph Kony and the other top commanders of the Lord's Resistance Army wanted for war crimes and crimes against humanity.

The expansion of the War Crimes Rewards Program could bolster efforts to generate information about the whereabouts of Joseph Kony and other LRA commanders by giving lower level fighters a material incentive to provide information. Our military advisors believe this program would enhance their efforts in the field. We believe it could also help encourage lower level LRA fighters to defect and escape from the organization's ranks. Since October, scores of individuals have escaped or been released from the LRA's ranks. We are working with the governments in the region and U.N. to encourage more individuals to defect. If Joseph Kony and the other top LRA commanders were added to the program, the Department of State would work to publicize the rewards using leaflets, radio broadcasts, and other publicity tools.

Question (#34d). Do you believe the program could be helpful with respect to other U.S. law enforcement priorities, such as combating transnational organized crime? If so, how?

Answer. The Department of State's U.S. and foreign law enforcement partners recognize our Rewards Programs as valuable tools that create incentives for offering information, which in turn helps bring criminals to justice. However, since the inception of the three original programs, transnational crime and its perpetrators have evolved, extending far beyond narcotics- or terror-related activities. These criminals are willing to capitalize on any avenue that might produce illicit profits, covering a range of illicit activity from intellectual property rights piracy, arms trafficking, trafficking in persons, to cyber crime. As these criminal organizations expand their reach, they have become more complex and volatile, which destabilizes democratic institutions and the integrity of the global economy. We believe strongly that it is important to update our toolkit to address the threats before us.

On July 25, 2011, President Obama introduced a National Strategy to Combat Transnational Organized Crime, which illustrates the evolving criminal threat and encourages additional tools to counter it. Transnational criminal organizations rely heavily on their control over and the secrecy of their illicit networks. Our Rewards Program successes demonstrate that we can undermine this sense of confidence and control by terrorist and criminal networks, disrupting their ability to operate effectively. The ability to offer rewards for information that brings transnational organized criminals to justice and publicize the targeting of these criminals, if authorized by the Congress, would help U.S. authorities and our international partners to dismantle organized criminal networks as well.

Question (#34e). Representative Royce has introduced legislation entitled the Department of State Rewards Program Update and Technical Corrections Act of 2012 that seeks to address aspects of these international challenges. Do you support this legislation?

Answer. Yes, we welcome the legislation that Representative Royce has introduced, H.R. 4077, which would allow the Department of State to better use the program to pursue and help bring to justice individuals, such as Joseph Kony, who are accused of genocide, war crimes, or crimes against humanity.

Question (#35). The State Department Coordinator for Reconstruction and Stabilization (S/CRS) had some real successes, most notably in its work in South Sudan, but also struggled to find its footing. The new Conflict Stabilization Operations (CSO) Bureau presents an opportunity to build on these lessons learned and better institutionalize prevention and enhance our response capabilities. One of the strengths of S/CRS has been its interagency character. Some concerns have been raised, however, that agencies such as the Department of Justice and the Department of Agriculture will play much smaller roles in the new Civilian Response Corps and in the less larger efforts.

- How do you respond to such concerns about the whole-of-government approach and what role do you envision for these other agencies as the program moves forward?

Answer. To be more innovative and agile, CSO is developing a new model for the Civilian Response Corps (CRC) that will seek to include the widest possible range of partners, including the interagency, from the beginning of its engagements. The result should be an expeditionary team made up of leaders and experts from all parts of the United States, interagency, state and local governments, and other sources of talent.

The nature of places where CSO is operating is changing. We see a range of cases where the U.S. role is pivotal but not dominant, rather than the heavy footprint of Afghanistan and Iraq. In turn, we are focusing on a smaller CRC-Active component which emphasizes leaders, and a broader approach which expands potential part-

ners and has a “pay as we use” business model like the CRC-Standby. This will allow us to respond with those who can work independently, such as supporting a Presidential inquiry in Liberia, or who can lead a small team that draws on both USG and local resources. To succeed, country cases must accelerate local ownership and that too will be at the heart of CSO’s emphasis.

We believe that this approach will be more effective and responsive to the needs of each case and more cost effective than the current model.

Question (#36). In the time since USAID was incorporated into the State Department’s planning and budgeting processes, to what extent have you been able to find cost savings from consolidating operating budgets or foreign aid programs with similar objectives?

Answer. Since the integration of the Department of State and USAID budgets with the creation of the Office of the U.S. Foreign Assistance Resources (F), the Department has made significant progress in establishing and implementing effective mechanisms to coordinate State/USAID foreign assistance programs and align foreign assistance resources with policy priorities.

The Quadrennial Diplomacy and Development Review (QDDR) goes even further by taking a comprehensive look at how we can spend our resources most efficiently, how we can achieve our priorities most effectively, what we should be doing differently, and how we should prepare ourselves for the world ahead. The QDDR’s key reforms to State and USAID planning and budget processes are designed to strengthen the links between diplomatic and development efforts, as well as more effectively align policy priorities, strategic responses, budget planning, and performance management. Our commitment to rigorous planning and performance management maximizes the effect of every dollar spent.

The new strategic planning effort is anchored by two processes that will greatly enhance our ability to coordinate State and USAID programs, as well as identify overlap and opportunities for cost savings. The first process will produce Joint Regional Strategies, collaborative efforts between State and USAID to develop multiyear regional strategies that identify joint goals, objectives, priorities for resources and programming, and tradeoffs. The second process will produce Integrated Country Strategies, also a collaborative effort designed to bring all agencies under Chief of Mission authority together to develop common objectives and a plan for best aligning their resources to achieve objectives. USAID’s new Country Development and Cooperation Strategies will form the core of the development aspect of the Integrated Country Strategies.

The QDDR recognized the importance of integrating development with other foreign policy considerations through integrated planning and budgeting; and it emphasized the importance of a strong and coherent development perspective within that integrated whole. Strengthening USAID’s policy, strategy, planning, and budget capacities are a crucial part of this vision. Along with the integrated planning and budgeting processes at State, this will provide enhanced ability to make results-based tradeoffs among programs implemented by various bureaus and agencies.

With regard to operating budgets, USAID and State have made progress on consolidating management services; a recent GAO study attested to the economies of scale that consolidation has produced. Based on a QDDR recommendation, the Joint Management Board has begun operation and seeks further consolidation of management services, and a robust and flexible platform that provides efficient and effective support to diplomacy and development.

Question (#37). In the development of the FY 2013 budget request, to what extent have you eliminated or reallocated funds to better align the Department’s budget and foreign assistance with the administration’s national security strategy and current foreign policy priorities?

Answer. The FY 2013 budget for the Department of State and U.S. Agency for International Development is shaped by U.S. national security interests and foreign policy priorities. The budget request is informed by the results of the first-ever Quadrennial Diplomacy and Development Review (QDDR) which focuses on ensuring that we get the most out of every dollar from the American taxpayers, while protecting our interests and projecting our leadership in the 21st century.

The FY 2013 budget elevates diplomacy and development, which, alongside defense, are critical tools of American power. It continues our vital national security missions in Iraq, Afghanistan, and Pakistan; builds a strong network of relationships and institutions across the Pacific; supports transitions in Middle East and North Africa by incentivizing political and economic reforms; emphasizes economic statecraft to strengthen the U.S. economy; and elevates development, making stra-

tegic investments to address poverty, disease, hunger, and climate change, which can destabilize entire societies and sow the seeds for future conflict.

Under strict budget caps set by the 2011 Budget Control Act, our FY 2013 budget seeks to stretch every taxpayer dollar as far as possible without compromising our core national security and foreign policy interests. Our budget reflects our careful evaluation of all programs and all spending, makes difficult tradeoffs, and takes full advantage of programs that are successfully becoming more efficient and thus need fewer resources to accomplish our goals.

For example, progress and efficiencies in the Global Health Initiative allow us to meet our key objectives and to achieve the President's stated goal of putting 6 million people on HIV/AIDS treatment globally by the end of 2013. This is 2 million more people than our old treatment goal and puts us on the path to an AIDS-free generation in an era of tight budgets.

We focused Feed the Future and Global Health Initiative programs on countries with the greatest need and capacity for sustainable progress, leading to the elimination or reduction of Feed the Future and global health funding for several countries.

We reduced funding for Europe, Eurasia, and Central Asia by \$113 million (18 percent), reflecting shifting global priorities and progress over time by some countries in the region toward market-based democracy. And we reduced funding for programs that are on a glidepath to more host-country ownership.

In addition, we scaled back funding for overseas construction for 1 year, despite the ongoing need for updated, more secure diplomatic facilities. We are also saving on administrative costs through measures including more efficient travel, freight, utilities, communications, consolidation of services between State and USAID, and centralized and bulk procurement.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR RICHARD G. LUGAR

Question (#1). Oil markets today are exceptionally tight and vulnerable to supply disruption. Expert analysis by the Rapidan Group indicates just 1.6 million barrels of spare capacity, which means that even today's high gas prices could easily skyrocket if Iran makes good on its threats against the Strait of Hormuz, if terrorists successfully attack oil infrastructure, or if an unfriendly leader such as Hugo Chavez seeks to manipulate his exports to the United States. Ironically, Democratic Senate leadership is calling for Saudi Arabia to boost production even while they are against increasing oil trade with Canada. Indeed, the Obama administration recently rejected a permit for the Keystone XL pipeline upon a recommendation from the State Department.

- Please share with the committee your strategy to boost liquidity in global oil markets in the next few months, particularly as gas prices for Americans continue to sky-rocket.

Answer. In the case of global oil markets, we are pursuing a strategy that improves our energy security and fosters economic growth, while managing our resources and protecting our environment for future generations. Just last month, I signed a groundbreaking transboundary hydrocarbons agreement with Mexico on oil and gas exploration in the Gulf of Mexico to create jobs and new opportunities and to address our energy needs. With regard to our northern neighbor, Canada is currently our single largest supplier of energy, providing 28 percent of U.S. oil imports or close to 2.5 million barrels of oil per day. We do not anticipate this situation will change in the near term.

Let me emphasize again, that the Department's recommendation to the President on January 18, 2012, that the application for a Presidential Permit for the Keystone XL pipeline be denied was not based on the merits. At the time of the recommendation, the alternative route for the pipeline through Nebraska had not yet been established and, thus, there was insufficient time to conduct the necessary analysis.

Question (#2-3). The State Department recently concluded 1,217 days of review of the Keystone XL pipeline permit, including finalizing an environmental review. Midway through finalizing a national interest determination, President Obama publicly weighed in to the debate, and the State Department halted the determination. The protracted delay undermines our confidence in the Department's competence to undertake timely review of strategically and economically important projects, and it throws into question whether the Department was allowed to make a decision of U.S. interest based on the facts, rather than political concerns.

- Could you please tell us if White House officials gave any guidance to the State Department to delay the permit decision or to ultimately recommend a rejection of the permit?

Answer. As I stated in my testimony, the Department recommended to the President on January 18, 2012, that the application for a Presidential Permit be denied due to insufficient time to conduct the necessary analysis, and the President accepted our recommendation and determined that the Keystone XL pipeline project, as presented and analyzed at that time, would not serve the national interest. The White House did not exert any influence over the State Department's recommendation.

- If not, could you please explain how the State Department was unable to act upon the strategic and economic benefits of Keystone XL after more than 3 years of review?

Answer. On November 10, 2011, the State Department made the decision to halt the national interest determination process and seek more information regarding alternative routes that would avoid the Nebraska Sand Hills. At that time, the Nebraska legislature was in a special legislative session, called specifically to consider the issue of developing state requirements for the approval of petroleum pipelines in response to widespread concern over the Nebraska Sand Hills and potential threats of an oil spill to groundwater. These concerns were expressed by individuals and groups across the political spectrum. For example, after the final EIS was issued in August of 2011, the Governor of Nebraska requested that the State Department deny TransCanada's permit application on the basis that it would not be in the national interest to approve a pipeline with a route through the Nebraska Sand Hills and over the Oglalla Aquifer. Rather than denying the permit application at that time, the State Department decided, as mentioned, that it needed to obtain more information about alternative routes that would avoid the Sand Hills. Subsequent to that decision, also in November of 2011, the applicant, TransCanada, reached an agreement with the State of Nebraska to reroute the pipeline around the Sand Hills, and the State of Nebraska enacted legislation that provided for state-level approval of a route through Nebraska. In December 2011, the Department of State was working on the process to obtain the necessary additional information, including consulting with Nebraska state officials. We were unable to complete the process because of the imposition of the arbitrary deadline in the Temporary Payroll Tax Cut Continuation Act passed on December 23, 2011.

Question (#4). The Keystone XL pipeline would create thousands of private sector jobs, and it would help protect United States national security interests. It comes at no taxpayer expense, and it will strengthen our vital ties with our ally Canada.

The State Department recently concluded 1,217 days of review of the Keystone XL pipeline permit, including finalizing an environmental review. Midway through finalizing a national interest determination, President Obama publicly weighed into the debate, and the State Department halted the determination. The protracted delay undermines our confidence in the Department's competence to undertake timely review of strategically and economically important projects, and it throws into question whether the Department was allowed to make a decision of U.S. interest based on the facts, rather than political concerns.

- Reversal of Keystone XL Permit Decision: Is there any legal blockage to the State Department reversing its recommendation to President Obama on Keystone XL, to encourage immediate approval?

Answer. The State Department's recommendation to President Obama to deny the Presidential Permit for the Keystone XL pipeline is final. Any new applications would be treated as a new process, following regulations and procedures for such pipeline reviews.

Question (#5). Pertaining to the State Department Record of Decision: In the Department's record of decision, concurrent with the report pursuant to Section 501(b)(2) of the Temporary Payroll Tax Cut Continuation Act of 2011, stated (page 5) that regardless of Keystone XL, there would be no net change in imports or exports due to Keystone XL. The difference is, of course, where those exports would originate. In other words, the State Department and Obama administration acknowledges no benefits to replacing Venezuelan or Middle Eastern crude (or declining production from Mexico) with reliable and abundant Canadian crude.

- Is it the Department's position that the source of our imports is irrelevant so long as the net quantities do not change?

Answer. The Department's record of decision also noted that the economic analysis conducted as part of the preparation of the final EIS indicated that regardless

of Keystone XL, over the remainder of this decade there was unlikely to be a significant difference in the amount of crude oil imported from Canada. The source of imported oil, including over the long term, would have been among the factors, along with other economic, energy security, foreign policy, environmental and trade factors, we would have considered if the national interest determination was allowed to proceed as planned.

Question (#6). In the record of decision, the State Department and Obama administration assert that there is currently excess cross-border capacity. That is a curious argument since, as a purely privately funded project, it would make no economic sense for companies backing Keystone XL to pay the estimates \$7+ billion cost.

- Please explain exactly where this excess capacity is, and how it matches to the crude export quantities expected from Canada.

Answer. As noted in the record of decision: “There is currently excess cross-border pipeline capacity, but limited connections to the U.S. Gulf Coast refineries.” As noted in the final EIS (section 1.4.3), the current cross-border pipelines deliver primarily to the Midwest in the United States. Additional information about how the current cross-border capacity relates to projected quantities of crude oil production in Western Canada, as well as to other potential additions of crude oil transport capacity in North America, is included in the final EIS, Appendix V, “Keystone XL Assessment” and “Keystone XL Assessment—No Expansion Update.”

Question (#7-8). In the record of decision, the State Department and Obama administration asserts that “The United States will continue to work with Canada to ensure our shared interests in energy . . .”. The Government of Canada has made clear their national priority in development of the oil sands.

- Is the U.S. Government unsupportive of oil sands development?

Answer. No. The Department earlier approved permits to construct and operate petroleum pipelines from the Western Canadian Sedimentary Basin, which includes the Canadian oil sands. These approvals were the Keystone pipeline in 2008, and the Alberta Clipper pipeline in 2009.

- If the U.S. Government is not antioil sands development, is it the Obama administration’s policy that trade in crude from the oil sands should not be expanded?

Answer. As I have stated previously, the continued development of oil and gas supplies in North America and globally is a critical component of our energy diplomacy.

Question (#9). In the record of decision, the State Department and Obama administration assert that “denying the [Keystone XL pipeline] permit at this time is unlikely to have a substantial impact on U.S. employment, economic activity, trade, energy security, or foreign policy over the longer term.” Such a conclusion is clearly at odds with the reality of our security and economic needs. As with all infrastructure projects, the private sector jobs created would predominantly be in the construction and manufacturing sectors, both of which have been particularly hard-hit in the economic downturn. By the logic described in the report, rejection of the pipeline is the Obama administration saying that those jobs are not sufficiently important to sway its judgment.

- Do you stand by the conclusions of the report? If not, how would you adjust it today?

Answer. The Department’s recommendation to the President on January 18, 2012, that the application for a Presidential Permit for the Keystone XL pipeline be denied was not based on the merits of the project. The Department recommended to the President that the application for a Presidential Permit be denied because the arbitrary deadline imposed by the Temporary Payroll Tax Cut Continuation Act of 2011 did not provide sufficient time to conduct the necessary analysis.

Question (#10). Pertaining to the State Department Review of the Keystone XL Pipeline Permit Application: Please describe, in detail, why after 1,217 days the State Department still determined that it had insufficient time to review the application.

Answer. In response to Question #3, I described the concerns that led the Department to decide on November 10, 2011, that the Department needed additional information regarding potential alternative routes around the Nebraskan Sand Hills. The arbitrary deadline imposed by the Temporary Payroll Tax Cut Continuation Act of December 23, 2011, gave the Department insufficient time to conduct the nec-

essary analysis, particularly since at that time a complete pipeline route had not been identified.

Question (#11). Do you view it as acceptable that the Department has kept a major private sector project, and associated jobs, more than 3 years to review?

Answer. The State Department has consistently stated that it did not think it would be responsible to hasten a decision on what constitutes the national interest in response to an arbitrary deadline. For more details please see the responses to Questions 3 and 10.

Question (#12). What steps will you take to ensure that such a review does not take such a long time in the future?

Answer. The Department will take the time necessary to analyze new pipeline applications consistent with relevant statutes, regulations, and Executive orders.

Question (#13). The Department and the Obama administration have pointed to concerns in Nebraska for the Department's unwillingness to approve the pipeline. However, concerns around the Ogallala Aquifer and Sand Hills were not hidden and not unexpected. How is it that the Department did not, by its own reasoning, recognize and act upon these issues prior to November 2011?

Answer. Prior to our November 2011 decision that we needed additional information to determine the impact of alternative routes, we had been engaged in discussions with TransCanada and the State of Nebraska. After the final EIS was released on August 26, 2011, the Department held a public comment period to obtain input for the national interest determination. During this period the public provided input on many issues. Only during this public comment period did the intensity and uniformity of concern about the proposed route through the Sand Hills, including by Nebraska's elected officials fully reveal itself. Please see also my response to Question 3.

Question (#14). The State Department conducted both an EIS and a Supplemental EIS, and issued a final EIS in August 2011. Please explain why, after years of environmental review, the Department declared that it would need more than a year to adjust the pipeline route proposed in Nebraska?

Answer. On November 10, 2011, the State Department made the decision to halt the national interest determination process and seek more information regarding alternative routes that would avoid the Nebraska Sand Hills. At that time, the Nebraska legislature was in a special legislative session, called specifically to consider the issue of developing state requirements for the approval of petroleum pipelines in response to widespread concern over the Nebraska Sand Hills and potential threats of an oil spill to groundwater. These concerns were expressed by individuals and groups across the political spectrum. For example, after the final EIS was issued in August 2011, the Governor of Nebraska requested that the State Department deny TransCanada's permit application on the basis that it would not be in the national interest to approve a pipeline with a route through the Nebraska Sand Hills and over the Ogallala Aquifer. Rather than denying the permit application at that time, the State Department decided, as mentioned, that it needed to obtain more information about alternative routes that would avoid the Sand Hills. Subsequent to that decision, also in November 2011, the applicant, TransCanada, reached an agreement with the State of Nebraska to reroute the pipeline around the Sand Hills, and the State of Nebraska enacted legislation that provided for state-level approval of a route through Nebraska. In December 2011, the Department of State was working on the process to obtain the necessary additional information, including consulting with Nebraska state officials. We were unable to complete the process because of the imposition of the arbitrary deadline in the Temporary Payroll Tax Cut Continuation Act passed on December 23, 2011.

Prior to our November 2011 decision that we needed additional information to determine the impact of alternative routes, we had been engaged in discussions with TransCanada and the State of Nebraska. After the final EIS was released on August 26, 2011, the Department held a public comment period to obtain input for the national interest determination. During this period the public provided input on many issues. Only during this public comment period did the intensity and uniformity of concern about the proposed route through the Sand Hills, including by Nebraska's elected officials fully reveal itself.

Question (#15). Did the State Department examine alternative routes in Nebraska prior to November 2011, and if so, why were those routes not given preference?

Answer. In the final Environmental Impact Statement in Volume 2, Section 4.3, the State Department examined alternative routes that included different potential

routes through Nebraska. Those routes, however, generally involved significantly longer routes, were economically or technically infeasible, and/or would not have provided any environmental advantage over the proposed route. The State Department did not examine an alternative route strictly within the State of Nebraska designed to avoid the Nebraska Sand Hills. For more information, please see my responses to Questions 3 and 13.

Question (#16). Pertaining to the National Interest Determination Review: Prior to suspension of the Keystone XL permit review in November 2011, the Department was already more than half way through completion of the national interest determination, which it has slated for conclusion in December 2011.

- Given that the Department is no longer reviewing Keystone XL, please share the Department's preliminary findings as they had progressed by November 2011 pertaining to: energy security, foreign policy, and trade impacts of Keystone XL, if approved.

Answer. The record of decision contains the Department's findings pertaining to energy security, foreign policy, and trade impacts of Keystone XL. The final Environmental Impact Statement (EIS) contains additional information and analysis regarding those impacts.

Question (#17-20). Permit Review Authority and Process: Canada is our largest trading partner and close ally. A default presumption that expanded trade is economically beneficial and supportive of our foreign policy seems reasonable. Moreover, lack of ability of the Department to give Keystone XL a timely review has raised questions of competence in the energy and environmental area (including as noted in the Inspector General's review). Moreover, the State Department's role in the permit review process is not based in statute.

- Please respond to the argument that the State Department, while maintaining a consultative role, is not best suited to be the lead agency in pipeline permit review.

Answer. Executive Order (EO) 13337 delegates to the State Department the authority to receive and grant applications for Presidential Permits for cross-border facilities and outlines a process for the Department to determine whether granting such permits would be in the national interest.

- Leaving aside Executive Order 13337, simply permitting a pipeline to cross the border does not in itself authorize construction. The company involved must still obtain permissions from state authorities, which have primary jurisdiction over oil pipeline siting, and from relevant Federal agencies such as BLM and the Army Corps. Given that the State Department is not specialized in relevant environmental issues, would it make sense for the NEPA process (if required) to be separated from the National Interest Determination?

Answer. The State Department's consideration of what constitutes the national interest is not limited to only what is required by the National Environmental Policy Act (NEPA). In consultation with other relevant agencies such as BLM, it was determined that having the State Department serve as the lead agency for the NEPA process was most consistent with NEPA and its implementing regulations.

- How has establishment of the Energy Bureau changed responsibility for permit review?

Answer. The establishment of the Bureau of Energy Resources has not changed responsibility for permit review, but the Bureau of Energy Resources would also be involved in any future permit reviews.

- The 1968 Executive order that first established the permitting requirement stated that "the proper conduct of the foreign relations of the United States requires that Executive permission be obtained for the construction and maintenance at the borders of the United States of facilities connecting the United States with a foreign country." Since 1968, the Executive branch's role in approving the connection of pipelines at U.S. border crossings has been based on foreign policy considerations, a point reinforced by the Secretary of State (not EPA Administrator, for example) being vested with principle authority. What has changed in the conduct of foreign affairs that environmental concerns have, in the case of Keystone XL, trumped decades of precedent?

Answer. The Department's recommendation to the President on January 18, 2012, that the application for a Presidential Permit for the Keystone XL pipeline be denied was not based on the merits. The arbitrary deadline imposed by the Temporary Payroll Tax Cut Continuation Act of December 23, 2011, gave the Department insuf-

ficient time to conduct the necessary analysis, particularly since at that time a complete pipeline route had not been identified.

Question (#21-23). Integrity of Fair Application Review: By Executive order, the State Department is charged to prepare recommendations for the President on granting of a transborder pipeline permit. The employees of all companies deserve a fair hearing on the merits of the application, not subject to interference from the White House in the review process.

- At any point, did White House officials give guidance to State Department officials on the criteria or timelines of review on Keystone XL?

Answer. No. The White House did not exert any influence over the State Department's review process or recommendation.

- In mid-November 2011, the Department announced that it would delay a decision on the Keystone XL permit application until after the 2012 election. At any point, did White House officials give guidance to State Department officials to delay the permit decision?

Answer. No. The White House did not exert any influence over the State Department's review process or recommendation.

- In January 2012, the Department recommended that the President reject the Keystone XL permit. At any point, did White House officials give guidance to State Department officials to make such a recommendation?

Answer. No. The White House did not exert any influence over the State Department's recommendation.

Question (#24). Recognition of States Authority and Assistance: Questions about the routes of pipelines within U.S. States, like other local land use decisions, are traditionally and appropriately matters to be decided by the States themselves. The Department has indicated that the proposed routing of Keystone XL must shift within the State of Nebraska. Indeed, legislation I have offered allows Nebraska to do just that. However, it appears that the Department is presuming authority to resite a pipeline by forcing a change in Nebraska, an authority not given in statute so reserved for the states.

- Please clarify whether the Department believes it has the authority to site oil pipelines, and, if so, the source of that authority.

Answer. The Department did not indicate that the proposed routing of Keystone XL must shift within the State of Nebraska, nor is the Department presuming authority to resite the pipeline in Nebraska. On November 10, 2011, the State Department made the decision to halt the national interest determination process and seek more information regarding alternative routes that would avoid the Nebraska Sand Hills. At that time, the Nebraska legislature was in a special legislative session, called specifically to consider the issue of developing state requirements for the approval of petroleum pipelines in response to widespread concern over the Nebraska Sand Hills and potential threats of an oil spill to groundwater. Subsequently, also in November 2011, the applicant, TransCanada, reached an agreement with the State of Nebraska to reroute the pipeline around the Sand Hills, and the State of Nebraska enacted legislation that provided for State-level approval of a route through Nebraska. The Department's consideration of what is in the national interest includes consideration of all potential impacts of a proposed pipeline, including those impacts associated with a particular route.

Question (#25). The State of Nebraska continues to pursue finalization of a new Keystone XL pipeline route through its territory, pursuant to Nebraska State law. Given that the State Department and Obama administration have encouraged just such a review, it seems prudent for the Department to provide assistance.

- Are you willing to commit the State Department to cooperate as needed with Nebraska and to provide any appropriate assistance to Nebraska in order to complete its route selection process, particularly given the stated intention of TransCanada to resubmit the application?

Answer. There is currently no pipeline application before the Department and thus no basis for the Department to take action regarding a pipeline review. If the Department receives a new application, we will cooperate with other State and Federal agencies, including relevant officials in the State of Nebraska, to ensure an efficient review of the application that avoids unnecessary duplication of efforts.

Question (#26-27). Reapplication of Keystone XL: TransCanada has indicated that, absent congressional action to approve override the President's rejection of Keystone XL, it will reapply for a permit.

- Have State Department officials given guidance to TransCanada on the timing of any such reapplication, and, if so, what was that guidance?

Answer. The Department has not given any guidance to TransCanada on the timing of any new applications.

- Given that the State Department has already spent 1,217 days reviewing the Keystone XL application, and any reapplication is likely to be substantially similar except in the State of Nebraska, how can the Department justify recent comments that no expedited review would be made available?

Answer. If the Department receives a new application, we will cooperate with other State and Federal agencies, including relevant officials in the State of Nebraska, to ensure an efficient review of the application that avoids unnecessary duplication of efforts. There are certain requirements must be met for any new pipeline application.

Question (#28-30). Disposition of Crude Oil Intended for Keystone XL: The Government of Canada has clearly stated its intentions to ship the oil sands crude oil that would have gone through Keystone XL to its Western Coast, to be shipped through Puget Sound and onward to Asian markets. Indeed, China and Canada signed a high-level energy agreement just days after the Obama administration rejected the Keystone XL pipeline.

- What message has the State Department given to Canada, given that government's anger over rejection of Keystone XL?

Answer. The United States-Canada alliance is a cornerstone of both countries' national security. We believe Canada will remain committed to the bilateral alliance, and the United States will continue to work with Canada to ensure our shared interests in energy, environmental, and economic issues are not adversely affected by the decision to deny the permit in January.

- Does the Department believe that rejection of Keystone XL will prevent oil sands development from occurring?

Answer. The Department's recommendation to the President on January 18, 2012, that the application for a Presidential Permit for the Keystone XL pipeline be denied was not based on the merits. The arbitrary deadline imposed by the Temporary Payroll Tax Cut Continuation Act of December 23, 2011, gave the Department insufficient time to conduct the necessary analysis, particularly since at that time a complete pipeline route had not been identified. As noted in the final EIS, including the economic analyses in Appendix V, in all but the scenario where there is no additional crude oil transport capacity added above 2010 levels, there is unlikely to be a significant difference in the rate of oil sands development.

- Does the Department view it as a loss to the U.S. economy and energy security that Canada will divert intended oil flows from Keystone XL to Asia?

Answer. The Department's recommendation to the President on January 18, 2012, that the application for a Presidential Permit for the Keystone XL pipeline be denied was not based on the merits. The arbitrary deadline imposed by the Temporary Payroll Tax Cut Continuation Act of December 23, 2011, gave the Department insufficient time to conduct the necessary analysis, particularly since at that time a complete pipeline route had not been identified. The disposition of crude oil is determined primarily by market forces. The economic analysis included in the final EIS indicated that regardless of Keystone XL, there is significant market incentive for Canadian crude oil producers to seek access to Asian markets. That economic analysis also indicated that the export of Canadian crude oil to Asia instead of the United States was not sensitive to the construction of the Keystone XL pipeline.

DATA REPORTING AND TRANSPARENCY

Lack of reliable data on global oil production and capacity introduces additional uncertainty into markets, putting upward pressure on prices. Spare capacity is particularly crucial in managing oil price volatility, but data is unreliable. It is generally believed that OPEC inflates its spare capacity estimates, and at this point only Saudi Arabia is likely to have any spare capacity available.

Question (#31). Please provide an update on Department activities to advocate reliable and transparent data reporting amongst oil producing nations.

Answer. Our new Energy Bureau has deepened our engagement with IEA and OPEC on data reporting, and we have broadened our engagement with the International Energy Forum. The IEF hosts the Joint Oil Data Initiative, which brings together data from the principal data sources and allows the public to assess meth-

odology and accuracy. Beyond this, the State Department reviews multiple public and classified data sources to assess consistency, and to identify discrepancies.

Question (#32). Do you view OPEC data on spare capacity as accurate?

Answer. OPEC does not routinely report data on spare capacity. We use the U.S. Energy Information Administration (EIA) and the International Energy Agency (IEA) as primary sources of data on spare capacity, and augment that with information received from Posts and from diplomatic engagements with OPEC and non-OPEC members. We cross-check this data for consistency with multiple classified and public data sources.

Question (#33). Given that the IEA and EIA have limited ability to assess OPEC projections, what other tools does the Department deploy to project spare capacity?

Answer. The Department engages directly and consistently with significant energy producers. Just in the past several months we have engaged with several OPEC members, including Saudi Arabia, UAE, Libya, Kuwait, Iraq, Angola, and Nigeria to discuss oil production plans and spare capacity. Posts also provide updates on production outages and increases by engaging host governments and the private sector. We review, as well, multiple classified and open data sources.

Question (#34). A report entitled the “Petroleum and Poverty Paradox” identified several recommendations for the State Department to increase attention on extractive industries transparency, including in revenue reporting, budgeting, and management of mineral revenue funds. That report, and the ensuing legislation with lead cosponsor Senator Ben Cardin “Energy Security Through Transparency,” part of which became the Cardin-Lugar amendment S. 1504 to Dodd-Frank, included encouragement for the U.S. Government to become an Extractive Industries Transparency Initiative implementing country and to include transparency as a U.S. priority in multilateral fora.

- Please update the committee on the Department’s progress in achieving transparency commitments through the OECD and APEC.

Answer. In the OECD, member states are required to submit data in a number of areas that is then subject to peer review. This process is an exercise in opening a country’s books, and by its nature promotes transparency. The OECD is also a standards-setting and rulesmaking organization. Many of its finished products, whether formal agreements such as the Anti-Bribery Convention, or OECD standards on investment, trade, or taxation, are at their core exercises in member state transparency. Non-member countries that sign on to these agreements adopt the transparency requirements of the member states as well, and aspiring accession countries, such as Russia, allow member-state countries to review not only their legislation and procedures, but their actual enforcement of transparency measure across whole sectors of their economies. Finally, the OECD works with particular regions, such as the Middle East and North Africa, to promote good policy on governance and investment climate—both areas have a strong element of transparency. We will be partnering with the OECD in May to hold a conference in Tunisia on transparency and open government.

The Department is also advocating transparency through APEC. As outlined in the Ministerial Statement from the High Level Policy Dialogue on Open Governance and Economic Growth chaired by the Secretary at the APEC summit in Honolulu last year, the APEC Anti-Corruption and Transparency Experts’ Working Group (ACT) is committed to reporting on progress toward implementing APEC anticorruption and transparency principles. Specifically, each economy will be completing comprehensive interim reports in 2012 and 2013 and presenting a report in 2014. The United States is on track to fulfill this commitment, and we presented our progress toward completing our own interim report at the 14th ACT meeting in Moscow in February. We also circulated our draft widely as a model to be used by other countries.

Question (#35). Given the presence of major oil, natural gas, and minerals producing countries in the G20, what barriers for progress on commitments to transparency exist?

Answer. We have sought to use the anticorruption work stream in the G20 to promote transparency and anticorruption. At the urging of the United States, anticorruption and the Extractive Industries Transparency Initiative (EITI) were included in the agenda for the 2009 G20 summit in Pittsburgh, and the final communique included strong language urging participation in EITI. The Pittsburgh language advanced by the United States was cited by the EITI Secretariat as “important for EITI.” The G20 is a very new forum for discussion of these issues, representing a diverse set of countries, but the United States continues to promote the

development of specific, actionable commitments on transparency and anticorruption through this forum. An additional barrier to progress is that the United States itself is not yet EITI compliant, but starting down this path is a step in the right direction.

Question (#36). What commitments [for transparency] is the U.S. Government advocating for the G20?

Answer. As the United States moves to become an Extractive Industry Transparency Initiative (EITI) candidate country, we continue to encourage other members of the G20 to join the EITI. Through the Open Government Partnership (OGP), we are encouraging the more than 40 countries developing action plans to include EITI membership in their plans. The anticorruption work stream of the G20, which the United States originated and has strongly promoted, has been one instrument to promote EITI. In the 2009 summit hosted by the United States in Pittsburgh, leaders indicated in their communique that “We support voluntary participation in the Extractive Industries Transparency Initiative.” The 2010 G20 Seoul Anti-corruption Action Plan commits countries “to promote integrity, transparency, accountability and the prevention of corruption, in the public sector, including in the management of public finances” and to combat corruption in specific sectors. Through the G20 Anticorruption Working Group set up in Seoul, we have pursued these and other commitments, and worked to drill down to actionable steps and press for implementation, including in the critical areas of transparency and integrity in public procurement, fiscal transparency, adoption and enforcement of laws criminalizing foreign bribery, and public integrity measures. Other focuses include accession to and implementation of the U.N. Convention against Corruption and the OECD Anti-Bribery Convention, cooperation on asset recovery, work by the Financial Action Task Force, whistleblower protection, safeguarding anticorruption authorities, and engagement with the private sector.

Question (#37). The State Department will play an increasingly important role in explaining the importance of transparency to foreign governments and work closely with U.S. companies to explain their requirements under U.S. law for foreign governments unsure about disclosures required by the SEC pursuant to the Cardin-Lugar amendment, section 1504 of Dodd-Frank. There is a precedent for this, for example, in our embassies explaining U.S. legal requirements under the Foreign Corrupt Practices Act. Please describe the capacity and preparedness for our embassies to undertake this task, particularly in countries such as Angola, China, and Qatar.

Answer. Our embassies are well positioned and prepared to explain how changes in U.S. law may affect companies operating in their host countries. Embassies throughout the world have been instrumental in educating host governments and corporations about U.S. legal requirements under the Foreign Corrupt Practices Act. Once the SEC issues final regulations, the State Department will work through our posts overseas to help host governments create the necessary conditions for companies listed in the United States to be compliant with U.S. law. We will continue to advocate for other governments to adopt transparency standards along the lines of those in the Dodd-Frank Act. This applies equally well in countries such as Angola, China, and Qatar, as it does in the nations around the globe.

Question (#38). The Cardin-Lugar amendment, section 1504 of Dodd-Frank, contains the requirement that rules “shall support the commitment of the Federal Government to international transparency promotion efforts” and authorizes consultation in the rulemaking process between the SEC and other Agencies. In other words, the statute clearly invites the State Department to give input, which would seem obvious since the Department leads international transparency efforts (so is best suited to define those efforts) and the Department will have a significant responsibility to explain those rules abroad. However, Department officials have declined to provide comment to the SEC.

- Does the State Department lack the legal authority to provide an opinion to the SEC on implementation of Cardin-Lugar?

Answer. The State Department’s practice is not to submit public comments in response to rulemaking proposals.

Question (#39). Is it Department policy that it must be formally asked, in writing, before expressing an opinion to the SEC on the content of U.S. foreign policy in this area?

Answer. The State Department does not normally submit public comments in response to rulemaking proposals. It is, however, Department policy to respond to official correspondence in an appropriate and timely manner.

BUREAU OF ENERGY

The Department recently reorganized to consolidate energy functions within a new Energy Bureau, and to better coordinate closely related functions with science and climate offices. In December 2007, a law I authored was enacted to require establishment of an International Energy Coordinator with the primary mission of putting energy at the top of our diplomatic agenda and better leveraging relevant activities and expertise across the Department.

Question (#40). Please describe how moving the Coordinator from being within the Secretary's office to be under an Under Secretary and one among dozens of similarly positioned officials will continue to give energy prominence.

Answer. The establishment of the International Energy Coordinator, based on your leadership, was instrumental in formalizing a consistent mechanism for high-level diplomatic engagement on energy security issues. The State Department has committed to the effective coordination of resources to address the political, security, economic, development, and environmental challenges posed by energy. To this end, the Bureau for Energy Resources was established to pull together our diplomatic and programmatic efforts on oil, natural gas, coal, electricity, renewable energy, transparent energy governance, and strategic resources.

Question (#41). Please describe why functions around climate change, which by-and-large is a question of energy generation and usage, are not within the Energy Bureau.

Answer. Climate change is a multifaceted issue and a significant and important part of addressing it requires reducing emissions from the energy sector. However, addressing climate change also requires adaptation to climate impacts and reducing emissions from other industrial sources as well as in the land use, forestry, and the agriculture sectors. Energy is one component of a much broader international dialogue around climate change that also involves climate science, environmental impacts, and action in a broad range of economic sectors.

The State Department's Special Envoy for Climate Change engages regularly with Environment Ministers from around the world on all these issues to present a comprehensive and consistent strategy on the many issues related to climate change. In doing so, the special envoy's office also works very closely with the new Bureau of Energy Resources to coordinate efforts relevant to clean and renewable energy deployment. A very important pillar of the new Energy Bureau is the directorate on Energy Transformation, which focuses on alternative and renewable energy and energy efficiency and electricity markets. Through this directorate, the Energy Bureau now leads the U.S. Government's representation to the International Renewable Energy Agency and the Global Bioenergy Partnership, important functions that were transferred from the Office of Global Change in the Bureau of Oceans, International Environment, and Scientific Affairs during the reorganization.

Question (#42). Some have questioned whether the Energy Bureau will lead to more bureaucracy. Please describe how the new Bureau has repurposed existing funds, and what your plans for growth are.

Answer. Funding for ENR operating expenses is based on the reallocation of existing resources. The total FY12 budget for Bureau operating expenses and salaries is estimated at \$11.4 million. The total FY13 budget request for operating expenses and salaries is \$16.9 million, an increase of \$5.4 million which maintains current services and reflects a staff increase of 22 FTE.

With regards to staffing, the Bureau has 53 FTEs. By FY 2013, we anticipate the staffing level at 75 employees.

Question (#43). Please describe partnerships the Bureau has, or will, form with private industry both in conventional and unconventional energy areas. What has the reaction been to the Bureau in the private sector?

Answer. The reaction to ENR's creation was extremely positive across the board. Our private sector partners were very pleased that the Department is taking positive steps toward recognizing the importance of energy as a cornerstone of U.S. foreign policy. ENR has been actively engaged in working with the private sector on numerous issues, from forming partnerships to increase worldwide access to energy to helping our allies effectively and safely develop their energy resources. One example of this is our Unconventional Gas Technical Engagement Program (UGTEP). The program focuses on all sources of unconventional gas, not just shale gas. It highlights the potential these various sources have to make a significant impact on long-term global energy security and the challenges posed by their potentially harmful impacts. This is an important tool for sharing with other countries the experi-

ences we have had in the United States with the development and production of shale gas and other nonconventional gas and oil resources, and what various levels of government—Federal, State, and local—and industry have found to be the best practices associated with unconventional gas development. Through programs like this, ENR strengthens its relationships with the private sector and promotes the energy issues vital to U.S. foreign policy.

Question (#44). How is repetition with the Department of Energy international energy functions being prevented? Are there steps that can be taken to better integrate activities between the Departments?

Answer. The new Bureau of Energy Resources (ENR) and the Department of Energy work closely together and have complementary capabilities. DOE has world-leading technical expertise on energy issues and established relationships with energy ministries. ENR has assembled excellent geopolitical and policy expertise, and enjoys the benefit of reaching out to State's diplomatic posts around the world. DOE and ENR have worked together on common country approaches, each lending their expertise. Both have traveled together to advance energy relationships. This collaboration, we believe, is strengthening our impact.

Question (#45). In addition to the global Coordinator for International Energy Affairs, the Department also continued appointment of a special envoy to give high-level attention to European and Eurasian energy affairs. Indeed, having a credible high-level official devoted to specific tasks (in particular opening of the Southern corridor) has been crucial to prompting more concerted action in Brussels and Eastern Europe, and it has shown strength in partnership with Caucasian and Central Asian countries under pressure from Russia to maintain current energy arrangements.

- Please describe how you view the future need for the current special envoy position.

Answer. The special envoy for Europe and Eurasia brings expertise and senior leadership that have been essential to U.S. interest in the region. We continue to benefit from the strong coordination between the special envoy and ENR, as the region works through energy challenges that fundamentally affect the economies and geopolitics of the region.

Question (#46). The Department has conducted an important effort to encourage responsible development of global shale gas reserves. Please describe progress on that initiative and resources in the budget request to continue work.

Answer. The Department's Unconventional Gas Technical Engagement Program (UGTEP), formerly known as the Global Shale Gas Initiative, continues to make significant progress engaging with international partners on the various environmental, regulatory, legal, and technical issues involved in unconventional gas development.

In 2011, Poland, Estonia, Latvia, Lithuania, India, and Jordan participated in State Department-coordinated informational visits to the United States. During their visits, the delegations had in-depth technical engagement on the U.S. experience in the pursuit of responsibly and environmentally sound development of unconventional natural gas. These programs included meetings with the Departments of Energy, Interior, Commerce, the Environmental Protection Agency, U.S. Trade and Development Agency, as well as state regulators, experienced academics, community advocacy groups, and industry.

Under UGTEP, the U.S. Geological Survey (USGS) conducted technical workshops with partner countries including China, India, Uruguay, Paraguay, Chile, Argentina, and Colombia. Shale gas resource assessments have been released for China, India, and Uruguay; other assessments should be completed for other key countries in 2012.

UGTEP has been included in the Bureau of Energy Resources foreign assistance budget request for FY 2013, which totals \$14.25 million. Future programs may support additional visits by relevant foreign officials to the United States and extended technical engagement with U.S. experts; regional shale gas conferences to broaden the dialogue on and understanding of unconventional gas development challenges; technical visits by U.S. experts and resident regulatory and environmental advisors to key partner countries; and additional or follow-on unconventional gas resource assessments by the USGS.

Question (#47). The Department has conducted an important effort to encourage responsible development of global shale gas reserves. What is the Department doing to help prevent antishale policies from taking hold in several European countries?

Answer. Unconventional natural gas, which includes shale gas, if developed responsibly and in an environmentally sound manner, can play an important role in a country's energy security.

Under the auspices of the Unconventional Gas Technical Engagement Program (UGTEP) and through our embassies, we actively provide European countries with information on U.S. efforts to reduce the potential harmful impacts of unconventional natural gas development. This includes reports by the Secretary of Energy's Advisory Board Subcommittee on Shale Gas Production, and the Environmental Protection Agency's study on the effects of hydraulic fracturing on the life-cycle of water. Through this engagement, we share the U.S. experience and best practices so that European countries understand the potential to develop unconventional gas safely and in an environmentally sound manner if the proper regulatory and environmental protection frameworks are in place.

In November 2011 the State Department welcomed representatives from Estonia, Lithuania, and Latvia to the United States for a 10-day visit on unconventional gas development. This delegation met with U.S. interagency partners from the Department of Energy, Department of Interior, Department of Commerce, Environmental Protection Agency, as well as state regulators, experienced academics, community advocacy groups, and industry representatives to get a holistic perspective of the U.S. experience with unconventional natural gas development—specifically regarding shale gas. Future activities may include additional U.S. visits, in-country engagement by U.S. experts, and additional workshops.

Our Energy Resources Bureau is also working with Special Envoy for Eurasian Energy Affairs Morningstar to foster a constructive dialogue in the U.S.-EU Energy Council's Energy Security Working Group, as well as in bilateral discussions with EU member states. The Department is also working with individual European countries under the auspices of the International Energy Agency (IEA) to develop globally recognized best practices and standards for unconventional gas development, as well as supporting efforts to better understand the impacts of increased unconventional gas production on the global energy market.

ENERGY PRODUCT EXPORTS

The State Department budget notes requests of expanded funding to achieve goals of doubling exports under the National Export Initiative. Currently, exports of U.S. crude oil are generally prohibited. Exports of manufactured (or refined) products produced from U.S. refineries are not currently restricted, and the U.S. exports approximately 15 percent of refined products. Those exports have increased during recent years of economic downturn and are, in effect, helping to keep American workers employed.

Question (#48). Do you believe that the free trade of manufactured products, including those manufactured by America's refinery workers, is beneficial to goals of increasing exports and promoting economic growth?

Answer. The Department fully supports the Administration's goal of doubling exports under the National Export Initiative. Increased exports of U.S. manufactured goods will help promote economic growth and create jobs.

Question (#49). What is the Department's position on export potential for liquefied natural gas?

Answer. The Department of Energy has the authority to review applications for LNG export facilities. The Administration has recently granted two licenses for exports of LNG, taking into account resource estimates that indicate adequate gas supply in the U.S. to support both increased domestic consumption and exports. We support the decisions taken by the Department of Energy and recognize that each license application will be reviewed and judged based on prevailing facts and market conditions.

PRICE MITIGATION AND OIL SHORTAGE PREPAREDNESS

Oil markets today are exceptionally tight and vulnerable to supply disruption. The Energy Information Administration has revised spare capacity estimates down by 42 percent over the last 2 months. Expert analysis by the Rapidan Group indicates just 1.6 million barrels of spare capacity (defined as availability within 30 days), which means that even today's high gas prices could easily skyrocket if Iran makes good on its threats against the Strait of Hormuz, if terrorists successfully attack oil infrastructure, or if an unfriendly leader such as Hugo Chavez seeks manipulate his exports to the United States.

Question (#50). What are your expectations for increases in oil production capacity in key countries, such as Iraq, over the next 90 days?

Answer. In addition to information from the Energy Information Administration and the International Energy Agency, we continue to engage with a number of oil producing countries to better understand the supply and demand dynamics of international oil markets. In addition to those countries, such as Saudi Arabia, with significant spare production capacity, there are several countries with the potential to increase production capacity in the near future, including Iraq, Libya, Nigeria, and others.

While Iraq suffers from chronic infrastructure problems, they have made steady gains and successfully inaugurated a new single-point mooring in the south. The Government of Iraq and industry experts have told us that they believe Iraq can increase production by 500,000 barrels per day during 2012.

Question (#51). The International Energy Agency's outdated statutory membership requirements have prevented inclusion of China and India, two major oil consumers, in formal emergency planning. Do you view this as a hindrance to effective emergency coordination and planning? What remedies are available?

Answer. IEA candidates for accession must first be members of the Organization for Economic Cooperation and Development (OECD). The IEA has for many years pursued considerable bilateral engagement with both China and India as a top priority, and the IEA continues to look for ways to boost these links. The United States has aggressively encouraged this increased engagement with the IEA and continues to do so.

The International Energy Agency's growing engagement with both states has included cooperation on emergency response measures, including discussions on development and maintenance of petroleum reserves. For example, extensive emergency preparedness measures were part of the Memorandum of Understanding (MOU) signed between the IEA and India in October 2011. That MOU also includes the IEA sharing best practices with India on management of oil stockholding (both publicly and privately held), emergency stock release mechanisms, and the IEA's preparation of an emergency response assessment for India. Discussions with both China and India have included means of coordination during supply disruptions.

More broadly, the IEA Governing Board, with strong U.S. support, has directed the Agency to coordinate with key petroleum suppliers and consumers in the event of a disruption in supply, and the IEA Secretariat has indicated it plans to pursue consultations with key non-IEA countries in the event of an emergency.

Question (#52). Important strict sanctions on Iranian oil exports, designed to help stop Iran's nuclear weapons program, will further squeeze oil markets.

- Is the administration reconsidering the premise that oil markets are liquid enough to handle loss of Iranian exports and a higher risk premium?

Answer. We are closely following developments in oil markets worldwide, and the President will make a determination on this by March 30, as required by section 1245 of the National Defense Authorization Act of 2012.

Question (#53). If so, what is the administration's backup plan for easing price volatility?

Answer. As the President has noted, the administration is well aware of the pain that higher gasoline prices impose on American consumers, but there are no short-term silver bullets. However, much of the recent increases in oil prices are due to concerns over the potential for conflict in the gulf, rather than to fundamental change in the global supply and demand balance. The surest way to reduce that volatility will be to continue to try to resolve the underlying political challenges in that region.

Question (#54). Please share with the committee your strategy to boost liquidity in global oil markets in the next few months.

Answer. As the President has said, promoting stability in global oil markets requires an "all the above strategy." At home we have significantly increased production. We have more oil and gas rigs operating than the rest of the world, and we have vigorously pursued higher efficiency standards. Internationally, we work intensively with energy producers and companies to encourage policy and business conditions conducive to sustainable production of energy resources. Our engagement spans all continents and seeks to capture the benefits from traditional and new producers.

Question (#55). Is the administration prepared to withstand increases in oil prices as markets tighten?

Answer. We recognize the pain that higher gasoline prices cause for American consumers. However, we believe that the biggest factor contributing to the rise in prices is uncertainty and risk of a disruption of supply from the Middle East, particularly related to Iran, and the speculation this has caused in the market. We should expect that Iran will talk up the risk to talk up the prices. Peaceful resolution of international concerns regarding Iran's nuclear program would contribute to stability in the gulf and we are pursuing that resolution through our dual-track policy of pressure and engagement, while monitoring developments closely and taking appropriate steps to ensure free transit of legitimate trade.

Question (#56). If global oil prices rise with sanctions, it may be tempting to ease their implementation or release stocks from the strategic petroleum reserve quickly, leaving them lessened if they are needed in the near future. What criteria does the administration have for when to trigger a SPR release and to coordinate a release with IEA member countries?

Answer. Since becoming law on December 31, 2011, the State Department has worked tirelessly to enforce the provisions of section 1245 of the National Defense Authorization Act for FY 2012. A decision to release stocks from the Strategic Petroleum Reserve would be made by the President, and the State Department is not in a position to prejudge when or under what circumstances he might exercise that authority.

Question (#57). Are plans underway to reduce Chinese oil hoarding in the event of an Iran-related conflict?

Answer. We consult closely with China on our dual-track approach to resolve international concerns about Iran's nuclear program. We also discuss world oil markets both bilaterally and multilaterally. We are not aware of plans by China to hoard oil in the event of an Iran-related conflict. A broad range of countries are making the decision to reduce their reliance on Iranian crude oil and we are continuously monitoring the market. We will continue to vigorously and aggressively take action consistent with the law and other U.S. sanctions to achieve our fundamental goal: unrelenting pressure on the Iranian regime to comply with its international obligations.

Question (#58). What plans are in place for China and other non-IEA countries to coordinate with IEA countries, including Japan, in use of emergency stocks?

Answer. China is already informally cooperating with the IEA on strategic petroleum reserves, and the United States is encouraging deeper cooperation.

Question (#59). What, if anything, is being done to expedite the completion of UAE's Habshan-Fujairah pipeline, which avoids the Strait of Hormuz?

Answer. It is our understanding that the construction of the pipeline has largely been completed, but that additional testing and certification needs to be conducted before it can start carrying oil. In recent visits, we have expressed our interest in this project to Emirati authorities. They have told us that they are working closely with their contractor to complete the pipeline as soon as possible.

Question (#60). What planning is being done to meet demand needs of countries that are highly dependent on Iranian oil, such as Greece?

Answer. The Department has been engaged with both consumers and oil producing countries to assess the availability of adequate supplies. Key suppliers have told us privately and stated publicly that they will respond to market demand. Still, importers and exporters will need to agree to contractual arrangements, and commercial terms which inevitably entail negotiations between parties.

Question (#61). Tight oil markets increase the attractiveness of terrorist strikes against major infrastructure. Please describe Department efforts, and funding requested, to avert such threats.

Answer. The U.S. Global Energy Critical Infrastructure Protection (GECIP) Strategy was developed in 2006 following the failed terrorist attack on the world largest oil complex at Abqaiq, Saudi Arabia. Under this strategy we have identified the most important global oil and gas production, refining, transmission and export facilities and offered technical assistance to the countries in which these facilities are located to identify potential vulnerabilities and enhance security. The list of facilities, the specific criteria for inclusion and the names of designated partner countries is classified.

This initiative has led to a very significant cooperative program with involving numerous federal agencies, including the Department of State. Discussions with a number of other potential partners are ongoing. As partners are expected to cover

the cost of assistance provided under GECIP, the Department has not requested funding to support this program.

Question (#62). Today's tightness in the global oil market requires immediate action, and it is also a reminder of the need to prepare to prevent future circumstances. Indeed, structural shifts in global demand overseas and struggling production expansion indicate such tightness will become more common.

- Do you agree with the argument that, in cases of supply emergency, it is beneficial for the United States to source its imports from friendly countries in stable regions, such as Canada?

Answer. In cases of supply emergency, it could be beneficial for the energy security of the United States to source its crude oil imports from friendly countries in stable regions, such as Canada. However, the specifics of the hypothetical example would determine the optimal course of action. The United States and Canada continue to share the largest and most integrated energy relationship in the world—in natural gas and electricity, as well as in oil. Canada is the No. 1 supplier of imported oil to the United States.

Question (#63). In cases of supply emergency, do you agree with the statement that crude oil supplies being delivered by pipeline directly into our refineries are more reliable, and often priced at a slight discount due to lower transport costs, preferential to relying on oil brought in by tanker from Venezuela and the Middle East?

Answer. Pipelines are generally considered a reliable, economic method of transport. For this reason they are widely used, when possible, for transporting bulk commodities like crude oil, natural gas, and refined petroleum products.

The relative cost of pipelines versus waterborne transport would depend on the relative distances, on shipping rates, and just as important, on insurance costs. The quality and characteristics of the oil, and requirements for different purposes, are also a consideration.

In the case of a supply emergency, crude oil by pipeline could be cheaper but this would depend on a wide range of hypothetical circumstances.

Question (#64). In considering future Iranian sanctions and the possible need for national security exemptions, it is important to consider real cases of U.S. interest. Development of the Shah Deniz fields, and shipment of that gas to strategic allies in Eastern Europe, is a clear priority that has spanned administrations, which you have reaffirmed. However, there is discussion of the gas going to Greece and Italy, neither of which suffers the same strains of dependence on Russia as do many Eastern European allies.

- In your view, would shipment of Caspian gas via the TAP or ITGI pipelines rise to the level of a vital national security interest of the United States?

Answer. Development of Azerbaijan's Shah Deniz gas field and shipment of that gas to our strategic allies in Eastern Europe are essential parts of our Eurasian energy policy. Therefore we would support any pipeline that brings Caspian gas to Europe provided the following two conditions are met: (1) a significant portion of the gas must be supplied to our friends and allies in the Balkans and elsewhere in Eastern Europe, which are particularly dependent on a single source of gas; and (2) the pipeline must be expandable, so that additional sources of gas can be accommodated once they become available.

Question (#65). Brazil.—The new Brazilia Government has shifted the country away from Iran—a welcome and marked contrast from President Lula. Unlike her predecessor, President Rouseff has not engaged in high-profile Presidential diplomacy with Iran, and her government declined to receive Iranian President Ahmadinejad during his January 2012 Latin American tour.

- Will the United States help cement these vastly improved relationships with Brazil by hosting a formal state dinner for President Rouseff next month during her visit here?

Answer. The Obama administration has taken a number of significant steps to solidify our longstanding ties with Brazil, and President Obama looks forward to hosting Brazilian President Dilma Rouseff for meetings at the White House as part of their ongoing dialogue regarding the growing partnership between the United States and Brazil across a wide range of bilateral, regional, and multilateral issues. While not a State visit, the two Presidents will execute an ambitious and broad agenda, including meeting with the U.S.-Brazil CEO Forum, and follow up on progress made under the three Presidential dialogues launched during President Obama's March 2011 visit to Brazil—the Strategic Energy Dialogue, the Economic

and Financial Dialogue, and the Global Partnership Dialogue. The visit is an important continuation of our efforts to grow commercial, economic, education, and innovation ties between our two countries.

Question (#66). Additionally, will you pursue other policies that include negotiating a market access agreement with MERCOSUL, the Southern Common Market, and a Bilateral Tax Treaty with Brazil?

Answer. The United States stands ready to pursue policies that provide greater access to Mercosul markets for U.S. exporters. To date, however, Mercosul has given no indication that it is ready to consider real tariff liberalization or undertake other types of commitments that would be required. In practice, Mercosul has served as an umbrella for various political relationships rather than as a functioning customs union. Nevertheless, we continue to express to Mercosul members the mutual benefits of free and open trade.

The administration remains interested in concluding a bilateral income tax treaty with Brazil that would be consistent with international standards and provide meaningful tax benefits to cross-border investors. The United States and Brazil have held a number of consultations since 2006 to determine the feasibility of concluding such an agreement, and intend to continue these discussions. In addition, the United States signed a Tax Information Exchange Agreement (TIEA) with Brazil in 2007. The TIEA was approved by Brazil's House of Representatives in February 2010 and is awaiting approval by Brazil's Senate.

Question (#67). What other moves is the administration making on this effort? For example, does the United States support Brazil's efforts for a permanent seat on the U.N. Security Council?

Answer. The United States and Brazil enjoy excellent bilateral relations and are building a 21st century partnership with a focus on global issues that affect both countries. Since President Rousseff was inaugurated on January 1, 2011, she has received numerous high-level visitors from the United States including President Obama in March 2011 and Secretary Clinton, who attended President Rousseff's inauguration.

In addition to our growing bilateral cooperation, we are working with Brazil to enhance trilateral cooperation on issues such as development in Africa, and we have excellent ongoing cooperation in Haiti. We recently signed trilateral cooperation agreements in Bolivia and Mozambique. We are working together on biofuels and other forms of renewable energy. We also collaborate on sustainable urban development and planning issues, and promote educational and scientific exchanges. We share a commitment to combat racial, ethnic, and LGBT discrimination, to advance the empowerment of women, and to fight exploitative child labor and forced labor. In these and a growing number of new areas, the U.S.-Brazilian partnership has the potential to have a major positive global impact.

During his visit to Brazil, President Obama expressed appreciation for Brazil's aspiration to become a permanent member of the Security Council and acknowledged Brazil's assumption of global responsibilities.

The administration believes the long-term viability of the U.N. Security Council depends on its reflecting the world of the 21st century. As such, we will work to enhance the ability of the Security Council to carry out its mandate and effectively meet the challenges of the new century.

Question (#68). Argentina.—I am concerned that the policies implemented by Resolution 3252/2012, and others geared at restricting imports of the Government of Argentina are making it difficult for U.S. businesses to export to willing buyers in the Argentine market. Please explain what the Department of State is doing to support U.S. companies in their efforts to export into this market?

Answer. U.S. exports to Argentina increased 22 percent in 2011, resulting in a trade surplus of more than \$5 billion. While we are pleased with this growth, we remain concerned by measures introduced by the Argentine Government that create barriers to trade and investment, including increased use of nonautomatic licenses, requirements that all imports and purchases of dollars to pay for those imports be approved by the government, restrictions on remittances abroad of profits and dividends, and requirements that companies balance imports with exports. Such measures are not consistent with the free trade model that will lead to the greatest benefits for all. We have conveyed our concerns to the Government of Argentina both bilaterally and in the WTO that these new policies pose barriers to trade and investment that have a negative effect on both U.S. and Argentine companies. Other nations, similarly affected, have made the same point to the Argentine Government. In those cases where U.S. companies have given us permission to address their concerns with the Argentine Government, we have done so, including directly assisting

a U.S. company to obtain import permits for U.S.-made equipment. However, in many cases U.S. companies ask us to keep their concerns confidential for understandable reasons. We are committed to working together with the Government of Argentina to address these concerns so that we may establish a more productive bilateral commercial relationship.

Question (#69-70). I understand that Roberta Jacobson, Acting Assistant Secretary of State, recently visited Argentina.

- Did she raise barriers to U.S. exports with the Argentine Government?
- If so, was she able to make any progress in terms of a change in these policies?

Answer. Yes, Acting Assistant Secretary of State Roberta Jacobson raised concerns regarding barriers to U.S. exports during her recent visit to Argentina, and expressed the desire that our governments continue to work collaboratively to resolve these existing issues.

The fact that she raised these issues with key officials demonstrates that we remain concerned about these measures. We will continue to voice our concerns at various levels with the Argentine Government. We recognize the importance of a free and open commercial environment, and will continue to encourage the Government of Argentina to allow for predictable and reliable policies to enhance trade and investment.

Question (#71). I assume the Department of State is working hard to support the administration's efforts to increase exports. What is the State Department doing to break down the barriers to U.S. companies presented by Argentina's policies?

Answer. Senior U.S. officials, including at Embassy Buenos Aires, have raised concerns about barriers to U.S. exports at various levels of the Argentine Government. These issues were highlighted by our Ambassador to Argentina, Vilma Martinez, in a recent meeting with the Argentine Ministers of Agriculture, Economy, and Industry. We will continue to raise our concerns at every opportunity and will encourage the Argentine Government to provide a transparent regulatory environment that promotes fair and open competition. Additionally, we will continue to raise these issues multilaterally at the WTO. We remain strongly committed to working with Argentina to strengthen the bilateral commercial relationship and to resolve these key concerns.

Question (#72). I understand that one of the pillars of the State Department's Jobs Diplomacy initiative is leveling the playing field for fair competition.

- What steps is the State Department taking to level the playing field in Latin America as major economies like Argentina and Brazil adopt increasingly protectionist policies that disadvantage U.S. companies?

Answer. The Department is committed to utilizing all available resources to identify, address, and remove barriers to trade and investment between the United States and our trading partners. Emerging economies, such as Argentina and Brazil, offer tremendous potential to support additional American jobs by providing American producers with access to millions of international customers.

The Department and our embassies continue to raise concerns about protectionist policies and barriers to U.S. companies in Argentina and Brazil. We regularly meet with representatives of U.S. firms doing business overseas to listen to the challenges they face and convey their concerns to foreign government officials, including at senior levels. We continue to encourage our trading partners to assume a transparent regulatory environment that promotes fair and open competition. When appropriate, we also express our concerns through the WTO and other international organizations and mechanisms.

Question (#73). How does the Department's policy of Economic Statecraft plan to address the threat to the world trading order that countries like Argentina are posing by violating WTO provisions without impunity?

Answer. The Department's Economic Statecraft agenda elevates economic issues and weaves our economic priorities into our larger international diplomatic engagement. One of the key elements is promoting a trade agenda that addresses nontariff and other barriers to market access as well as ensures free and fair competition and a level playing field—also known as competitive neutrality—for all players in the global marketplace. Through our bilateral engagement with countries like Argentina, we will continue to work within our existing trade and investment agreements, as well as high-level dialogues, to encourage their governments to respect their trade and investment commitments.

Question (#74). According to recent reports, the U.S. Treasury Department is considering allowing Argentina to restructure its debt through the Paris Club. Although

approximately \$3.5 million of this debt is owed to the U.S. Government, this amount is small in comparison to the over \$3.5 billion Argentina owes to private U.S. creditors. In fact, the amount owed to private American creditors is so large that if Argentina were to pay these debts, the U.S. Government would receive far more from tax revenues on those payments alone than it would from a settlement of the debt owed to the U.S. Government.

- In light of these facts, will the U.S. Government wait until Argentina has satisfied all awards under the U.S.-Argentine Bilateral Investment Treaty and the more than 100 outstanding U.S. court judgments against it before approving a Paris Club deal for Argentina?

Answer. Argentina's arrears to U.S. Government agencies total about \$550 million, and U.S. Government effort, including in the Paris Club, is appropriately focused on recovering full payment on these loans extended on behalf of American taxpayers. It would not be in the taxpayers' interest to impose additional conditions, unrelated to Paris Club claims, on the pursuit of this objective.

U.S. Government efforts to recover on loans, extended on behalf of our taxpayers, in no way diminishes our urging of Argentina to honor the claims of private American bondholders and investors. We continue to use every opportunity to press Argentina to do so.

Question (#75). Several countries have called on the IMF to play a substantial role in resolving the eurozone debt crisis. In light of this, it is critical that the United States take steps to foster global respect for the IMF institution. I am very concerned that such respect is being undermined by Argentina's continuing refusal to submit to consultation under Article IV of the IMF Charter. There are only three other countries that have rejected such consultation (Somalia, Venezuela, and Ecuador).

- Given the need to maintain international confidence in the IMF, will the United States persist in urging Argentina to participate in an Article IV consultation?

Answer. As a member of the IMF, Argentina is obligated by the IMF Articles of Agreement and is strongly encouraged to strive for openness in economic policies affecting other countries. Surveillance is critical to IMF effectiveness and to the stability of the international monetary system. Each member of the IMF has an obligation to consult with the IMF on exchange rate and domestic economic policies under Article IV. We are extremely disappointed that Argentina has not completed an Article IV consultation since 2006. We have, and will continue, to support the IMF policy of urging Argentina to uphold all of its obligations under the Articles of Agreement for member countries.

Question (#76). Do you anticipate any dilution of this requirement?

Answer. We do not expect any dilution of this IMF requirement in the case of Argentina. In February, the IMF found Argentina to have made insufficient progress in improving the quality of its data and set a 6-month deadline for remedial action. Per the IMF process under Argentina's Article VIII reporting requirements the IMF will hold an informal Board meeting in May to discuss Argentina's failure to release data and will meet formally in September 2012 to decide whether to censure Argentina if it does not bring its data reporting into compliance with its obligations under the Articles of Agreement.

Question (#77). Generalized System of Preferences (GSP) for Argentina expires June 30, 2013. In the meantime, Argentina's benefits continue unless there's an affirmative decision to terminate them for actions inconsistent with the eligibility criteria.

- In your opinion, have Argentina's actions been consistent with GSP eligibility criteria?

Answer. The U.S. law governing GSP requires beneficiary countries, as a precondition for GSP eligibility, to act in good faith in recognizing and enforcing final arbitral awards from international courts. The U.S. Government has received two petitions seeking to remove Argentina's eligibility for GSP trade benefits based on the Argentine Government's failure to recognize as binding and enforce two separate, final International Center for Settlement of Investment Disputes (ICSID) awards. An ongoing interagency review, led by USTR, is now at an advanced stage and the final outcome of that review is expected to be announced soon.

Question (#78). Cuba.—On March 26, 2012, Pope Benedict XVI will visit Cuba.

- Do you intend to or have you already appealed to the relevant Vatican officials for Pope Benedict to request the release on humanitarian grounds of Alan Gross, the American social worker and international development professional

arrested in December 2009 while in Cuba as a contractor for the U.S. Agency for International Development (USAID)?

Answer. Since Alan Gross was unjustly detained in Havana more than 2 years ago for facilitating uncensored Internet connectivity between Cuba's Jewish community and the rest of the world, we have used every appropriate opportunity to press for his release. U.S. Government officials have continually raised Mr. Gross' case with numerous Cuban and foreign interlocutors. We have urged our partners around the world to press the Cuban Government for Mr. Gross' immediate release. In a statement before the U.N. General Assembly in October 2011, we called upon Cuba to release Mr. Gross unconditionally. We have met with prominent figures traveling to Cuba and encouraged them to advocate for Mr. Gross' release, which they have done. We have done the same with religious leaders from many different faiths, including the Catholic Church. We will continue to use every appropriate diplomatic channel to press for Mr. Gross' release both publicly and privately. Alan Gross has been unjustly imprisoned in Cuba for far too long, and should be freed immediately to return to his family.

Question (#79). Haiti: What is the State Department's position regarding the possibility of the Haitian Government reestablishing Haiti's military?

Answer. From the standpoint of citizen security, the United States Government considers the focus of resources should be the development of the Haitian National Police (HNP), its growth and professionalization, as the police are key to security in Haiti. In fact, the HNP needs a substantial increase in its annual operating budget if the Government of Haiti is to fulfill its commitment to fully support the police.

In addition, a well-trained police force, respectful of human rights, will be key to the gradual withdrawal of United Nations Stabilization Mission in Haiti (MINUSTAH).

The United States also believes that strengthening the justice system and rule of law is essential for political stability and economic development, as well as security.

Question (#80). Please explain your views regarding former Haitian Prime Minister Garry Conille's plans to audit \$300 million in contracts awarded by his predecessor after the earthquake. Is an audit necessary?

Answer. We support former Prime Minister Conille's efforts to promote transparency and accountability in the spending of public funds in Haiti, including the audit of these contracts.

Question (#81). Please provide your views regarding the Haitian Government's relationship with the Government of Venezuela. What is the nature of this relationship? Does this relationship worry you?

Answer. Venezuela has pledged \$1.3 billion in post-earthquake assistance to Haiti. As the poorest country in the Western Hemisphere, and one still recovering from the effects of a devastating earthquake, Haiti is not in a position to turn down significant offers of assistance. As one of the largest donors to Haiti's reconstruction, Venezuela was invited by the Government of Haiti to serve as a voting member of the Interim Haiti Recovery Commission.

The United States has not done any joint reconstruction projects with the Government of Venezuela and has no plans to do so.

Question (#82). Mexico.—All of Mexico's Presidential candidates, including Josefina Vazquez Mota, the candidate from President Calderon's political party (PAN), have promised that if they were to win the election they would change the current strategy to fight narco-trafficking in Mexico.

- Are you worried that a new Mexican President may back away from Mexico's current commitments regarding cooperation to fight narco-trafficking with the United States under the Merida Initiative?

Answer. The relationship between the United States and Mexico is strong and has grown deeper and more productive throughout President Calderon's tenure. Our cooperation covers a wide range of issues, including security, economic competitiveness, trade, energy, environment, climate, human rights, cultural and educational ties, and regional and global issues.

During his visit to Mexico on March 5, Vice President Biden met separately with Presidential candidates, Andres Manuel Lopez Obrador, Enrique Pena Nieto, and Josefina Vazquez Mota to discuss bilateral relations and learn more about their respective visions for the future of Mexico. All three candidates expressed a commitment to continue cooperation with the United States in combating transnational criminal organizations and the meetings provided an opportunity to underscore with

each candidate that the United States looks forward to working closely with Mexico's next administration led by whomever the Mexican people elect on July 1.

The common interest shared by the United States and Mexico in combating transnational criminal organizations and reducing crime and violence to enhance the security of communities on both sides of our shared border extends beyond any political party or administration. We are committed to working in partnership with Mexico to meet the evolving challenges posed by transnational criminal organizations. We will do so until the final day of the Calderon administration and, beginning on its first day, with Mexico's next administration.

Question (#83). Venezuela.—Have you already, or under what circumstances would you or other relevant senior State Department officials consider issuing an explicit warning to Venezuela that the United States would regard a cutoff of oil exports in coordination with Iran as a threat to U.S. national interests?

Answer. As you may be aware, the Venezuelan Government has threatened to cut oil sales to the United States on a regular basis over the last several years. It has not done so for a variety of reasons, including the deep and historic interconnections between the oil sectors in our two nations. Another important factor is that a decision from the Venezuelan Government to cut off oil exports to the United States would significantly cause more damage to the Venezuelan economy than it would to the U.S. economy. Venezuela produces 2.5 million barrels per day (bbl/day) and exports over 40 percent of that production, approximately 1.06 million bbl/day, to the United States. Those Venezuelan exports represent only about 10 percent of U.S. imports of crude and refined products.

The United States has been Venezuela's No. 1 oil market for many years. Venezuela's reliance on oil exports to the United States, coupled with the absence of a market with the geographic proximity and depth of the United States, makes an embargo potentially quite damaging to the Venezuelan economy and thus highly unlikely.

As the Secretary has noted, we believe that all nations in the hemisphere should think twice about engagement with Iran. We have also underlined to nations in the hemisphere that should they choose to engage with Iran, it is important that they appeal for Iran to heed the requirements of the international community regarding its nuclear program.

Question (#84). Have you or other relevant senior State Department officials made efforts to expand strategic energy agreements with Brazil, Mexico, Canada, and other countries in the hemisphere to help assure access to supplies of petroleum and refined products and ethanol in the event of a Venezuelan cutoff of oil exports in coordination with Iran?

Answer. The Department's goal is to promote U.S. energy security, while fostering greater cooperation toward a clean energy future with our allies. In order to secure our energy supplies, we are working closely with key partners in the Western Hemisphere, including Brazil, Mexico, Canada, and Colombia.

In March 2011 Presidents Obama and Rousseff established the Strategic Energy Dialogue (SED) to deepen energy cooperation between our nations' energy sectors, strengthen mutual energy security, create new jobs, and reduce carbon pollution. The SED builds on previous U.S.-Brazil Memorandums of Understanding (MOUs) on energy cooperation, including the 2007 Biofuels MOU. Our cooperation on biofuels consists of bilateral research and development activities; projects in Central America, the Caribbean, and Africa to offer assistance to third-party countries interested in developing a biofuels industry; and the development of technical standards to promote a global market for biofuels. A new area under the SED is our collaboration on the development and testing of aviation biofuels. We have also discussed the desirability of facilitating opportunities for international collaboration and investment in Brazilian oil development.

Mexico, consistently one of the top three exporters of petroleum to the United States, is a crucial energy partner for the United States. The administration places a high priority on energy cooperation with Mexico and seeks to deepen the existing relationship in the oil and gas sector and to expand collaboration into new areas such as wind energy, energy efficiency, and a bilateral renewable energy market. Most recently, Secretary Clinton signed an agreement on February 20 concerning the development of oil and gas reservoirs that cross the international maritime boundary in the Gulf of Mexico. The Transboundary Hydrocarbons Agreement is designed to enhance energy security in North America and support our shared duty to exercise responsible stewardship of the Gulf of Mexico. It is built on a commitment to the safe, efficient, and equitable exploitation of transboundary reservoirs with the highest degree of safety and environmental standards.

The United States and Canada continue to share the largest and most integrated energy relationship in the world—in natural gas and electricity, as well as in oil. We expect this relationship to endure and expand. Canada is the No. 1 supplier of imported oil to the United States. Canada is continuing to collaborate with the United States in securing the energy future of both countries through a diverse mix of energy sources, technology, and innovation.

We are also cooperating with Colombia to ensure our energy security. Colombia is a major oil, coal, hydroelectric, and emerging biofuels producer with significant growth potential. Energy is one of the thematic working groups under the U.S.-Colombia High-Level Partnership Dialogue (HLPD), led by the Department of State, which met in October 2010 and May 2011; Colombia will host the next HLPD meeting later this year. The energy working group focuses on furthering cooperation on energy efficiency, renewable energy, oil and gas (including off-shore drilling), interconnection, mining, and energy development projects to promote sustainable development, including through the Energy and Climate Partnership of the Americas (ECPA).

President Obama announced ECPA at the 2009 Summit of the Americas, and we are working with governments, international organizations, and civil society on low-carbon solutions to energy challenges and developing partnerships to mitigate and adapt to climate change in the region. To date, the United States and other governments have collaborated on approximately 40 ECPA initiatives, including projects that promote renewable technologies, alternative fuels, and energy efficiency.

Question (#85). Pakistan.—The events of the last 12 months have riddled our relationship with Pakistan with doubt and foreboding, yet there remain critical elements of cooperation that must be sustained. In order for Pakistan to become a more stable, responsive, and responsible state it must bolster freedom of the press and create an economic environment that attracts investment.

- How will the significant funding that remains from past year appropriations be more specifically focused on building the capacity of an independent media and thriving business sector?

Answer. At the heart of U.S. civilian assistance is the fundamental belief that a stable, tolerant, democratic, and prosperous Pakistan is in the U.S. national security interest. To this end, we have a number of initiatives that bolster the strength of the Pakistani private sector and the media, both of which are integral to Pakistan's future. Central to this effort is the objective to move to "trade, not aid" with Pakistan.

For example, on the private sector: the top two priorities of U.S. civilian assistance to Pakistan (energy and economic growth) reflect the emphasis we place on helping improve the economic environment and attracting investment in Pakistan, which will further drive private sector employment and growth. Pakistan's energy crisis has a crippling effect on its economic development and ability to attract investment; our top assistance priority is to work with Pakistan to help address its energy shortfalls, in order to improve economic growth, employment, and investment.

Our second priority for civilian assistance is to help Pakistan foster economic growth. U.S. assistance includes programs to promote private-sector-led growth in a variety of areas. The administration is developing an initiative to help make investment capital available to Pakistan's small- and medium-sized entrepreneurs. This signature initiative, currently in development, will specifically focus on private sector investment in Pakistan and increasing access to capital for small- and medium-sized enterprises (SMEs), which represent 90 percent of Pakistan's businesses, employ 78 percent of the nonagricultural workforce, and contribute over 30 percent of GDP. USAID's Agribusiness program is designed to help farmers not only produce more goods, but improve their business processes to sell more goods in local and international markets. The U.S. Trade and Development Agency (USTDA) has funded business case analyses that support trade and investment in several sectors. The U.S. Commerce Department also implements programming that facilitates U.S. investment in Pakistan's private sector.

In order to support Pakistan's independent media, the United States funds projects supporting Pakistani journalists operating in conflict zones by providing programs on professional standards and safety when reporting in the field, particularly in Khyber Pakhtunkhwa (KP) province and the Federally Administered Tribal Areas (FATA). Such a project, funded by the Department of State's Bureau of Democracy, Human Rights, and Labor (DRL), also works to increase the capacity of journalists to report more accurately, responsibly, and fairly when covering national issues. The work of these journalists educates local populations about ongoing issues in their communities, which improves transparency and strengthens citizens'

calls for accountability and good governance. Supporting journalists in Pakistan also casts light on the realities and challenges in Pakistan's border areas.

In addition, we have a range of public diplomacy exchange programs that provide Pakistani journalists opportunities for training and professional development, and connect them to the international journalism community from which they can learn, collaborate, and gain support for their efforts, while highlighting the significant challenges journalists face in Pakistan. These programs vary from month-long internships at first-rate U.S. media organizations to smaller, focused programs that connect groups in the Pakistan journalism community to key individuals and organizations throughout the United States to address issues critical to the practice of journalism in Pakistan. Other public diplomacy programs provide journalism scholarships for Pakistani students, as well as opportunities for mid-career journalism professionals to spend a year at top U.S. graduate institutions. Collectively, these programs strengthen the independent media by increasing the expertise of Pakistani journalists, exposing them to best practices and connecting them with the international journalism community and one another.

Question (#86). What action has the administration taken to ensure abductions and killings of journalists, such as Saleem Shazad, are resolved and justice rendered in concert with Pakistani citizens?

Answer. Freedom of the media is a core element of and a necessary condition for a stable democracy, and a tenet highly cherished by the United States. Although Pakistan enjoys a vibrant media, journalists face a variety of threats in their everyday work. Members of the press have suffered intimidation, harassment, violence, torture, disappearances, and even death from a number of actors, including Pakistani authorities. This discourages critical reporting on security-related topics. We take abuses of this kind very seriously and are concerned about the welfare of journalists in Pakistan. The United States supports strengthening democratic institutions and the rule of law in order to hold accountable those who are responsible for violating human rights, including in Pakistan. This includes publicly condemning the death of Saleem Shazad and calling for a thorough investigation into his case.

We continue to raise our concerns at the highest levels in our dialogue with the Government of Pakistan as well as in our exchanges with Pakistani civil society. We continue to monitor the situation in Pakistan closely.

Question (#87). What combination of bilateral and multilateral efforts has been made to ensure that recommendations by the well-regarded Pakistan Business Council that have been made to the Government of Pakistan are fulfilled?

Answer. Pakistan urgently needs economic reforms, especially in the energy, water, and transportation sectors, to make its businesses more competitive, attract investment and promote economic development and trade. We support the Pakistan Business Council reform recommendations through the U.S.-Pakistan Strategic Dialogue. Through our working groups on economics and finance, energy, and water, we have pressed for a broad array of economic reforms with our Pakistani counterparts to promote free market principles, rationalize pricing and improve transparency. Multilaterally, we are a member of the Friends of Democratic Pakistan (FODP) group of countries, which has produced reports and roadmaps for the reform of the energy and water sectors. We facilitated the Afghanistan-Pakistan Transit Trade Agreement and encouraged increased trade between Pakistan and its neighbors. We are actively promoting the Turkmenistan, Afghanistan, Pakistan, India gas pipeline (TAPI), the CASA 1000 electric power grid, and regional integration through infrastructure projects and regulatory reforms. In her June 2011 speech in Chennai, India, Secretary Clinton put forward the U.S. strategic vision of the New Silk Road, which supported initiatives to advance regional economic integration. We also support business and civil society groups in their push for economic reform. The Government of Pakistan has begun raising natural gas and electricity prices to reduce crippling subsidies and improve income tax collection as a way to reduce budget deficits and improve macroeconomic stability.

Question (#88). A continuing criticism of U.S. civilian aid to Pakistan is that the Pakistanis themselves have no understanding that important investments are being made by the American people. While there is a reasonable argument to protect particular investments and the implementing partners from risk in the field, public perceptions of inertia and false promises carry with them considerable negative consequences as well.

- Especially in light of the continued strains between our two countries, how are you working to promote greater understanding by Pakistani citizens that our civilian aid programs are funded by U.S. citizens and enabling improved governance by a nascent civilian government?

Answer. Despite recent challenges in the relationship, the United States has been clear that we will continue civilian assistance to Pakistan, as testament to our long-term commitment to the people of Pakistan and an investment in the country's successful future—something that is in both countries' interest. We also work closely with the Government of Pakistan to communicate that since the passage of the Enhanced Partnership for Pakistan Act (Kerry-Lugar-Berman) in October 2009, the United States has disbursed over \$2.6 billion in civilian assistance to Pakistan, including about \$800 million in emergency humanitarian assistance to address the needs of those impacted by the floods of the last 2 years and military actions in FATA and KP province.

While challenges in the relationship have made it more difficult to publically message on the results of U.S. assistance, the U.S. Embassy and consulates have made a substantial effort to focus media attention on those results. This has included developing documentaries about U.S. civilian assistance programs and placing them on Pakistani television and YouTube, conducting weekly live Urdu-language radio programs on specific projects, and partnering with a leading Pakistani firm to conduct a nationwide awareness campaign in the vernacular in order to raise awareness levels. USAID has also recently upgraded its Web site to provide greater transparency and information about U.S. assistance projects. U.S. policy is to brand all U.S. assistance, except when specific security or other challenges require a formalized exception.

The aggregate impact of our programs in Pakistan will be felt gradually over the years. Development progress takes time and we continue to manage expectations both in the United States and Pakistan about the pace of U.S. assistance impact.

Question (#89-92). The population of Pakistan is estimated to increase from 170 million to 260 million by the year 2030. It is further estimated that by 2030, the urban population will double, and about 50 percent of the total population of Pakistan will be living in urban areas. Experts examining U.S. civilian aid to Pakistan recommend that assistance now focused primarily in rural areas be refocused on urban and periurban areas going forward. The growing dissatisfaction of the populace in these areas stems from the combination of limited economic opportunity, physical insecurity, and misguided or ambivalent governance.

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

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

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

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

Furthermore, in energy, our top assistance priority, we made the decision to focus primarily on helping Pakistan resolve the shortfall it currently faces on its national electric grid, in lieu of focusing on providing electricity to rural populations off-grid or adding populations (and by extension increasing demand) to the national grid. Such a decision has the effect of focusing effort and resources on urban develop-

ment, as only 60 percent of Pakistan's population is connected to the national grid, predominately in urban areas. Prioritizing energy assistance and development is also designed to address a core obstacle to urban investment and employment, since insufficient energy supply is responsible for large-scale unemployment and furloughs in industrial areas.

Question (#93). Syria.—With Russia and China refusing to cooperate, it is clear that international pressure is unlikely to be sufficient to shift Assad from power. Meanwhile, in Syria the death toll continues to mount, instability in the region expands, and the world is looking to the United States for leadership.

- How is Syria fundamentally different from Libya and what is the administration doing to solidify the international consensus on ways forward?

Answer. We believe that the Syrian people deserve the same opportunity to shape their future that the Tunisians, Egyptians, Libyans, and Yemenis now enjoy. However, from the beginning of the unrest, we have been clear that Syria is not Libya. The geopolitical landscape, regime and opposition cohesion, and the regional dynamics at play in Syria differ dramatically from those in Libya. We believe that taking more assertive steps would only be effective if it occurred through a coordinated regional and international framework. We have tried hard to persuade the U.N. Security Council to put its weight behind the Arab League's initiative, but our efforts have been blocked on two occasions.

We believe that a political solution in Syria is still possible. We are working to isolate the Assad regime diplomatically, crimp its cash flow, ensure humanitarian assistance reaches suffering Syrian civilians, and encourage the opposition to unite around a platform of outreach to Syria's minorities and peaceful, orderly political transition. Moreover, we have built an international coalition dedicated to the same goals and methods, one that has been on display in the U.N. General Assembly and the recent Friends of the Syrian People conference in Tunis.

Question (#94). Food Security.—Your Department launched the Feed the Future Initiative in May 2010, and the effort will enter its fourth year in FY 2013. You have been requesting and receiving nearly a billion dollars annually for the program, and my impression is that the program has had a series of fits and starts.

- What results has the Feed the Future program achieved toward the goals of accelerating agricultural growth and improving nutrition?

Answer. Through the President's Global Hunger and Food Security Initiative, Feed the Future, the United States has promoted agricultural-led growth by raising the incomes of the poor, increasing the availability of and access to food, and reducing undernutrition through sustained, long-term development progress. Developed to attack the root causes of hunger and poverty, Feed the Future lays the foundation for sustainable global food security which gained increased attention due to the human and economic impacts of the 2007–2008 food crisis. In the 3 years since the L'Aquila summit, the United States has gone from a low of \$245 million in agricultural investment in 2008 for State/USAID and Treasury to \$888 million in 2010, \$1.1 billion in 2011, and a request of \$1.2 billion in 2013.

In the past year, Feed the Future investments have increased the productivity and access of vulnerable populations to nutritious foods. In FY 2011, Feed the Future investments assisted over 3 million farmers in applying new agricultural production technologies and management practices, increasing the value of export sales by \$86 million. Nutrition interventions resulted in the decrease in the prevalence of underweight children under age 5 participating in USAID programs, from 27 percent in FY 2010 to 25 percent in FY 2011. Achievements are a result of the implementation of Feed the Future USG strategies which refocused resources to (1) support specific value chains and subregions where we can maximize economic growth, job creation, and nutritional impacts; (2) leverage investments with other donors and private sector; (3) integrate gender and nutrition; and (4) create clear connections to food assistance for a systematic transition from assistance to country-led development.

- In Tanzania, Feed the Future trained 84,000 smallholder horticulture farmers on best production practices and improved technology use on 4,812 hectares of smallholder horticulture farmland. Investment successes have inspired the Government of Tanzania to increase the allocation of its budget to agriculture from 7 percent in FY 2010 to 10 percent by 2014.
- In Ghana, programs provided 36 financial institutions with training in how to increase lending to the agricultural sector, resulting in nearly 1 million dollar's worth of finance available to farmers and other value chain actors. Through Feed the Future support, two major input companies expanded to become mobile money merchants and can now transfer money to 48 of their retailers

in the Upper West Region, ensuring timely payment and supply of inputs to remote areas in the upcoming farming season.

- In Bangladesh, Feed the Future investments reached 435,728 farmers who applied a new soil fertilization technique and other improved management practices on 244,605 hectares, resulting in a rice yield increase of 15 percent. Programs disseminated the fertilizer deep placement (FDP) technique, burying urea briquettes near the roots of rice plants to improve efficiency of inputs, and expanding the private sector system for supplying urea briquettes. Our investments created the first-ever rice surplus in the Barisal division, which had previously experienced a perennial rice deficit.
- In Guatemala, Feed the Future provided training to 40 producer groups in new production practices, marketing skills, and post-harvest handling to equip farmers to be viable, long-term participants in targeted value chains. Working with the Guatemalan National Coffee Association, coffee producers expanded their production levels, improved management practices and achieved extraordinary sales of \$26 million, including \$7.2 million in sales of coffee certified for niche markets.
- In Zambia, Feed the Future nutrition programs trained 73 health care workers from 3 districts in Infant and Young Child Feeding and provided financial and technical support for planning, supervision, and monitoring of the biannual Child Health Week. As a result, approximately 2 million children aged 6 to 59 months received vitamin A supplementation.

Question (#95). How has the Initiative's emphasis on public-private partnerships allowed the United States to find efficiencies and cost savings, while also making progress toward agricultural development in the focus countries?

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

The FY 2013 President's Budget request for Feed the Future includes \$32 million to promote and leverage increased private sector investment in Feed the Future focus countries. Engagement of the private sector at all stages of this initiative, from the development of Agriculture Country Implementation Plans to program execution, is critical to the success and sustainability of our investments. FY 2013-funded programs will increase private sector investment in focus areas, mitigate private sector risks, access private sector innovation, improve the enabling environment for greater private sector investment, and facilitate the commercialization of new technologies that improve agricultural production. This funding will also be used to catalyze new private/public partnership models and promote innovative investment models.

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

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

producing companies including Cargill, The Hershey Company, Kraft Foods, Lindt & Sprungli, Nestle, and Mars, among others.

Question (#96). Foreign Assistance—Transparency/Taxpayer Accountability.—This past November, you attended the Fourth High Level Forum on Aid Effectiveness in Busan, Korea. At the forum, you committed the United States as a signatory to the International Aid Transparency Initiative. I support aid transparency as a means to ensure that U.S. foreign assistance is invested transparently to see exactly what our resources are being used for and to reduce the risk for corruption.

- How is this new commitment to aid transparency reflected in your budget request, and how will U.S. taxpayer investments in assistance become more transparent through this initiative?

Answer. The United States is pleased to be a signatory to the International Aid Transparency Initiative (IATI). IATI provides a common international standard for the publication of aid information. The United States endorses the principles of transparency and openness embodied by IATI. Prior to signing on to IATI, the United States supported the IATI efforts by participating in the IATI Technical Advisory Group (TAG) from its inception. Work is underway to enable a crosswalk of the U.S. Government (USG) foreign assistance information contained in the Foreign Assistance Dashboard (www.foreignassistance.gov) to allow us to report assistance information in the IATI format. A standardized reporting format will enable consistent and regular reporting and accurate comparisons across donors, countries, and private philanthropic organizations, as well as promote broad access by beneficiaries, U.S. and other international stakeholders.

Most of the costs of meeting the IATI standard will be borne by the individual U.S. Government agencies that manage foreign assistance and will be reflected as needed in their respective budget requests. For the USG, the modest cost of converting data on the Foreign Assistance Dashboard to the IATI format has been subsumed in the ongoing work on the development of the Dashboard, which is reflected in the FY 2013 foreign assistance budget.

Question (#97). Iraq.—According to the Inspector General, more than 80 percent of your approximately \$6 billion in Iraq is overhead, rather than used on programs and assistance. Much of these costs come from the need to import virtually everything needed to feed, clothe, and protect our diplomats.

- Is such a model sustainable over the long run?

Answer. Now that we have successfully completed the military-to-civilian transition in Iraq, we are developing the next phase of our transition: streamlining and normalizing operations for our diplomatic platform. As security conditions improve and more goods and services become readily available on the local economy, we have begun to transition to the same model we use in difficult environments all over the world, where we live largely on the local economy and rely on our locally engaged staff for support services. We are working on a targeted reduction of personnel for agencies under Chief of Mission authority, with reductions reflecting a whole of government approach as prioritized by the Ambassador. We are currently assessing all our facilities and will consolidate our physical footprint in Baghdad.

We are very committed to our diplomatic mission and ensuring that Iraq continues its development as a strong regional ally. These changes allow us to continue to focus on our strategic objectives, supported by an efficient, consolidated infrastructure.

Question (#98). Also, what has been the impact of a security environment that continues to limit our diplomats' ability to move outside the Embassy and execute projects?

Answer. While the safety and security of our personnel remains a paramount consideration, our diplomats and development experts in Iraq are fully engaged in strengthening the relationships we have built with Iraqi officials, politicians, and social leaders. Our Ambassador and Embassy officers meet regularly with President Talabani, Prime Minister Maliki, cabinet ministers, parliamentarians, and civil society leaders throughout Iraq. Movements outside the Embassy for these engagements have increased—not decreased—since the withdrawal of U.S. forces in December. We continue to successfully implement our various assistance programs. Embassy and Government of Iraq security personnel work effectively together to ensure that our officials can do their jobs safely.

Question (#99). Finally, what has been the impact of the Arab Spring on the Government of Iraq and the Iraqi people—has this helped or hindered the progress of democracy?

Answer. The Arab Spring did not impact Iraq the way it did other countries in the region. Iraq has had a series of elections since 2005 giving Iraqis an opportunity to express their aspirations through the ballot box instead of through mass demonstrations. There were two “Day of Rage” protests in February 2011 inspired by Arab Spring protests elsewhere. However, the demand of the demonstrators was not for the toppling of the government but rather for improvement of basic services, such as water and electricity, provided by the government. The Iraqi leadership heard these protestors and has been working to address Iraqis’ desire for dependable basic services. The Arab Spring has only reinforced what Iraq’s leaders have already learned from elections and a vibrant, open political environment—that political leaders need to be responsive to popular needs.

Question (#100). I am pleased by the intent and purpose of employing direct hire personnel to staff the Iraq Police Development Program (PDP). Nevertheless, that program, even in its scaled-back scope, appears to be challenged by several other factors, as reported by the Special Inspector General for Iraqi Reconstruction in its most recent report. It is difficult to see from Washington the program’s value and impact, particularly given resistance from the Iraqis, security challenges, and the costs and complexity of the mission.

- In your opinion, is there a point at which the PDP, if further reduced in size and scope, would no longer be worth continuing?

Answer. The Police Development Program was designed as a flexible program which could be adapted to respond to changing needs and priorities. The program’s careful targeting of key law enforcement functions helps to ensure that we continue to meet U.S. and Iraqi goals.

Question (#101). In your opinion, would the MOI be capable of sustaining an effective police force without the PDP?

Answer. The Iraqi Government and the Ministry of Interior (MOI) have made great strides in building a substantial public security infrastructure. We believe we can contribute significantly to their ongoing efforts to further enhance Iraq’s civilian security capabilities. During the Saddam years, Iraq was cut off from the law enforcement reform and modernization efforts that were taking place in most developed countries. The PDP aims to help Iraq catch up, for example, by identifying opportunities to improve management systems and processes that in turn build greater accountability and responsibility, make the most of human and financial resources dedicated to Iraq’s public security, and make Iraq’s police services more professional and effective.

Question (#102). What value added contributions would the PDP provide to the MOI?

Answer. PDP advisors help the MOI to identify and address opportunities to improve its organizational structures and systems so the MOI can more effectively manage Iraq’s civilian security forces. The PDP demonstrates, for example, how the standardization of procedures—ranging from operational planning to logistics—can improve efficiency and accountability in accordance with international best practices. The advisors show how the MOI can promote and protect human rights, including gender rights, including through engagement with the Iraqi public.

PDP also facilitates greater MOI cooperation with the Embassy and U.S. law enforcement. That cooperation not only promotes more effective protection of U.S. Government and private personnel, facilities, and businesses but also allows us to wage a common fight against transnational threats such as terrorism, money-laundering, and smuggling of humans and illicit materials.

Question (#103). What would be the implications of eliminating the PDP for Iraqi security and crime reduction?

Answer. The United States has a unique opportunity through the PDP to influence the direction and success of law enforcement reform and capacity-building in Iraq at a critical stage in the development of Iraq’s civilian security institutions. We have a strategic interest in promoting effective Iraqi responses to criminal and terrorist threats. By strengthening citizen security and peaceful dispute-resolution mechanisms, we are helping Iraqi authorities prevent the destabilizing return to reliance on militias, or an erosion of confidence in democratic government. We also have an interest in supporting the continued development of Iraq’s public safety institutions in line with the best practices of democratic governments, rather than the repressive policies that characterized the Saddam era.

Eliminating the PDP would also weaken U.S. and Iraqi law enforcement cooperation in combating transnational threats, and potentially weaken Iraqi adherence to internationally recognized policing standards.

Question (#104). Ambassador Jeffrey has stated publicly his recognition that his mission more resembles an army post than an embassy and his desire to shed some of the costly legacy pieces of the operation, such as expatriate static guards, imported food and support items.

- What new authorities or exceptions to laws do you need to expedite such transitions to enable cutting costs in 2012?

Answer. The Department of State requires no new authorities or exceptions to transition to a more traditional support structure. The pace of the change will be set by an improving security environment and the availability of goods and services in Iraq, including the availability of safe, reliable transportation to and within Iraq.

Question (#105-106). For FY 13, you have requested \$900 million in FMF for Iraq.

- Please provide for the committee a status of unobligated balances in ISFF and FMF accounts from prior years' appropriations.

Answer. According to Department of Defense (DOD), which oversees the ISFF program, the unobligated balance is approximately \$360 million. These funds are accounted for in the FY11/12 ISFF Spend Plan for the third and fourth quarters of FY12, which DOD submitted to Congress in July 2011.

There are no prior-year FMF unobligated funds as FY12 is the first year we sought FMF for Iraq.

- Second, of the 400 or so cases that are active, how many are structured as regular FMS cases to include appropriate security and administrative fees under the AECA?

Answer. The 324 active cases supporting Iraq, regardless of funding source, are structured as Foreign Military Sales. All of the FMS cases supporting Iraq include the standard 3.8 percent FMS administrative fee. Owing to the physical security provided by USF-1, the pre-2012 FMS cases did not include the SAT related overhead costs.

Question (#107). For FY 13, you have requested \$900 million in FMF for Iraq. What is your intent with future FMS cases?

Answer. Beginning January 1, 2012, new cases funded with either FMF or Iraqi funds will include SAT-related overhead costs and will continue to be structured as regular cases. The first such case is the F-16s, for which the Iraqis will fund all related costs. Admin and security costs for ISFF cases will continue to be funded through ISFF appropriations and authorities.

Because of the current locations of some FMS cases, some of the overall security cost burden for an FMF-funded case is borne elsewhere as operations costs. Administrative costs will be fully included.

Question (#108-110). Section 1244 of the National Defense Authorization Act of 2008 requires you to make "a reasonable effort" to provide an individual in Iraq who is applying for a special immigrant visa and is in imminent danger "with protection or the immediate removal from Iraq."

- What criteria do you use to define individuals who are in imminent danger?
- How many people in Iraq fit this category?

Answer. The overall situation in Iraq remains the subject of concern, but all Special Immigrant Visa (SIV) applicants must either be under threat, or have experienced threat, to qualify for the program. In practical terms, it is very difficult to objectively validate and qualify a threat as imminent. Although the U.S. Embassy is unable to provide protection to SIV applicants inside Iraq, those considering themselves in imminent danger may request that the State Department process their SIV applications in neighboring countries. The State Department, along with the Department of Homeland Security and other agencies, is focused on processing all SIVs as expeditiously as possible to minimize the threat to all qualified Iraqis applying for SIVs.

Visa Office records indicate that 111 Iraqi SIV applicants moved their visa application process from Iraq to a neighboring country; 570 Iraq SIVs applied initially in neighboring countries.

- What steps are you taking to protect those individuals or remove them from Iraq?

Answer. Although security in Iraq has improved, the situation remains challenging. Special Immigrant Visa (SIV) applicants must either be under threat, or have experienced threat, to qualify for the SIV program. For those who consider themselves to be in imminent danger the State Department can transfer and process their SIV application in a neighboring country, should the applicant relocate. If

an SIV applicant relocates to another country, they may also present themselves to the office of the U.N. High Commissioner for Refugees (UNHCR), who has the mandate to provide protection to those who are determined to qualify as refugees.

Question (#111). Europe.—We have been working for many years on establishing a Southern Energy corridor to Europe but progress has been very slow in recent years. Could you please detail the recent progress in making the Nabucco Pipeline a reality?

Answer. Our Office of the Special Envoy for Eurasian Energy has been working tremendously hard on this issue, and there have been a number of recent developments on the Southern corridor. First of all, I would note that Nabucco has always been one of several options to achieve our shared goal with Europe of bringing new sources of supply to market, with a significant portion of that gas supplied to our friends and allies in the Balkans and elsewhere in Eastern Europe. In October of last year, Turkey and Azerbaijan took an important step when they signed a long-awaited gas supply deal. Then in February, the consortium controlling Azerbaijan's Shah Deniz II natural gas field narrowed the choices for a route from Turkey to Europe to a scaled-down version of Nabucco, known as Nabucco West, the South East Europe Pipeline (SEEP), and the Trans-Adriatic Pipeline.

We continue to work closely with all the companies and parties involved to achieve energy security for Europe.

Question (#112). NATO plans to hold a summit this May in Chicago, the first summit since 1999 in the United States. I'd be interested to learn when the U.S. priorities are for the summit. Is the United States actively pressing for further NATO enlargement?

Answer. We have three main goals for the Chicago summit: transition in Afghanistan, new capabilities for the alliance, and acknowledging NATO's partnerships, including with aspirants. In advance of the summit, we are working with allies and partners to define NATO's post-2014 role in Afghanistan. We are encouraging allies to make new commitments to sustain the Afghan National Security Forces (ANSF) post-2014. NATO allies also need to develop and maintain critical alliance capabilities to ensure that NATO is able to perform a variety of roles and missions in the evolving security environment. This includes completion of the Deterrence and Defense Posture Review (DDPR), as well as progress in meeting the capabilities requirements agreed by the alliance at Lisbon in 2010 and related capabilities initiatives. Finally, we would like to use the summit as an opportunity to highlight our key partners' contributions to NATO's operations and broader strategic goals.

Although enlargement is not the central theme in the discussions at Chicago, we will look to demonstrate actively that the door remains open to aspirants. The Chicago Summit Communique will contain language acknowledging the aspirants and NATO's open door policy. The United States works bilaterally and through NATO to support aspirants' efforts to meet NATO standards and encourage them to take the steps required to become interoperable with NATO. We offer joint training opportunities, in addition to encouraging and supporting partner contributions to NATO's worldwide operations in order to increase interoperability and build an atmosphere of cooperation and trust at all levels of planning and operations.

Question (#113). How much progress have we made in establishing a missile defense capability in Europe?

Answer. President Obama is committed to protecting the United States, U.S. deployed forces, and our European allies and partners against the growing threat of ballistic missiles. Over the past 2 years, working together with our NATO allies, the administration has achieved significant progress in implementing the European Phased Adaptive Approach (EPAA), and we are on a path to achieve the milestones outlined by the President.

President Obama made clear his desire to implement EPAA in a NATO context. At the Lisbon summit in November 2010, NATO made the historic decision to endorse a missile defense capability whose aim is to provide full coverage and protection for all NATO European populations, territory, and forces against the increasing threats posed by the proliferation of ballistic missiles. Allies at Lisbon welcomed the EPAA as the U.S. national contribution to NATO's missile defense capability, as well as welcoming additional voluntary contributions from other allies. NATO is working toward declaring an "interim" NATO missile defense capability at Chicago.

Working together with our NATO allies, the administration has achieved significant progress in implementing the EPAA. We have:

- Deployed a rotational Aegis-equipped ship to the Mediterranean;
- Deployed a missile defense radar in Turkey;

- Brought into force basing agreements with Romania and Poland to host missile defense interceptor sites; and
- Reached agreement in-principle with Spain to host four multirole Aegis-equipped ships at Rota, Spain.

The administration will continue to consult closely with Congress and with our NATO allies to implement the vision that the President set forth in September 2009. We will also continue to rigorously evaluate the threat posed by ballistic missiles and we will adapt our missile defense system accordingly. The United States remains committed to cost-effective and proven missile defenses that provide flexibility to address emerging threats.

Question (#114). The need for defense austerity has been felt on both sides of the Atlantic and has resulted in changes to the U.S. force posture in Europe. How do you see these changes affecting the NATO alliance, particularly in terms of our ability to fulfill our Article Five commitments and conduct training and steady state operations with allies?

Answer. The United States is able to fulfill its Article Five commitments and will remain so even after our force posture changes are implemented. We are committed to maintaining a robust and visible military presence in Europe capable of deterring and defending against aggression. To that end, we are deploying new capabilities in Europe, including missile defense assets in Poland, Romania, and Turkey, and Aegis ships in Spain. We are establishing an aviation detachment in Poland to further enhance training opportunities. And we will take steps to increase the responsiveness of special operations forces in the region. We are also developing the concept outlined at the Munich Security Conference by Secretary Panetta to increase our exercises and training with allies.

The United States is modernizing its presence in Europe at the same time our NATO allies, and NATO itself, are engaged in similar steps. This is an opportunity for our European allies to take on greater responsibility. At the Lisbon summit in 2010, the alliance approved a list of critical capabilities, many of which have become a pillar of the Secretary General's Smart Defense initiative to pool, share, and specialize capabilities. We are determined to adapt NATO forces to make them more deployable, sustainable, and interoperable, and thus more effective. We continue to encourage allies to meet their defense spending commitments and to contribute politically, financially, and operationally to the strength and security of the alliance, even in these austere economic times.

Question (#115). Afghanistan.—Criticism of corruption within the Afghan Police force and the Ministry of Interior abound.

- How does your budget address corruption within the Ministry of the Interior, as well as across the national and provincial governance structures?

Answer. Corruption in Afghanistan remains a serious issue and we continue to engage the Afghan Government to address the problem. We are working with our Afghan partners on various anticorruption measures by promoting transparency and good governance while working to prevent fraud, waste, and abuse. We support the Afghan ministries, governors, and local leaders, including the Ministry of Interior and its officials in finding ways to combat corruption.

Our assistance to Afghan ministries includes ethics training to Afghan civil servants and the judiciary, capacity-building for internal Afghan audits, improving procurement systems within Afghan justice ministries, and encouraging the enactment and enforcement of anticorruption laws.

To address specific issues within the Ministry of Interior, we supported Afghan efforts to make police salary payments electronic via cell phone. This eliminates the opportunity for siphoning off police salaries at the local and provincial levels. The Department of Defense also has embedded advisors at the local, provincial, and national levels that help mentor police on ethical behavior, in addition to the ethics training they receive as part of their police academy training.

The Major Crimes Task Force (MCTF) is an FBI/internationally mentored unit of 153 vetted investigators from the Ministry of Interior (MOI) and National Directorate of Security (NDS) who investigate corruption, kidnapping and organized crime cases. Since its inception in September 2009, the MCTF's has significantly increased its investigative capacity through training and mentoring provided by the FBI and other international partners. This training and mentoring has led to hundreds of arrests. Afghan investigators from MOI and NDS have exhibited an ability to conduct investigations in a logical manner, using sophisticated investigative techniques such as telephone wiretaps, cellular telephone exploitation, and GPS tracking. The Afghan leadership has demonstrated an ability successfully to manage their cases, investigators, and resources. The MCTF continues to receive financial

assistance from DOD (through both CSTC-A and CENTCOM), which provides funding for vehicles, vehicle maintenance, equipment, and some consumable supplies.

The State Department's Bureau for International Narcotics and Law Enforcement (INL) provides Operational and Maintenance (O&M) funding to maintain Camp Falcon where the MCTF is located, and where MCTF mentors reside. However, the work of the MCTF is often frustrated by the lack of followthrough in prosecution when it refers cases to the Attorney General's Office. No major corruption cases investigated by the MCTF in the last 2 years have been prosecuted by the Attorney General's Office.

The Ministry of Interior also dissolved seven private security companies in 2011 connected to Afghan officials, citing its "commitment to transparency and the rule of law," and, in Kandahar province, the MOI fired the chief of police of an Internally Displaced Persons (IDP) camp, who was involved in corruption.

Question (#116). How have you inoculated U.S. assistance from gross misappropriation of funds?

Answer. The United States is taking an integrated civilian-military approach to combat areas of corruption that impact the delivery of our assistance. Our approach includes safeguarding the use of U.S. funds, stopping illicit funds from fueling the insurgency, eliminating opportunities for insurgents to erode public support for the Afghan state, and strengthening institutions that will promote accountability and allow for transition. The U.S. Government has improved its vetting system and oversight mechanisms for civilian assistance contracting, as well as increased information-sharing between different government agencies such as the Department of Defense and USAID.

The Department of Defense's Task Force 2010 was organized to help commanders better understand with whom they are doing business and to ensure contracting dollars were not empowering the wrong people or undermining the United States and the international community's efforts in Afghanistan. The organization uses intelligence, law enforcement, auditors and forensic financial analysts to gain visibility on the flow of contracting funds below the prime contractor level, to determine where issues and concerns exist, and to identify actions to mitigate fiscal and force protection risk.

In addition, USAID has significantly increased oversight and monitoring staff and is fully implementing the Accountable Assistance for Afghanistan (A3), an agency initiative to safeguard U.S. funds. The A3 initiative implements a number of suggested oversight improvement including the increased use of cost-reimbursable contracts, limits on subcontractors, improved vetting, increased use of electronic funds transfers, and the creation of onsite monitoring capacity in forward operating bases and provincial reconstruction teams.

Question (#117). While handover of security responsibility to Afghans is forecast to be complete by the end of 2014, some ISAF partners, such as France have indicated they will depart much sooner. The budget proposal for 2013 does not effectively narrow the United States focus in Afghanistan while growing in relative size to every other partner nation investment.

- When will our budget in Afghanistan reflect the fiscal realities of our domestic debt as well as the narrower national security interests relative to Afghanistan?

Answer. The resources requested for FY 2013 in Afghanistan will play a key role in ensuring Afghanistan never again serves as a safe haven for al-Qaeda or other extremist groups. In the last year, we've taken significant strides toward a secure and stable Afghanistan through gains on the battlefield, the end of bin Laden, and strong commitments by the region and international community to Afghanistan's future at the Istanbul and Bonn conferences. At the NATO summit in Chicago later this spring, we plan to join with international partners to announce a plan to share the burden of training and equipping Afghan security forces to ensure Afghanistan's long-term stability. We remain committed to our goal of transitioning security responsibility to the Government of Afghanistan by the end of 2014, which should result in a significant reduction in U.S. military spending. Resources requested in FY 2013 are necessary to support security transition, firmly set Afghanistan on a path toward greater economic sustainability, and enhance the ability of the Afghan Government to provide necessary services to its people.

We regularly review our existing portfolio to focus programming on activities that support our highest priorities. As the military draws down and more responsibilities transition to Afghans, funding for programs explicitly tied to stabilization and counterinsurgency will shift from support for short-term stability needs to support for Afghan-led development and building the capacity of the government to address sources of instability. Our program in FY 2013 will also continue to improve project

sustainability through capacity-building to ensure Afghans can maintain past investments into the future. Nowhere is this more evident than our investments in the infrastructure sector. In FY 2013 our request for infrastructure decreases by 12 percent from FY 2012 and 31 percent from FY 2011, where our major focus is on increasing operations and maintenance capacity and sustainability as opposed to new construction projects.

Relatively stable levels of development assistance will be critical to ensuring a successful transition at the end of 2014. We have identified key foundational investment areas (including energy infrastructure, sustainable agriculture, and government economic capacity) where programming resources now will be important in fostering a more sustainable and resilient economy. As was the case in Iraq, as we near transition in Afghanistan, the costs for Department of State and USAID programs and operations are likely to increase in the short-term as military spending declines. Nonetheless, we do expect the trajectory of our assistance program to decrease beyond 2014.

Question (#118). Why are we building consulates across Afghanistan and staffing them at significant cost if we have paid attention to the lessons of our experience in Iraq where we are evidently scaling back considerably?

Answer. We recognize that our political and diplomatic strategy in Afghanistan must be based on a realistic assessment of the resources available to us, and we continually adjust our end-state planning with a careful eye on costs. Future State operations will see a smaller direct-hire population across our enduring Afghanistan locations than at present. Since security for our diplomats will always be expensive, we are determined to place the absolute minimum number of staff in harm's way. Going forward, we are incorporating lessons still being learned from Iraq, including colocation with other agencies wherever possible, leveraging existing Government contracts, and making maximum use of locally engaged staff.

Our enduring diplomatic presence must, nonetheless, support the achievement of our goals. The President has identified two vital national interests in Afghanistan: defeating al-Qaeda and preventing Afghanistan from again becoming a sanctuary for terrorism. These goals require that we support the continued stability of Afghanistan after Transition is complete at the end of 2014. Afghanistan, however, remains a mosaic of regional power bases, each with a different mix of ethnic and political players. We must, therefore, have a sufficient diplomatic presence throughout the country to help manage regional/ethnic tensions, to aid our Afghan partners to develop a functioning governance structure recognized as legitimate by the population, and to support reintegration and reconciliation of reconcilable insurgents. Presence throughout the country will also allow us to monitor Afghanistan's relations with its neighbors and promote development of regional political, economic, and commercial links. Posts in Kabul as well as in Herat, Kandahar, Mazar-e-Sharif, and Jalalabad will ensure that we can engage key regional leaders on an enduring basis to achieve our goals.

Question (#119). As the United States began its transition from military to civilian-led activities in Iraq last year, you had requested \$1 billion in OCO (Overseas Contingency Operations) funding for its Police Development Program (PDP). I note that you are seeking additional funding through the OCO account for this purpose for Iraq again this year. As the United States moves from military to civilian-led activities in Afghanistan, it has become clear that the extremely high investment in police training has had limited impact on the performance and perception of Afghanistan's police forces as an effective and sustainable institution of public protection. While this begs the readiness question given the expected transition in the next year or two, it also raises concern over the value of such expenditures and the inevitable reabsorption of the rule-of-law training mission from the Department of Defense.

- What new methods and responsibilities are being implemented by the so-called "whole of government" approach to preparing for an orderly transition?

Answer. Transition is proceeding in the context of close coordination among U.S. agencies in Washington and on the ground in Afghanistan. While the U.S. military and our ISAF partners cooperate in training the Afghan National Security Forces to take responsibility for security, USAID and State are working to improve governance and help lay the foundations of a sustainable Afghan economy.

Within the context of the wider USG transition coordination effort, the Coordinating Director of Rule of Law and Law Enforcement (CDROLLE) at Embassy Kabul provides the nexus for interagency coordination on all rule-of-law programs, including those which have a connection with law enforcement. For example, the Departments of State, Defense and Justice are actively planning to play a sup-

porting role to rule-of-law facilities and missions including the National Interdiction Unit, the Sensitive Investigative Unit, the Major Crimes Task Force, the Counter Narcotics Justice Center, Counter Narcotics Police of Afghanistan Headquarters and field locations, the Judicial Security Unit, the Justice Center in Parwan, and Provincial Justice Centers. Emphasis is given to building Afghan Government capacity and transitioning lead operational and planning roles to Afghan officials. Where necessary and appropriate, planning includes transition of current military projects to civilian oversight.

In our coordination with the Department of Defense (DOD), no decisions have been taken on changing the current model in which the DOD takes the lead in the training and funding of the ANSF, and the State Department expects that the DOD will continue to provide sustainment to the ANSF throughout and following transition.

Question (#120). What resources are you proposing to address improved coordination and collaboration with DOD in prioritizing effective training and equipping in transition?

Answer. Prior to 2011, the Department of State implemented the Afghan National Police (ANP) civilian police training and mentoring program under the overall direction of the DOD and the Combined Security Transition Command—Afghanistan (CSTC-A). In April 2011, the program was transferred from the Department of State and consolidated under one Department of Defense contract for ANP support. The NATO Training Mission—Afghanistan (NTM-A) coordinates with the Ministry of Interior and international community partners (such as EUPOL) through the International Police Coordination Board to determine ongoing and emerging training priorities for the ANP.

The challenges to standing up a professional ANP force are well-documented and remain a core focus of the international community's effort in building Afghan National Security Forces (ANSF) capabilities. Still, notable gains in ANP operational capability have been achieved in recent years, allowing for the current transition to an Afghan security lead in numerous provinces, districts, and cities throughout Afghanistan. As of March 2012, more than half the population of Afghanistan resides in areas where Afghans are taking responsibility for security. The capacity of the ANP to assume more demanding policing functions such as riot control, investigations and community outreach initiatives has strengthened and, as noted in the Asia Foundation's 2011 Survey of the Afghan People, Afghan public perception of the ANP has improved in recent years with 85 percent of respondents agreeing that "the ANP is honest and fair with the Afghan people" and 83 percent of respondents indicating that "the ANP helps improve security."

Looking ahead to 2014 and beyond, the ANSF will maintain the operational lead for ensuring the safety and security of Afghanistan, however, NTM-A will likely retain a post-2014 presence in support of continued professionalization of the ANP. Unlike the interagency transition of the police program in Iraq—which was mandated by National Security Presidential Decision Directive 36—in Afghanistan there is no mandate from the administration to transition the police program among U.S. Government agencies following drawdown of U.S. military forces. As such, the Department of State has not requested funds in FY13 for a resumption of the ANP training program from the Department of Defense.

Question (#121). Criticism of corruption within the Afghan Police Force and the Ministry of Interior abound. How does your budget address corruption within the Ministry of the Interior, as well as across the national and provincial governance structures?

Answer. Corruption in Afghanistan remains a serious issue and we continue to engage the Afghan Government to address the problem. We are working with our Afghan partners on various anticorruption measures by promoting transparency and good governance while working to prevent fraud, waste, and abuse. We support the Afghan ministries, governors, and local leaders, including the Ministry of Interior and its officials in finding ways to combat corruption.

Our assistance to Afghan ministries includes ethics training to Afghan civil servants and the judiciary, capacity-building for internal Afghan audits, improving procurement systems within Afghan justice ministries, and encouraging the enactment and enforcement of anticorruption laws. To address specific issues within the Ministry of Interior, we supported Afghan efforts to make police salary payments electronic via cell phone. This eliminates the opportunity for siphoning off police salaries at the local and provincial levels. The Department of Defense also has embedded advisors at the local, provincial, and national levels that help mentor

police on ethical behavior, in addition to the ethics training they receive as part of their police academy training.

The Major Crimes Task Force (MCTF) is an FBI/internationally mentored unit of 153 vetted investigators from the Ministry of Interior (MOI) and National Directorate of Security (NDS) who investigate corruption, kidnapping, and organized crime cases. Since its inception in September 2009, the MCTF's has significantly increased its investigative capacity through training and mentoring provided by the FBI and other international partners. This training and mentoring has led to hundreds of arrests. Afghan investigators from MOI and NDS have exhibited an ability to conduct investigations in a logical manner, using sophisticated investigative techniques such as telephone wiretaps, cellular telephone exploitation, and GPS tracking. The Afghan leadership has demonstrated an ability successfully to manage their cases, investigators, and resources. The MCTF continues to receive financial assistance from DOD (through both CSTC-A and CENTCOM), which provides funding for vehicles, vehicle maintenance, equipment, and some consumable supplies.

The State Department's Bureau for International Narcotics and Law Enforcement (INL) provides Operational and Maintenance (O&M) funding to maintain Camp Falcon where the MCTF is located, and where MCTF mentors reside. However, the work of the MCTF is often frustrated by the lack of followthrough in prosecution when it refers cases to the Attorney General's Office. No major corruption cases investigated by the MCTF in the last 2 years have been prosecuted by the Attorney General's Office.

The Ministry of Interior also dissolved seven private security companies in 2011 connected to Afghan officials, citing its "commitment to transparency and the rule of law," and, in Kandahar province, the MOI fired the chief of police of an Internally Displaced Persons (IDP) camp, who was involved in corruption.

Question (#122). How have you inoculated U.S. assistance from gross misappropriation of funds?

Answer. The United States is taking an integrated civilian-military approach to combat areas of corruption that impact the delivery of our assistance. Our approach includes safeguarding the use of U.S. funds, stopping illicit funds from fueling the insurgency, eliminating opportunities for insurgents to erode public support for the Afghan state, and strengthening institutions that will promote accountability and allow for transition. The U.S. Government has improved its vetting system and oversight mechanisms for civilian assistance contracting, as well as increased information sharing between different government agencies such as the Department of Defense and USAID.

The Department of Defense's Task Force 2010 was organized to help commanders better understand with whom they are doing business and to ensure contracting dollars were not empowering the wrong people or undermining the United States and the international community's efforts in Afghanistan. The organization uses intelligence, law enforcement, auditors and forensic financial analysts to gain visibility on the flow of contracting funds below the prime contractor level, to determine where issues and concerns exist, and to identify actions to mitigate fiscal and force protection risk.

In addition, USAID has significantly increased oversight and monitoring staff and is fully implementing the Accountable Assistance for Afghanistan (A3), an agency initiative to safeguard U.S. funds. The A3 initiative implements a number of suggested oversight improvement including the increased use of cost-reimbursable contracts, limits on subcontractors, improved vetting, increased use of electronic funds transfers, and the creation of onsite monitoring capacity in forward operating bases and provincial reconstruction teams.

Question (#123). The Millennium Challenge Corporation's key indicators for working with a country's government are: ruling justly, providing economic freedom, and investing in people. Included within the broad category of ruling justly are elements such as political rights and rule of law. Although situations evolve, currently there are two MCC eligible countries that could be in violation of these indicators, Senegal and Malawi, where there are allegations that the current governments are abusing the political process.

- How does the MCC maintain effective control over U.S. resources in countries where these sorts of events are occurring?

Answer. MCC maintains extremely tight control mechanisms on all funds in partner countries. These control systems, which include ongoing monitoring by MCC's Fiscal Accountability and Procurement specialists, quarterly financial reports, semi-annual or annual independent audits, and direct disbursement from MCC to major contractors through a common payments system (so that the vast majority of funds

do not flow through the partner government) are not subject to changes in the local policy environment.

MCC safeguards against corruption and fraud through multiple channels, including procurement requirements, training for local Millennium Challenge Account accountable entities (MCAs), and anonymous tips for investigation and/or referral to MCC's Inspector General (OIG). As part of an ongoing effort to protect taxpayer funds, MCC has published its Policy on Preventing, Detecting, and Remediating Corruption and Fraud in MCC Operations ("Anti-Fraud and Corruption Policy"). The policy is an effort to bolster the risk detection and assessment and management capacity of MCAs to identify corruption and/or fraud in MCC-funded programs and projects. This is done in part through rigorous monitoring and evaluation, as well as the use of independent fiscal and procurement agents when necessary. This standardized policy works to achieve greater consistency across MCC and MCA teams in their approaches to the prevention of fraud and corruption, and ensures that allegations of corruption and fraud are consistently addressed and, when appropriate, referred to the OIG.

MCC has implemented processes and policies to address eligibility concerns related to eligibility criteria measured by the MCC scorecard.

MCC's authorizing legislation gives it the right to suspend or terminate country programs if "the country or entity has engaged in a pattern of actions inconsistent with the [eligibility] criteria." The process to consider such a decision is outlined in the publically available "Policy on Suspension and Termination" document. When examining whether a policy decline is severe enough to warrant action, MCC looks at whether the country has demonstrated a pattern of actions that clearly moves the country farther away from positive performance.

MCC has made use of this policy in the past to suspend or terminate Compact or Threshold program assistance, but only in cases of a clear pattern of actions. MCC continues to monitor the situation in Senegal and Malawi closely.

Question (#124). What determinations are being made regarding the status of MCC programs in each country?

Answer. Malawi: There are no compact activities being conducted in Malawi at the present time. MCC placed the compact on operational hold on August 3, 2011, due to actions by the Government of Malawi that were inconsistent with MCC's democratic governance criteria. At that time, MCC told the Government of Malawi that the hold was intended to allow MCC to "review its partnership with Malawi, including whether to recommend to its Board of Directors whether to suspend or terminate its assistance." The MCC Board of Directors is expected to consider the status of the Malawi Compact at its quarterly meeting on March 22.

Senegal: On February 7, 2012, MCC released the following statement on the situation in Senegal: "MCC takes seriously its partner countries' commitment to accountable, democratic governance. Free, fair, and competitive elections are one extremely visible reflection of that commitment. MCC respects both the democratic and electoral processes in Senegal, as well as the rights of individuals to peaceful political participation. We are closely monitoring the events in Senegal, in coordination with our colleagues at the U.S. Embassy in Dakar. MCC looks forward to seeing all sectors of Senegalese society reject violence in favor of a full and active democratic process."

On February 26, Senegal conducted a Presidential election, which was described by observers as peaceful, orderly, and transparent. The election resulted in a runoff between the incumbent President and an opposition candidate. Senegal will hold a second round of voting on March 25. MCC continues to closely monitor the events in Senegal, in coordination with the U.S. Embassy in Dakar. The agency has informed the Government of Senegal that both the quality of the election and the nature of the government's response to protests, if any, could have serious implications for Senegal's compact. MCC continues to track events in collaboration with the U.S. Embassy and pay careful attention to the reports of independent observers and election monitors on the ground.

The MCC is negotiating second compacts with countries which are in the process of completing initial compacts. The agency has set forth guidance for determining eligibility for second compacts including progress toward compact results, the nature of the country's partnership with the agency and the degree to which the agency has implemented the compact in accordance with the agency's policies. I have concerns about this evaluation process, somewhat based on the second compacts that are being initiated. For instance, the committee recently received congressional notification of a second compact with Cape Verde.

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- Was there a thorough evaluation process conducted to determine if a second compact was warranted?

Answer. Yes. MCC has a rigorous and transparent process for selecting countries for compact eligibility, and Cape Verde emerged as the first country eligible to compete for a second compact. Every September, MCC publishes a Selection Criteria and Methodology Report that outlines how countries will be evaluated for compact eligibility, including the criteria for selecting countries for second compacts.

Cape Verde was initially selected for compact eligibility in fiscal year 2010 based on the evaluation process laid out in the "Fiscal Year 2010 Selection Criteria and Methodology Report."

Cape Verde is an African success story whose strengths in political and economic governance are widely recognized, and performs well on MCC's scorecard.

- In terms of Ruling Justly indicators, Cape Verde regularly scores in the top 15 percent of all MCC candidate countries for each and every Ruling Justly indicator. This performance was recognized elsewhere when former President Pires was awarded the African leadership prize by the Mo Ibrahim Foundation for his leadership in making Cape Verde a model of democracy and stability.
- In terms of Investing in People, Cape Verde is on track to reach most of the MDGs by 2015.
- In terms of Economic Freedom, the World Bank reports on "Cape Verde's strong track record of macroeconomic management and solid structural reforms" and notes that growth has been driven by strong public and private investment.

For fiscal year 2010, when determining eligibility for a second compact, MCC considered, among other factors, the country's policy performance using the selection criteria and methodology outlined in this report, the opportunity to reduce poverty and generate economic growth in the country, the funds available to MCC to carry out compact assistance, and the country's performance implementing its first compact.

To assess implementation of a first compact, the MCC recommends that the Board consider the nature of the country partnership with MCC, the degree to which the country has demonstrated a commitment and capacity to achieve program results, and the degree to which the country has implemented the compact in accordance with MCC's core policies and standards. In selecting Cape Verde for a second compact, MCC recognized Cape Verde's strong policy performance, impressive reforms, and achievements of the initial compact. The country's technical capacity, political will, and willingness to contribute its own resources were also important considerations.

MCC's experience with Cape Verde revealed a reform-minded democracy, committed to transparency and interested in improving government effectiveness. The initial partnership with MCC created new incentives for Cape Verde to continue existing policy reforms at the national level, implement new reforms at the sector level, and improve its performance on the scorecard indicators.

Question (#126). How are we ensuring that governments are not under the impression that a second compact is a given? I am very concerned that in an effort to fully utilize MCC funds, the agency may be moving forward too hastily on second compacts.

Answer. MCC's Board is particularly selective when determining eligibility for follow-on partnerships. In addition to good policy performance, countries must show meaningful progress toward achieving first compact results before being considered for a subsequent compact. Of the ten countries that will conclude first compacts by the end of 2012 (Armenia, Benin, Cape Verde, El Salvador, Ghana, Georgia, Honduras, Mali, Nicaragua, and Vanuatu), MCC's Board has selected five as eligible for subsequent compacts—Cape Verde in fiscal year 2010, Georgia and Ghana in fiscal year 2011, and Benin and El Salvador in fiscal year 2011.

MCC communicates very clearly to its partner countries that second compacts should not be assumed. This message is transmitted frequently and consistently to countries that express interest in second compact eligibility.

MCC's engagement with partner countries is by no means open-ended. MCC carefully considers each country partnership based on the country's policy and implementation performance, as well as the opportunities to have an impact on growth

and poverty reduction. This includes consideration of the potential sustainability of MCC's investments, and the country's ability to attract and leverage public and private resources in support of development. Selective, effectively targeted programs, such as those financed by MCC, are critical to ending the cycle of aid dependency, ensuring sustainability, and promoting country ownership.

MCC's use of subsequent compacts is focused on helping countries solidify a sustainable economic growth path that attracts private investment and allows countries to move away from dependence on aid. Plainly stated, MCC does not intend to have open-ended relationships with countries. Selective subsequent compacts, however, do play a pivotal role in MCC's ability to reduce poverty and promote sustainable economic growth, and provide opportunities for both MCC and its partner countries to explore innovative programs, including strategic partnerships with the private and nongovernmental sectors.

Question (#127-129). Trade/Business Agency Streamlining.—The White House has sent notification of its intent to consolidate certain trade and business agencies, including the Overseas Private Investment Corporation and the Trade and Development Agency. Streamlining government is a laudable effort; however, we must be thoughtful in the process and carefully evaluate the effects and results.

- What are the actual savings of such consolidation? We have not yet been presented with a detailed picture of what the resulting Department will look like. In fact, we've been presented with very little information overall.
- Will these agencies with divergent missions be able to effectively function under one roof?
- Will such consolidation actually benefit U.S. companies and workers which are struggling to survive in these difficult economic times?

Answer. At this time, the Department is not involved in the consolidation of these trade and business agencies. We respectfully refer you to the White House.

Question (#130). In response to a letter last summer on polio eradication efforts in Pakistan, I received a letter from Deputy Secretary Nides informing me that the State Department was prepared to shift \$4.5 million from FY 2010 maternal and child health programs to bolster polio eradication efforts in Pakistan. This was to be combined with \$2 million that was already allocated for these efforts for FY 2011.

- Were those funds actually shifted?

Answer. Yes, the \$4.5 million in FY 2010 Maternal and Child Health (MCH) funds were shifted and combined with \$2 million in FY11 funds to bolster polio eradication efforts in Pakistan. Overall, a total of \$10 million in MCH funds has been committed to polio for FY 2010 and FY 2011 in Pakistan. This includes the \$4.5 million shifted from FY 2010 MCH funds, the original \$3.5 million of FY 2010 MCH funds, and the \$2 million in FY 2011 funds, allocated to bolster polio eradication initiatives implemented by the World Health Organization (WHO) and UNICEF in Pakistan.

Question (#131). How much is expected to be spent on continued eradication efforts in Pakistan?

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

Question (#132). The administration's FY 2013 budget gives a large increase to GAVI Alliance to help meet the administration's multiyear pledge. Will those additional funds come at the expense of other USG vaccination programs, both bilateral and multilateral?

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

the rollout of pneumococcal conjugate and rotavirus vaccines to combat pneumonia and diarrhea, the two leading killers of children, and strengthening logistics systems.

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

The FY 2013 GAVI contribution will not negatively impact bilateral investments needed for immunization system development. The administration recognizes that vaccines alone cannot achieve the objectives set forth by the international community to significantly reduce childhood deaths due to vaccine preventable diseases. Therefore, in addition to the GAVI Alliance contribution, the USG is playing an active role in assisting countries to build the systems to bring lifesaving vaccines to every child in a sustainable manner. USAID collaborates with other USG agencies, as well as international organizations, private sector groups, and the NGO community, to ensure that countries have access to the support that they need to bring the vaccines purchased through GAVI to every child. Bilateral and multilateral activities to build immunization capacity at the local and national level in recipient countries will continue to receive support to ensure that vaccine investments made through the GAVI Alliance are maximized.

Question (#133). What is the proposed FY13 funding level of non-GAVI related vaccination programs?

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

USAID collaborates with other USG departments and agencies, as well as international organizations, private sector groups, and the NGO community, to ensure that countries have access to the support that they need to bring the vaccines purchased through GAVI to every child. The streams of funding that support these two critical areas are synergistic and do not detract from one other. Bilateral and multilateral activities to build immunization capacity at the local and national level in GAVI Alliance recipient countries will continue to receive the support they need to make sure that the vaccine investment made through GAVI and bilateral programs is maximized.

Question (#134). I was pleased to learn of the recent polio eradication effort success in India; however, I am troubled about the setbacks we have seen with efforts in Afghanistan's polio eradication program. The United States has been a strong partner on this front.

- Is there more that the United States could be, and should be, doing to increase the immunization rates in Afghanistan?

Answer. We share concerns about polio incidence in Afghanistan. Taking into account efforts to promote Afghan leadership of the health system, USAID is providing strong support to facilitate polio eradication efforts by working in partnership with the Ministry of Public Health in Afghanistan and the United Nations. Given the public health emergency situation, USAID is exploring how we can leverage our existing programs and resources across all sectors to help UNICEF and WHO's polio eradication efforts nationally, and in high-risk districts in both countries where wild poliovirus still circulates. Supplemental activities currently under consideration include: increasing awareness and acceptance of polio vaccination in conjunction with UNICEF's plan for a multimedia mass communication campaign customized for the local context; enhancing local ownership and coordination in partnership with the Global Polio Eradication Initiative in Afghanistan; increasing vaccination coverage, including through strengthening the existing surveillance network and routine immunization infrastructure; improving the capacity of the vaccinator pool, and doing more work at the border to prevent cross-border transmission.

Question (#135). PEPFAR.—In December, during his World AIDS Day Address, President Obama announced that by the end of 2013, the United States will be supporting 6 million people on antiretroviral treatment. That is a 50-percent increase of where we were at the end of 2011—a number that took up 8 years and tens of billions of dollars to reach. The administration's 2013 budget cuts funding for bilateral HIV/AIDS programs.

How do you envision meeting that ambitious goal in such a short amount of time, with less funding?

Answer. Since the beginning of this administration, our focus has been on saving more lives. The President set ambitious new goals on World AIDS Day 2011, including support for treatment of 6 million people, reaching more than 1.5 million HIV-positive pregnant women for prevention of mother-to-child transmission, supporting more than 4.7 million voluntary medical male circumcisions, and distributing more than 1 billion condoms—all by the end of FY 2013. With the FY 2013 budget, we can achieve these goals, continue the strong history of U.S. leadership on HIV/AIDS, and continue to work for an AIDS-free generation.

In light of the President's commitment, we carefully considered the PEPFAR bilateral funding level needed to ensure that the targets will be achieved. Our models show that the appropriation we have already received for FY 2012, along with our request for FY 2013, will keep us on track to meet the goals.

In FY 2013, PEPFAR will continue efforts to support greater impact and efficiency through smart investments, improve the quality of collected data, and ensure that country programs continue to reflect the realities of the epidemic at the local level so that we can target our investments to maximize impact. As an example of how PEPFAR has been able to increase its impact, PEPFAR has reduced the cost of treatment per person per year from over \$1,100 to \$335. Lower costs of drugs, bulk purchasing, and simple changes like shipping medication by ground instead of air have reduced the cost of treatment dramatically. Given the efficiencies that PEPFAR has built into its system, we are confident that we will be able to reach the goals under this budget.

Question (#136). The administration's FY 2013 budget request proposes to shift \$250 million from FY 2012 PEPFAR bilateral program funds to go the Global Fund to Fight HIV/AIDS, Malaria, and Tuberculosis. The budget also proposes allocating the Global Fund \$1.65 billion FY 2013. Is it the administration's view to shift HIV/AIDS program funds from bilateral programs to multilateral entities?

Answer. Global AIDS is a shared responsibility. The U.S. bilateral programs cannot meet the global AIDS challenge alone, and are most effective with a robust Global Fund. This year in particular, our budget decisions came down to recognition that we have a unique opportunity to ensure that bilateral programs continue to meet the President's goals while also strengthening our most critical donor partner in the global AIDS response—the Global Fund to Fight AIDS, Tuberculosis and Malaria. Because each dollar the United States invests in the Fund leverages \$2.50 from other donors, an increased U.S. investment at this time is crucial for increasing the commitment of others to meet the shared responsibility.

The USG continues to work to increase collaboration between PEPFAR and Global Fund-financed programs on the ground to reach more people in more countries with higher quality services and directly leverage the results of the Global Fund. PEPFAR and the Global Fund have developed and expanded our collaboration over the past several years. At the country level, the Global Fund, PEPFAR, and partner countries collaborate—in areas ranging from grant management, technical assistance and capacity-building, to the provision of antiretroviral drugs and joint programming—working hand in hand in-country to save and improve lives. The two organizations coordinate strategically at the global, regional, and country levels to ensure that resources are used efficiently and effectively. PEPFAR needs a well-functioning Global Fund to achieve our bilateral program targets and overall goals, and the Global Fund needs PEPFAR to ensure quality and strong program management. If either the Fund or PEPFAR bilateral are underresourced, there will be negative repercussions for both programs that will threaten our ability to achieve a sustainable response.

In October 2010, USG tied its multiyear pledge to the Global Fund to successful implementation of reforms that increase the impact of grants. The Fund took decisive action in adopting comprehensive reforms last year, and now is the time to implement those far-reaching changes as expeditiously as possible. We are very pleased with the appointment of the Fund's new General Manager who has promised to advance the reform agenda as rapidly as possible, and with his steps to improve fiduciary oversight and grant management. The increased funding for the Global Fund will keep the United States on track to fulfill its pledge, but even more important, it will mitigate risk to the PEPFAR bilateral program and those it serves.

This shift for FY 2013 responds to the unique moment we have and our opportunity to take action. In future years, we will again consider the right mix of U.S. investments to move us toward the goal of an AIDS-free generation.

Question (#137). Since there is no new additional funding coming into the global AIDS program, where will this money come from?

Answer. Through a combination of declining costs, greater efficiencies, high-impact interventions and increased cost-sharing with partner countries and the Global Fund, every dollar we invest through PEPFAR is going farther. The following are some of the key factors that provided us with the assurance that we will be able to meet the President's goals with this budget.

First, we are targeting shifts in resources toward treatment at a time when treatment costs are coming down. This is allowing us to greatly increase the number of people supported on treatment to our target of 6 million people by the end of FY 2013. PEPFAR's per-patient cost of providing treatment has declined from over \$1,100 per patient per year to approximately \$335 in 2011, and we are convinced that further gains in efficiency are achievable. We are also experiencing gains by using generic drugs, shipping commodities more cheaply, shifting health worker tasks as appropriate, linking AIDS services to the broader health system, and collecting and using data on the costs of providing services. Taken together, these developments allow PEPFAR to do much more treatment for less.

Our increases in treatment are matched by better use of our prevention dollars. We are reallocating funds from lower impact prevention interventions to both treatment as prevention and high-impact prevention interventions. For example, PEPFAR is leading the effort to expand voluntary medical male circumcision in eastern and southern Africa where it will have the most impact. Circumcision is a one-time procedure that confers a large lifetime prevention benefit, both to the individual and to others in his community. By increasing our total investment in circumcision, we are multiplying our impact on the virus. And as we gain experience conducting successful high-volume campaigns and new circumcision devices become available, the average cost of a circumcision will drop even further.

Another area that has freed up resources for treatment is the reduced need for non-ARV care for people living with HIV. Increasingly, HIV is a chronic disease that PEPFAR programs are managing on an outpatient basis, rather than in the hospital. By getting people on treatment sooner and keeping them healthy, PEPFAR is averting the opportunistic infections that have driven up care costs.

PEPFAR has worked to partner with countries in the global AIDS fight, and countries are stepping up and increasingly taking on services we once provided. This is most striking in the lower middle-income countries of southern Africa—South Africa, Botswana, and Namibia. In South Africa, the government has more than doubled its commitment on HIV/AIDS in recent years to well over \$1 billion per year. A special 2-year “bridge funding” commitment by PEPFAR to provide ARVs in South Africa (with aggressively negotiated pricing) was highly successful in enabling the government to launch its own increased purchasing of ARVs with newly negotiated low prices. The government is now approaching the goal of providing all ARVs needed in-country, with added support from the Global Fund, enabling PEPFAR to move increasingly to a supportive technical assistance role that will allow for lower budget allocations as we shift from service delivery to an advisory role. This is shared responsibility for HIV/AIDS at work.

In other countries, specific contextual factors have dictated a downward adjustment for FY 2013. We were able to use prior-year funding to continue several multiyear special initiatives—like the Medical and Nursing Education Partnerships—thus freeing up resources that allow us to strengthen the Global Fund.

Question (#138). Will country teams have to reprogram funds in order to adjust to the funding shift?

Answer. Country teams will not need to reprogram in order to adjust to the budget—they will still have the resources they need to achieve the goals. Country teams may seek to reprogram for other reasons as country priorities shift, but this budget will not require such reprogramming.

Question (#139). Commission on Wartime Contracting : On p. 182 in your QDDR, you state the need to:

Elevate accountability for planning and oversight of large contracts. Procurement planning focuses on soliciting, evaluating, negotiating, and awarding contracts. Many contracts are well into their performance phase before an adequate contract administration strategy is established or resources for contract administration are identified. Contract administration planning must take place at program inception. Sufficient resources for contractor oversight, support, travel, communications, and other appropriate resources will be identified and included as part of the contracting process itself. Each Assistant Secretary at State will be required to certify personally that program planning and oversight is adequate for every service contract valued at an annual expenditure of \$25 million or more. Assistant

Secretaries will verify in their annual management control statements that they have reviewed implementation plans and oversight arrangements for these contracts and have judged the oversight to be sufficient.

This note falls in line with the Commission on Wartime Contracting's recommendation #6: "Elevate the positions and expand the authority of civilian officials responsible for contingency contracting at Defense, State, and USAID." And yet, the Acquisitions office, led by the senior most acquisitions specialist in the department, responsible for some \$8 or \$9 billion in contracts and grants, is six bureaucratic levels below you, and no one above that individual is an acquisitions or contracting specialist; they are all Foreign Service officers or political appointees.

In a response to the CWC recommendations, the Department of State stated this model is "most suitable to support its contingency needs" and that the professional acquisition staff is "sufficient" and the work above her level is "overseen" and "consistently coordinated."

With great respect for the strong team you have in place, and the Under Secretary for Management, the structure is inadequate for the increasing demands the country is placing upon it, and it appears you have ignored your own recommendation, as well as the CWC's.

- Please detail for the committee how you will (using your own words), "Elevate accountability for planning and oversight of large contracts." This is not an OIG or inspection function, it's a management function.

Answer. The Department acknowledges that its contracting function has grown considerably over the past few years. Although not as large as that of DOD or other Federal agencies, State's contracting activity grew from \$1.8 billion in 2001 to \$8.8 billion in 2011. Most of this growth was for programs in Iraq and Afghanistan.

As our contracting activity increased, we faced two challenges: (1) we needed additional acquisition personnel to support our procurement efforts; and (2) the requirements offices needed to better support our acquisitions with up-front planning and contract administration oversight.

The Department of State increased acquisition staff using funding in a Working Capital Fund, which is generated through a 1 percent fee on all procurements. Using a Working Capital Fund allows the Department to rapidly right-size our procurement staff to the acquisition workload. As an example, we hired 103 additional procurement staff since 2008. This professional acquisition staff is capable of handling \$9 billion in contracting a year.

The Department of State acquisition model uses a centralized contracting approach to consolidate and coordinate resources. A Washington, DC-based central office staffed with acquisition professionals provides primary and backup acquisition support for operations in Iraq, Afghanistan, Haiti, and other worldwide locations. Two Regional Procurement Support Offices provide additional forward deployed support. The Department centralized the acquisition of worldwide local guard services using this Washington, DC-based approach with great success.

The Chief Acquisitions Officer (CAO), as required by Congress, is a noncareer, politically appointed, position. That position at the Department is currently filled by a Senate-confirmed, career Senior Foreign Service officer with worldwide experience with our acquisition needs and challenges, as well as experience working with our Department of Defense colleagues. The Head of Contracting Activity (HCA), as acknowledged by the committee, is a seasoned professional with a solid record of acquisition accomplishments.

The Chief Acquisitions Officer works hand in hand with the Under Secretary for Management on acquisition issues, especially contingency contracting. Major decisions on contingency contracting policy, such as how to strengthen private security contractor oversight, are led by the Under Secretary for Management. There have not been acquisition issues whose solutions have been impeded by the current flexible, well coordinated structure.

Contracting is a team effort at the Department with close relationships between acquisition and requirements personnel; collaboration is essential to anticipate upcoming requirements, allow sufficient lead time, consider various methods of procurement, and otherwise increase the efficiency of the acquisition process. In this team approach, acquisition personnel support requirements office personnel by contracting for program needs in accordance with laws and regulations, and requirements office personnel support acquisition personnel by assuming an active role in the acquisition process and contract administration. This collaboration is necessary for effective implementation, execution, and accomplishment of a contracting program. While this team approach had been set out in the Foreign Affairs Handbook since at least 2005, we found that our requirements office personnel needed to take

a more active role in contracting and that accountability for contract administration needed to be enhanced.

The Department acknowledges that improvements are always possible in our contracting oversight and management, and we continue to look for ways to enhance accountability for contracting throughout our organization. The examples of contracting challenges cited by the CWC in its final report are not a function of the organizational location or strength of our acquisition staff, but rather of the need for more effective contract administration support.

To elevate accountability for contracting, the QDDR team established that the Assistant Secretary of a performing Bureau needed to ensure that adequate resources, both personnel and funding, are identified early in program planning to make certain contract administration is not an afterthought. Department guidance issued in a Procurement Information Bulletin in June 2011 requires the cognizant Assistant Secretary to certify that planning and oversight is adequate for every service contract valued at an annual expenditure of \$25 million or more, and also to verify in their annual management control reviews that they have examined these contractual arrangements and judged oversight to continue to be sufficient.

Further, responsibility for effective contract administration was elevated when all Department employees were reminded of the importance of planning for sufficient contract resources throughout the life of the contract, most recently through the issuance of a Department Notice in January 2012, which reiterated the Assistant Secretaries' responsibilities.

The January 2012 Department Notice on planning for adequate contract resources reminded all staff that, "Effective contract administration is a critical core competency in the procurement process. Contract administration planning should take place at the beginning of the procurement process as an essential part of the acquisition plan. Such plans shall be developed by the Bureau technical program office and should consider an initial assessment of resources required for contractor oversight, support, travel and communications. Planning must also take into account the need for multiple technical monitors based on geographic dispersion and multiple technical disciplines. Program offices must identify financial and other resources that are reserved for implementation of contract administration."

We believe our ability to increase our acquisitions staff through the Working Capital Fund—hiring 103 staff since 2008, coupled with the steps taken to elevate accountability of the requirements offices for contracting—serves as a solid foundation for our contracting function at State.

Question (#140-141). In the Commission on Wartime Contracting's final report to Congress, it made a recommendation (#11) to "improve contractor performance-data recording and use." In the State Department's response to this recommendation, it indicated that State "agrees with this recommendation, and looks for implementation with a Federal Acquisition Regulation (FAR) change."

- Has State promulgated or recommended such a change?
- What progress is being made to make this change in order to follow through on addressing this recommendation?

Answer. The Department agrees in part with the Commission on Wartime Contracting's (CWC's) Recommendation #11. However, we note that the CWC's recommendation is actually directed at Congress, stating that "Congress should direct agency heads to improve contractor performance-data recording and use."

Assuming that Congress concurs with this CWC recommendation, we believe that implementation is best achieved with a Federal Acquisition Regulation (FAR) change. Amending the FAR is a collaborative process; the Department of Defense (DOD), GSA, and the National Aeronautics and Space Administration (NASA) jointly issue the FAR for use by executive agencies in acquiring goods and services.

To clarify State's position on CWC Recommendation 11, which the CWC broke into three subrecommendations:

1. *Allow contractors to respond to, but not appeal, agency performance assessments.*
State agrees with this part of the recommendation.

2. *Align past performance assessments with contractor proposals.*

State understood this recommendation to require that, when evaluating contractor proposals, only the performance evaluations included in the past performance database could be used. This would exclude commercial information, state government data, and any other surveys State might want to conduct concerning a contractor's past performance. As such, we disagree with the recommendation, finding it to be too restrictive, and contrary to the best interests of the U.S. Government and the American taxpayer.

3. *Require agencies to certify past performance information.*

We do not agree that requiring contracting officers to certify the use of the database would increase use of the database. The availability of relevant data and ease of collection would encourage use.

Question (#142-144). The idea that our missions in Iraq and Afghanistan will rely on contractors is no longer new or surprising. Nevertheless, the size and scope of the contractor force that you will be hiring, numbered at some 14,000 in Iraq alone, presents challenges to Embassy Baghdad, the Consulates, and the Management and Acquisitions team back here in the States. Your Inspector General Howard Geisel stated in a meeting with my staff, “The biggest single problem in these situations is the Department having enough qualified contracting officer representatives (CORs) within the missions and in the contingency regions.”

According to the CWC, despite this growth, “. . . the number of contract specialists . . . rose by only 3 percent governmentwide between 1992 and 2009.” In many instances, you have hired temporary personnel, or are relying on the Department of Defense to do the Department of State’s contracting oversight—for instance some 52 DCMA personnel support your Iraq contracts. I am further concerned that so much of this COR work is done remotely and that so few State-Department personnel are in the field with the contractors.

- What new authorities or new funding do you need to increase the number of trained, full-time, U.S. Government contract oversight specialists?
- Considering the worldwide demand, how many CORs do you project needing in the next 5 years and how many are on permanent hire with the Department?
- If no new authorities or funding are needed, what is preventing your hiring and deploying more CORs?

Answer. The Department’s contracting function has grown from \$1.8 billion in 2001 to \$8.8 billion in 2011, mostly because of growth for programs in Iraq and Afghanistan. As our contracting activity increased, we have hired additional Acquisitions Management staff using funding in the Working Capital Fund, which is generated through a 1-percent fee on all procurements. The Working Capital Fund has provided sufficient funding for this staffing surge, and State has hired 103 additional staff in the Office of Acquisitions Management since 2008.

Working as team members with our Acquisitions staff, Contracting Officer Representatives (CORs) are U.S. Government employees from the requirements office who monitor contract performance. The Contracting Officer from Acquisitions strives to appoint a COR as soon as a requirement is initiated, so that the COR can assist in the solicitation process. The Contracting Officer may appoint an individual—a U.S. Government employee known as a government technical monitor or GTM—to assist the COR in monitoring a contractor’s performance.

Over the past few years, we have trained and deployed more CORs. In FY11 the Department had 1,080 employees certified to carry out COR duties and projects an increase to 1,200 in FY12. We have taken steps to improve our initial planning and continued oversight of contracts by our requirements offices. Examples of improvements that State has made include:

- We mandated upfront planning for contract administration on major programs, and require that the Assistant Secretary of the requirements office ensure adequate contract administration resources, both personnel and funding.
- The Department increased the number of CORs assigned to contracts in Iraq and Afghanistan.
- The Department of State has updated COR training to be more interactive, skills-based and adult-learning focused.

Training: All CORs and GTMs, both domestic and overseas, must complete a 40-hour approved training course. Available training has been expanded by launching a skills-based COR class in May 2011 at the Foreign Service Institute (FSI). A separate basic class has been tailored for CORs from the Bureau of Diplomatic Security to include oversight of local guards and other security programs overseas. The 40-hour Defense Acquisition University (DAU) online basic COR course is being adapted for Department of State online COR training and includes overseas contracting considerations. We hope to have it available to students by summer 2012. In addition to basic COR training, FSI offers a number of courses on contract related topics such as procurement integrity, negotiation, program management, and cultural sensitivity, both on campus and online. The DAU course, “Mission Support Planning,” recommended by the CWC, is offered by FSI as an online course.

COR Performance: In January and April 2011, we issued Department notices reminding staff of the requirement to include work elements for CORs and GTMs in performance appraisals and to seek the Contracting Officer’s feedback on COR performance. The April 2011 notice provided guidance on critical work elements for

supervisors to include in COR and GTM performance appraisal plans (or Employee Evaluation Reports).

The Department created a COR Award to highlight contract administration achievements by the COR, and published an article in the May 2011 State Magazine highlighting the importance of contract administration and the valuable role of the COR.

Requirements Offices: With regard to the Department's program offices, we have instituted enhanced planning for technical contracting support, including adequate COR support. The Bureaus of International Narcotics and Law Enforcement Affairs (INL) and Diplomatic Security (DS), the two Bureaus most heavily involved in overseas contingency contracting, have both significantly increased resources to support contract administration.

We instituted operational measures and increased contract oversight to ensure professionalism and responsibility over private security contractor (PSC) personnel. DS is staffed to achieve this oversight in Iraq and Afghanistan. DS's actions for management, oversight, and operational control of PSC personnel include:

- DS Special Agents at each post in Iraq and Afghanistan serve as managers for the Static Guard and Personal Protective Security programs;
- DS Special Agents at each post and in headquarters also serve as CORs and assistant CORs (A/CORs) for the direct management and oversight of the Worldwide Protective Services (WPS) contract; and
- DS personnel at each post are assigned as GTMs to assist the CORs and A/CORs in the field with the oversight of the WPS contract.

Among its measures to improve ongoing contract administration, INL has increased the number of program officers and contract administration personnel in the field and at headquarters. INL also has improved the accessibility of contract management staff to COR files by instituting remote electronic access from the field to headquarters.

Use of Defense Contract Management Agency: Prior to the final withdrawal of U.S. troops from Iraq in December 2011, we worked very closely, every day, on an unprecedented level with our DOD colleagues on implementing the transition, and we continue to use DOD resources in theater. The joint DOD Equipping Board identified more than 3,260 individual pieces of equipment worth approximately \$224 million to be transferred as excess, sold, or loaned to State; sustainment for this equipment is being provided on a reimbursable basis through a contract managed by the Army Sustainment Command at Rock Island. We are procuring life support services under DOD's competitively awarded Logistics Civil Augmentation Program or LOGCAP IV. We implemented a full range of IT support services, in many cases partnering with DOD to improve efficiency and reduce costs.

Because we rely on these DOD contracts in Iraq, we sought support from DOD, including using the Defense Contract Management Agency (DCMA) to monitor contractors' performance and management systems, and to protect U.S. Government property. DCMA staff are on the ground and experienced with these contracts, and we believe using DCMA for this contract support is a prudent use of available resources. DCMA provides contract administration services to many Federal agencies. DCMA support is paired with Department of State CORs on DOD contracts.

The Department found that use of temporary Civil Service staffing authority is very useful in acquiring contract administration resources and we appreciate congressional support of this flexibility as well as for the President's Department of State budget requests.

The Office of Acquisitions Management (AQM) has been using the OPM delegated Direct Hire Authority (DHA) for Acquisition Positions since March 2010. As a result, AQM has been able to successfully recruit professional acquisition force direct-hires as a result of this authority. The DHA ends for the entire Federal Government on September 30, 2012. Extending this authority for 4 years (or indefinitely) will allow the Department to continue to recruit talented professionals, thereby adding to the existing professional government acquisition corps.

Question (#145). Iraq/Afghanistan Personnel Casualties.—What system do you have in place for tracking State and USAID contractors in Iraq and Afghanistan?

Answer. The Department uses the DOD Synchronized Pre-Deployment Operational Tracker (SPOT) as the official database to account for contractors in Iraq and Afghanistan.

Question (#146). Please provide to the committee killed and wounded figures for the conflicts in Iraq and Afghanistan.

Answer. Since the beginning of the conflicts in Iraq and Afghanistan, there have been a total of six deaths of direct hire Foreign Affairs employees—with the break-

down being one death in Afghanistan and five in Iraq. This number includes all Foreign Affairs employees from all agencies, excluding the Department of Defense.

However the question of injury is a more complex issue. The number of Foreign Affairs employees that have been wounded during these conflicts varies depending on the type and severity of injury and when and where the injury occurred. The statistic that we have that most adequately captures the total number of injures in Iraq and Afghanistan is 190 injuries since the start of the conflict. We do not have data that indicates how many of these injuries are conflict related (e.g., mortar attack), and how many are routine (e.g., car accident).

The Department does not have historic data on contractors killed and wounded as we only recently began tracking this data. The data for FY 2011 for the State Department is as follows:

U.S. DEPARTMENT OF STATE CONTRACTORS KILLED OR WOUNDED IN PERFORMANCE OF DUTIES IN IRAQ OR AFGHANISTAN DURING FY 2011

	Killed	Wounded	Total
Afghanistan	7	6	13
Iraq	0	10	10
Total number of contractor personnel killed or wounded	7	16	23

Data Source: Department Bureau Offices. Collected by a census process on a quarterly basis.

*The 7 deaths from Afghanistan were Afghan Nationals supporting mine clearance operations.

Question (#147). Somalia.—The recent decision to support and contribute to the expanded U.N. Support Package for the African Union Mission in Somalia appears to pursue a similar approach proven misguided in the past; a foreign occupying force in a hostile country with few allies among the Somali population and a fundamentally flawed and incompetent government entity propped up by the international community. Compounding this further is the fact that the international community has little if any operational plan, lacks strategic agreements among the partner nations as to their respective roles or purposes, and has a decade-old and anemic political process which has marginal positive influence on the conflict.

- Why should the United States agree to fund an expansion of this mission to triple the force from its original size and widely expand its mandate across the country with circumstantial evidence of some recent international interest in resolving this decades-long conflict?

Answer. Stabilizing Somalia remains critical for our national security, counterterrorism, and foreign policy interests. The United States designated al-Shabaab as a Foreign Terrorist Organization in 2008, and the group announced its formal merger with al-Qaeda in early 2012. Al-Shabaab continues to use Somalia as a safe haven and base of operations and extremists in Somalia may threaten the United States and its interests. The ongoing conflict in Somalia, exacerbated by al-Shabaab, has bred instability across the Horn of Africa, displaced millions of Somalis, and fomented one of the world's worst humanitarian crises.

The success of the African Union Mission in Somalia (AMISOM) is essential to achieving our national security goals in Somalia. Strengthening and expanding AMISOM is critical for establishing secure space for stabilization efforts and governance to take shape in southern and central Somalia. Legitimate governance and political reconciliation cannot take hold as long as al-Shabaab remains in control of large sections of southern and central Somalia.

Regional efforts to combat al-Shabaab are degrading the group's capability to destabilize Somalia and the surrounding region, and are also intensifying preexisting fissures within the organization. It is critical that we help AMISOM to keep the pressure on the organization at this moment when it no longer controls Mogadishu, has ceded large swaths of territory, and is engaged in battles on multiple fronts.

The Somali National Security Forces are playing a significant part in combating al-Shabaab, but they are not yet capable of operating on their own or holding territory for a sustained period of time without external support. Therefore, AMISOM's reach must be expanded in order to extend the reach of legitimate governance.

We believe that the current international attention on Somalia is not fleeting—rather, we are seeing more and more partners step up with more than just words by providing actual resources. There was strong support for AMISOM expansion among countries in the region, the AU, and the U.N. Security Council. The U.K.-hosted London conference on Somalia significantly raised the profile of Somalia issues and reflected the high level of interest in the international community.

In addition to the U.S. and EU support, we are now seeing less traditional donors such as Turkey step up with significant assistance for humanitarian, development and security sector reform efforts. Even China recently committed publicly to provide additional resources to AMISOM. We are strongly committed to ensuring that the United States is not left to carry the burden in terms of support for AMISOM and the Transitional Federal Government alone. We have consistently made clear to the AU the need to expand the pool of donors for both efforts.

Question #148. What specific agreement has Kenya made in having their ill-conceived incursion and ill-experienced force fall under AMISOM authority?

Answer. On February 22, the U.N. Security Council unanimously adopted Resolution 2036, which increased the mandated troop levels and expanded the mandate of AMISOM, thereby providing the opportunity for the AU to incorporate Kenyan forces into the AMISOM mission. AU and Kenyan officials are in the midst of formalizing the arrangement to incorporate Kenyan forces in Somalia into an expanded AMISOM. Once these Kenyan forces are officially part of AMISOM, Kenya will be eligible to receive the logistics support package from the U.N. Support Office for AMISOM (UNSOA) referenced in UNSCR 2036 that is provided to all Troop Contributing Countries.

Question #149. What are the concrete commitments by troop-contributing countries to date?

Answer. As of March 13, the African Union (AU) lists the nominal force strength of the African Union Mission in Somalia (AMISOM) as 9,779 troops, which includes 5,138 Ugandans, 4,445 Burundians, 100 Djiboutians, and 76 multinational headquarters staff officers. Uganda and Burundi will deploy a combined 2,500 additional troops (on top of their current commitments) to AMISOM. Uganda's intended augmentation unit will complete training in April 2012. Burundi's intended augmentation unit will complete training in early May 2012. Djibouti has committed politically to deploying a full battalion of at least 850 personnel (including the 100 currently deployed). There remain outstanding management issues that have slowed completion of the deployment. Sierra Leone has committed to providing a battalion of 850 personnel to the mission, which would replace a Kenyan battalion in southern Somalia, according to AMISOM's latest Concept of Operations.

Kenya has officially committed between 4,400–4,600 troops to the mission, although AU officials and Kenya are still negotiating final arrangements to formalize the incorporation of Kenyan forces into AMISOM. The U.N. Support Office for AMISOM (UNSOA) will conduct a predeployment visit with the Kenyan forces to determine the troop numbers, equipment classification, and equipment reimbursement rates, which will then be formalized in a Letter of Assist.

Question #150. What further commitments are there relative to this expansion to the full complement given that even the last increase has not been achieved?

Answer. If all of the AMISOM troop commitments made as of February 28 are met (up to their full level), AMISOM will reach its full mandated force strength of 17,731 personnel. There are no additional commitments beyond those listed in the answer to QFR #149, nor could additional commitments be incorporated under the mandated force strength unless the mandate is further revised or current commitments are not met.

Question #151. What does the full complement of the intended "support package" contain by way of equipment, supplies, weapons, and funding?

Answer. The United Nations Support Office for the African Union Mission in Somalia (UNSOA) has provided the logistical support for AMISOM since the adoption of U.N. Security Council Resolution 1863 (2009). U.N. Security Council Resolution 2010 (2011) authorized and further enhanced the continuation of the U.N. logistical support package until October 31, 2012.

UNSOA currently provides AMISOM troops, through assessed contributions, the following support items: water, food, fuel, power generation, maintenance, limited facilities construction, medical evacuation, limited medical support, communications equipment, kitchen equipment, stationery, and deployment/redeployment transportation. Assessed contributions also fund the U.N. Mine Action Service's advanced counterimprovised explosive device (IED) training for AMISOM troops.

U.N. Security Council Resolution 2036 (2012) authorized the expansion of AMISOM from 12,000 to 17,731 troops and authorized UNSOA to extend the existing logistical support package to the additional AMISOM troops, as well as expand the scope of that package to include additional elements such as contingent owned equipment reimbursement and the addition of critical enablers.

More specifically, the expanded package will add helicopters and fixed wing airplanes (the exact amounts have not yet been determined) that will support AMISOM's expanded areas of operation, as well as longer distance capacity vehicles (again, numbers not yet determined) to provide supplies through long overland lines of communication, additional combat engineering to provide route clearance (including counter-IED capability), and construction engineering to fortify positions.

Some of these logistics capabilities will be organic to AMISOM, some will be contracted. The exact mix of the two is currently being discussed by the AU and UNSOA.

Question #152. What criteria have been established to determine what elements of the support package is delivered when and to what entities?

Answer. Only African Union Mission in Somalia (AMISOM) troop contributing countries are authorized to receive logistics support, counter-IED training, and reimbursement of contingent owned equipment from the U.N. Support Office for AMISOM (UNSOA), up to a maximum of 17,731 uniformed and 20 civilian personnel. U.N. Security Council Resolution 2036 (2012) further reinforced this and requires the U.N. to ensure proper transparency and accountability, and application of internal controls to ensure that only AMISOM troop contributing countries receive UNSOA support. The United States is actively engaged with the U.N. and AU on these control measures to ensure proper utilization of resources.

UNSOA is currently working with the AU on how best to support logistically AMISOM's expansion beyond Mogadishu. The addition of force multipliers and enablers, including helicopters, is essential to provide AMISOM with greater operational capability and flexibility to degrade al-Shabaab.

Question (#153-155). United States assistance to Somalia includes bilateral, multilateral, and other avenues of funding including, humanitarian, diplomatic, technical capacity-building, peacekeeping, peacekeeper training, peripheral train and equip of neighboring forces, military and intelligence cooperation in the region, antipiracy, refugee and so on.

- What is the total cost of United States assistance for Somalia across all accounts on an annual basis from FY10 and FY11 broken out by source and purpose in bilateral and multilateral accounts?

Answer. U.S. foreign policy objectives in Somalia are to promote political and economic stability, prevent the use of Somalia as a haven for international terrorism, and alleviate the humanitarian crisis caused by years of conflict, drought, flooding, and poor governance. The total cost of United States assistance to support efforts in Somalia across the Department of State and the United States Agency for International Development (USAID) accounts in FY 2010 is approximately \$187 million and in FY 2011 is approximately \$246 million. The table below is a breakdown of foreign assistance funding by program objective, program area, and by account. State Department operations funding for Somalia is also included for both years.

SOMALIA FOREIGN ASSISTANCE BY ACCOUNT, PROGRAM OBJECTIVE AND AREA, FY 2010–FY 2011
[Dollars in thousands]

	FY 2010 actual total	FY 2011 actual total
USAID/State Somalia Foreign Assistance + State Operations Funding for Somalia TOTAL ¹	187,001	246,621
USAID/State Somalia Foreign Assistance TOTAL	185,861	245,969
Economic Support Fund	31,270	19,627
1 Peace and Security	12,000	8,436
1.6 Conflict Mitigation and Reconciliation	12,000	8,436
2 Governing Justly and Democratically	11,270	3,070
2.2 Good Governance	3,757	3,070
2.3 Political Competition and Consensus-Building	6,433	—
2.4 Civil Society	1,080	—
3 Investing in People	5,000	5,000
3.2 Education	5,000	5,000
4 Economic Growth	3,000	3,121
4.6 Private Sector Competitiveness	3,000	3,121
Global Health Programs—USAID	1,550	1,547
3 Investing in People	1,550	1,547
3.1 Health	1,550	1,547
Nonproliferation, Antiterrorism, Demining and Related Programs	2,353	2,000
1 Peace and Security	2,353	2,000

SOMALIA FOREIGN ASSISTANCE BY ACCOUNT, PROGRAM OBJECTIVE AND AREA, FY 2010–FY
2011—Continued
[Dollars in thousands]

	FY 2010 actual total	FY 2011 actual total
1.1 Counter-Terrorism	353	—
1.3 Stabilization Operations and Security Sector Reform	2,000	2,000
Peacekeeping Operations ²	102,000	75,300
1 Peace and Security	102,000	75,300
1.3 Stabilization Operations and Security Sector Reform	102,000	75,300
Regional/Central Foreign Assistance Funding for Somalia ³	48,688	147,495
State/AF Economic Support Fund (Partnership for Regional East Africa Counterterrorism)	1,200	—
1 Peace and Security	1,200	—
1.1 Counter-Terrorism	1,200	—
State/PM Peacekeeping Operations (Global Peace Operations Initiative) ⁴	15,818	12,247
1 Peace and Security	15,818	12,247
1.3 Stabilization Operations and Security Sector Reform	15,818	12,247
USAID/OFDA: International Disaster Assistance ⁵	16,667	46,620
5 Humanitarian Assistance	16,667	46,620
5.1 Protection, Assistance and Solutions	16,667	46,620
USAID/FFP: International Disaster Assistance ⁵	—	42,517
5 Humanitarian Assistance	—	42,517
5.1 Protection, Assistance and Solutions	—	42,517
USAID/FFP: Food for Peace Title II ⁵	15,003	46,111
5 Humanitarian Assistance	15,003	46,111
5.1 Protection, Assistance and Solutions	15,003	46,111
State Operations Funding for Somalia TOTAL	1,140	652
State/AF Diplomatic and Consular Direct Funding	602	477
State/AF Public Diplomacy Direct Funding	538	175

¹ Figures do not include OE support costs from USAID/East Africa Regional Mission.

² In FY 2011, \$14,799 million in U.N. peacekeeping credits was applied to pay a portion of the FY 2011 UNSOA assessment.

³ In addition, funding was also provided from the Migration and Refugee Assistance and Emergency Refugee and Migration Assistance accounts to assist Somali IDPs and refugees in neighboring countries.

⁴ The Peacekeeping Operations (Global Peace Operations Initiative) funding listed above only includes that which has directly benefited troops deploying to Somalia (e.g. training or modest deployment equipment), primarily through Africa Contingency Operations Training & Assistance (ACOTA).

⁵ Humanitarian assistance funding is tracked by year of obligation.

- Under the same criteria, what is the expected cost for FY12 and FY13 if the AMISOM force should achieve the last mandated level by FY12, and what will it cost the United States at the new mandated levels?

Answer. We estimate the additional cost to the United States for the expanded troop level and support package is approximately \$46 million in the first year of expansion (of which a portion may be assessed in FY 2012) for increased staffing, infrastructure improvements, and equipment acquisition and approximately \$38 million in subsequent years. This would lead to an estimated total U.S. share of assessed costs for U.N. Support Office for AMISOM (UNSOA), including the additional enablers, of approximately \$138 million in the first year of the mandate and \$130 million in subsequent years, compared to the FY 2013 Request level of \$92 million.

- Where will the funding for this operation be drawn given that this was not incorporated in the FY13 budget request? What will the tradeoff be in assistance elsewhere?

Answer. In consultation with the Congress, the Department anticipates funding any new, additional requirements to support the African Union Mission in Somalia (AMISOM) by making tradeoffs within FY 2012 and FY 2013 resources. The FY 2012 requirements will depend on the size and timing of U.N. assessments, which are expected in July or August. At that time, the Department will review options, including the status of available credits and/or whether to draw on the flexibility provided for the foreign assistance accounts within the FY 2012 Overseas Contingency Operations appropriation. However, in order to use FY 2012 foreign assistance funds, the administration would need a legislative remedy that would allow for additional funds to be provided through the Peacekeeping Operations account (the FY 2012 Peacekeeping Operations appropriation caps the amount that can be provided to the U.N. Support Office for AMISOM at \$91.8 million). As the FY 2013 request for Contributions to International Peacekeeping Activities (CIPA) was based

on assessed peacekeeping mission levels as of December 2011 (when the budget locked for FY 2013), the Department plans to consult with Congress on the most appropriate funding source that would maximize transfer authorities.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR BARBARA BOXER

Question. Though the Egyptian Government has lifted the travel ban on the six Americans who have been accused of spurring unrest in the country, the criminal charges against them have not been dropped and their trial is scheduled to resume in late April. As a result, there is considerable debate here in Congress about whether the United States should continue to provide assistance to the Egyptian Government and about the future of United States-Egyptian relations.

- What is the current status of the negotiations to resolve the issue of the American foreign aid workers? How do you see this being resolved and can you give any timeframe? What, do you believe, is the true motive behind the crackdown on civil society organizations?
- Do you believe you have the tools you need to exert sufficient pressure on the Egyptian Government, including the language included in last year's State and Foreign Operations Appropriations bill which requires you to certify that Egypt is meeting its obligations under the 1979 Egypt-Israel Peace Treaty and that the government is "implementing policies to protect freedom of expression, association, and religion and due process of law"?

Answer. We have worked hard to urge the Egyptian Government to end its pursuit of the NGO case and its harassment of civil society organizations, to drop the charges against the NGO workers, and to return confiscated property. Although the travel ban on international NGO workers was lifted, the trials for the charged Egyptian and international NGO workers are ongoing. President Obama reached out to Field Marshal Tantawi; I have spoken many times with the Foreign Minister; and our military colleagues have reached out to their counterparts at the highest levels. Ambassador Patterson is working with all of the parties on the ground that are involved with or affected by the Egyptian investigation.

The Egyptian Government's motivation in cracking down on these organizations is not entirely clear. The Ministry of Planning and International Cooperation has alleged that U.S. funding of unregistered NGOs violated an agreement between the United States and Egypt, but the United States has not agreed to such a restriction. The U.S.-funded organizations have been working in good faith to support Egypt's transition to democracy. They are respected organizations that receive support from the U.S. Government and have been working in Egypt with the sole goal of supporting Egypt's transition to democracy. We believe it is in Egypt's interest to allow these groups to operate and contribute to Egypt's transition. It is important to note that these Egyptian investigations also target domestic Egyptian groups performing work that is necessary and valuable for any democratic society. Civil society groups represent the views and aspirations of the people, which is what democracy is all about. In order for Egypt's democratic transition to succeed, these groups must be allowed to operate without restriction.

While we work toward a resolution to the NGO crisis, we can't lose sight of the range of our strategic interests in Egypt. We have a great deal at stake here: our relationship with the largest Arab country, transit and over-flight rights, the Israel-Egyptian peace treaty, and our support for democracy and political transition in the Arab world. In terms of our bilateral assistance to Egypt, we are guided by the need to safeguard our interconnected strategic interests: maintaining a critically important bilateral partnership with Egypt and supporting the success of a democratic transition for Egypt that meets the aspirations of all Egyptians.

Question. Currently, there is a law in Afghanistan that permits the arrest and imprisonment of women fleeing situations of domestic abuse.

- Is the United States putting pressure on Afghan President Hamid Karzai to change this appalling law?
- How can we continue to push the Afghan Government to ensure that women's rights are safeguarded?

Answer. While there is no codified Afghan law that permits the arrest and imprisonment of women for fleeing situations of domestic abuse, the Supreme Court issued an advisory opinion in 2010 that women who flee their homes and do not immediately go to the police or a close relative should be imprisoned as a precaution against promiscuity and prostitution. As a result, women and girls continue to be

wrongfully imprisoned through common practice and deference to arguable interpretations of tribal and Sharia Law.

The Afghan Constitution enshrines women's rights, and the 2009 Law for the Elimination of Violence against Women, which President Karzai passed by decree, codifies vital protections. These protections include the criminalization of 23 acts of abuse toward women and girls, including but not limited to rape, forced prostitution, domestic violence, *baad* or giving girls as payment to settle family or tribal disputes, forced marriage, underage marriage, and prohibiting a woman or girl from accessing education or work. We know this law can only achieve full effectiveness when implemented in its entirety and enforced at all levels, which is why we will continue to support programs that raise awareness on the rights of women and ensure these rights are protected. Our programs are also working to educate legal professionals, justice sector officials, and citizens on this issue, and to uphold the protections guaranteed to women, children, and all Afghan citizens under the law. For example, DRL funds several programs that aim to increase government and civil society capacity to advance women's access to justice; as a result of one DRL project, 92 percent of women in eight provinces reported their access to justice has increased and 70 to 90 percent expressed there has been an increase in awareness of women's rights in their communities.

Additionally, the Bureau of International Narcotics and Law Enforcement Affairs (INL) established an international fund for Afghan women's shelters in 2011, helped develop a permanent Afghan Shelter Network for stakeholders, increased provincial shelter presence and legal aid coverage by 67 percent since 2010, and tripled the number of prosecutorial Violence Against Women Units since 2011. We now support 8 of the 14 total shelters in Afghanistan for women seeking violence-free lives for themselves and their children. Combined, these shelters—run by Afghan women for Afghan women—benefit more than 1,000 women and children each year in seven provinces, providing housing, education, skills training, health care, and legal aid and mediation services for victims of domestic abuse.

We also provide training for prosecutors at Violence Against Women (VAW) Units at the Office of the Attorney General in Kabul, supported the opening of four new provincial VAW Units, with two more to open this year. These units are dedicated to prosecuting crimes against women and girls and have led to 26 convictions so far. More than 750 women from 23 provinces have initiated cases through the VAW Unit in Kabul since it opened in March 2010.

Additionally, INL aids incarcerated Afghan women through the Corrections System Support Program, which supports six female corrections advisors who work with women and their children in prison. This program also provides educational, recreational, and vocational materials to incarcerated women in eight Afghan provinces.

Through the Bureau of Population, Refugees, and Migration (PRM), the State Department has also partnered with international organizations and NGOs to support prevention of and response to gender-based violence in Afghanistan. These projects improve women's knowledge of their rights, increase access to support services including medical care and counseling, and develop sustainable livelihood opportunities for Afghan women. Additionally, PRM funds health care and education programs, both in Afghanistan and for Afghan refugees in Pakistan, which focus on reducing child and maternal morbidity and mortality.

Question. Recently, Russia and China vetoed—for the second time—a U.N. Security Council resolution that would have condemned President Bashar al-Assad's violent crackdown on protesters in Syria.

- Can you speak to Russia and China's motivation in protecting the Syrian Government?
- Do you see any chance of Russia and China backing off their opposition to any condemnation of the Assad regime's violence?

Answer. Secretary Clinton and Ambassador Rice have unequivocally expressed the United States profound disappointment with China's and Russia's vetoes of Security Council resolutions on Syria in October and February. The United States has long maintained that strong action by the Council is overdue and essential.

The United States diplomatic effort with Russia on this issue has been extensive. The Secretary has spoken with Foreign Minister Lavrov numerous times to discuss Syria and met with him February 4 and again March 12 following his attendance at a meeting of the Arab League in Cairo. While Russia has yet to agree to a resolution text, the United States and Russia both support the mission of the U.N. and Arab League's special envoy, Kofi Annan. We have also welcomed Russia's interest in extending humanitarian assistance to Syrians and its support for the missions

of both Annan and Valerie Amos, the Under Secretary General for Humanitarian Affairs/Emergency Relief Coordinator.

The United States continues to engage significantly with China on this issue. The issue of Syria has been raised with the Chinese Government at the highest levels, including with Chinese Vice President Xi Jinping during his mid-February visit to Washington. While the Chinese have also not yet agreed to a resolution text, we continue to press the issue with them. Their recent six-point plan on Syria, coupled with their recent \$2 million donation to the Red Cross for humanitarian work in Syria, shows an interest in appearing to be seen as an active proponent of a peaceful resolution of the situation—and as an impartial party condemning the violence “on all sides”—rather than a supporter of Assad’s regime.

Question. On January 17, a Turkish court ruled that no government officials were involved in or aware of a plot behind the 2007 murder of the Turkish Armenian journalist Hrant Dink.

- Are you satisfied with Turkey’s record in properly investigating and prosecuting Mr. Dink’s murder?
- Have you made any statements—public or private—to express concern about the persecution of writers in Turkey for their sentiments on the Armenian Genocide?

Answer. Full accountability is integral to the vitality of any democracy. We continue to monitor the progress of the Hrant Dink case closely, including the January 17 verdict and the filing of an appeal by the Istanbul Prosecutor Chief Prosecutor. We were encouraged by the issuance on February 20 of a State Inspection Council (DDK) report acknowledging mistakes were made in the investigation of government officials alleged to have acted negligently in preventing Mr. Dink’s murder. U.S. officials in Turkey will continue to attend court hearings and discuss the case with both Turkish officials and the human rights community.

We remain concerned about limits on free expression in Turkey, including limits on commentary on the horrific events of 1915, which President Obama has described as one of the worst atrocities of the 20th century. The Ambassador and other U.S. officials have expressed our concerns about media freedom at all levels, both publicly and privately, to the government. I referenced this issue during a speech on United States-Turkey relations at the American Turkish Council on October 31, saying, “A vibrant economy depends upon the free exchange of ideas, the free flow of information, and the rule of law.” I also highlighted the issue in public remarks during my July 2011 visit to Turkey.

The Turkish Government, including at senior levels, has conveyed its commitment to address concerns about media freedom in Turkey. The government forwarded an important package of judicial reforms to Parliament in January that, if enacted, would stop investigations and annul convictions of press offences carrying a sentence of less than 5 years. Turkey’s Parliament is also redrafting the 1982 constitution to better protect individual rights and freedoms. Of course, these measures are just a first step; Turkey must go further. We will continue to monitor developments in Turkey, stressing the importance we attach to concrete measures to expand media freedom in law and practice.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR ROBERT MENENDEZ

Question. Palestinian Unity Talks.—An agreement between Fatah and Hamas to form a unity government would be a real setback for peace. Hamas remains a terrorist group bent on Israel’s destruction. On May 5 of last year, Madame Secretary, you stated that the United States has “made it very clear that we cannot support any government that consists of Hamas unless, and until, Hamas adopts the Quartet principles.” Does that position still hold? What happens to U.S. assistance to the Palestinians if a unity government including Hamas is formed?

Answer. We continue to closely monitor developments related to Palestinian reconciliation, including the February 6 “Doha Declaration” and its possible implementation.

There have been a number of public agreements regarding Hamas-Fatah reconciliation over the past few years, but very little has happened on the ground. To date no changes have been made in the structure and makeup of the Palestinian Authority (PA)—Mahmoud Abbas remains the President and Salam Fayyad remains the Prime Minister. Palestinian security forces continue to actively pursue and arrest those seeking to undermine stability, including Hamas militants.

Our position has not changed. Hamas remains a designated Foreign Terrorist Organization. We have been clear with the Palestinian leadership about the principles that must guide a possible future Palestinian Government in order for it to play a constructive role in achieving peace and building an independent state. Any Palestinian Government must embrace the “Quartet Principles”—it must unambiguously and explicitly commit to nonviolence, recognition of Israel, and acceptance of previous agreements and obligations between the parties. President Abbas has been clear that he remains committed to those principles. If a new government emerges, we will evaluate it carefully in accordance with the provisions of U.S. law, including the provisions of the 2012 appropriations act. We will ensure our policy toward such a government fully complies with that law.

Question. I would like to draw your attention to the very troubling security situation in Mexico, Central America, and the Caribbean. The Obama administration has sought to develop collaborative partnerships with countries throughout these two regions, via Merida, CARS, CBSI. On the one hand, I applaud the administration’s counternarcotics efforts which have been very effective in establishing a cooperative security relationship between the United States and other countries.

On the other hand, the security situation for citizens living in the region is growing worse by the day. Homicides are up in every country in Central America. Crime is rampant throughout the Caribbean and even vacationing U.S. Supreme Court Justices are not immune from the violence. The narco-traffickers are buying off government officials and corruption has returned to the region with a vengeance: The people are losing faith in the police; judicial institutions are being undermined; elections are being bought with drug profits. Citizens of nearly every Central American nation now rank public insecurity as the top problem facing their countries.

In September, President Obama identified every Central American country as a major drug transit country, with Belize and El Salvador making their first appearance on the “drug majors” list. The use of Central America as a transshipment zone has grown, as traffickers have used overland smuggling, littoral maritime trafficking, and short-distance aerial trafficking rather than long-range maritime or aerial trafficking to transport cocaine from South America to Mexico. Currently, as much as 90 percent of all illicit drugs that enter North America have transited Central America. This use of the Central America-Mexico corridor as a transit zone represents a major shift in trafficking routes and as we seek to close these routes, the cartels are rebuilding their transit routes through the Caribbean.

Madam Secretary, we are losing the fight against drugs right here in our own front yard. The pervasive lack of security in the region not only threatens regional governments and civil society, but the United States—whether in the form of declining support for democracy as a result of corrupt governance, drug traffickers acting with impunity as a result of weak state presence, or increased emigration as a result of economic and physical insecurity.

So I am extremely concerned when I look over the funding request for CARS and CBSI, and see that both programs are severely underfunded in the FY13 appropriations request. The CARS request is for \$107.5 million, up just \$2.5 million from the FY12 request; and the CBSI request is \$59 million, down from \$73 million requested in FY12. How can the administration justify a 19-percent reduction in CBSI when A/S Brownfield testified at a hearing I chaired last year that the drug cartels are moving back into the Caribbean. These are his words: “The handwriting is on the wall. They [the cartels] will return. We know we’re going to have to deal with this crisis again. It is in our interest . . . to prepare for it now and in advance.”

And how can the administration justify a small increase in CARS funding when in 2010, more cocaine was confiscated in Costa Rica, Panama, and Nicaragua than Mexico? We are on the verge of a failed state in Honduras, and this is how we allocate our resources? Why is the administration requesting more than \$500 million of INL money to train police in Iraq when we have as great, if not a greater, threat in our own hemisphere? Madam Secretary, I recognize the importance of the “front line states,” but we are spending billions of dollars on states that don’t want American help, rather than our neighbor’s in this hemisphere who bear the brunt of America’s drug habit and are literally begging for more cooperation and more assistance.

Answer. Threats posed by trafficking and transnational crime to the rule of law in Central America and the Caribbean directly impact U.S. interests and national security. The administration’s FY 2013 request for the Western Hemisphere prioritizes U.S. assistance to counter these threats, especially in Central America and the Caribbean. U.S. security assistance for Central America and the Caribbean emphasizes training and capacity building, which supports sustainability and builds stronger institutions to counter rule of law threats for the long term.

The \$107.5M FY 2013 request for Central America Regional Security (CARS) Initiative will continue training and capacity efforts initiated with prior year U.S. assistance to strengthen Central America's capacity to administer the rule of law and counter threats posed by trafficking and transnational crime, particularly in El Salvador, Guatemala, and Honduras. CARS assistance will remain heavily oriented toward training, mentoring, professionalization, and capacity-building for law enforcement personnel and rule of law institutions. CARS community action and municipal crime prevention activities address at-risk segments of society and marginalized communities.

In the Caribbean, the \$59M FY 2013 request for the Caribbean Basin Security Initiative (CBSI) reflects a transition from initial investments, made with prior year U.S. assistance, in the acquisition of new equipment systems and hardware. FY 2013 CBSI assistance will emphasize sustainment of those systems, follow-on training and capacity-building, and ongoing prevention activities, all of which are lower cost.

Question. Press Freedom in Latin America.—Madam Secretary I am greatly concerned about the deteriorating state of press freedom in Latin America. Without a free and independent media, no country can claim to be a democracy. Yet journalists throughout the region are being harassed and penalized when they speak out against corrupt governments; they are being shot and killed by drug cartels when they report on narcotrafficking; and they now find themselves subject to criminal and tax penalties of corrupt judicial systems.

This last issue of criminal liability is a particularly troubling trend. When elected officials in Latin America are feeling the heat of a critical fourth estate, they too often turn to new laws and the criminalization of libel and slander in order to silence the offending journalists. Much like we see in Russia, governments in Latin America are now willing to use the court system to mandate jail sentences on journalists, or to impose exorbitantly large tax bills on their media companies to eliminate private media and to support government-controlled media. However, unlike Russia, I don't see the State Department speaking out against this censorship in Latin America.

I want to highlight two recent cases in Latin America of government censorship through corrupt judicial systems. In Ecuador, the case of El Universo newspaper is very troubling. After an editorial in February 2011, that President Correa found to be offensive, he sued for libel. After a number of hearings, the high courts found in the President's favor to the tune of \$42 million and mandated jail sentences for the editor and the two owners of the paper. One of the judges in the case, after she fled to Colombia, announced that she had been offered bribes from the government to find the paper guilty. After immense international pressure, Correa announced pardons for El Universo and several others accused of libel, but not without noting that he had won, stating "We have shown that you can sue and beat the abusive media."

In Venezuela, the owners of last independent TV station, Globovision, are seeking asylum in the U.S. because of persecution by the Chavez regime. The government has used the court system to impose absurd taxes on the station in an effort to drive it out of business, or to allow the government to buy shares and take over the board of directors. The owners have already lost a number of businesses that they owned outside of the media sphere, and family members have received threats, at least one has sought asylum in this country. The Venezuelan Government has literally put all of the independent media out of business, and now the newspapers and airwaves are entirely controlled by Chavez's cronies. How can the Venezuelan people expect free, fair elections in October if the opposition does not get equal coverage in the media?

Are you concerned about this trend in the Americas, where the press is directly or indirectly forced to self-censor or be subjected to legal suit, forced to flee their countries and worse?

Again, Madam Secretary, what is the State Department's position on this matter, and do you have any concrete actions that you can take to help remedy this situation.

Answer. We are deeply troubled about recent threats to media freedom in the Western Hemisphere, and particularly the individual cases you mention. The past 5 years have reversed a 20-year positive trend, with declines in freedom of expression, due to government pressures in countries like Venezuela, Ecuador, and Nicaragua, and due to violence and intimidation from transnational criminal groups in Mexico and Central America. The Department of State's "Country Reports on Human Rights Practices," reports and statements by the OAS Special Rapporteur on Freedom of Expression, NGO reports, and other data document clearly the chal-

lenges to media outlets and individual journalists from both government and non-government actors.

The examples of the *El Universo* and *Gran Hermano* libel cases in Ecuador show how international pressure can help push back on government attempts to quash freedom of expression. We have vigorously and repeatedly spoken out and expressed our concerns to the Ecuadorian Government on these cases, citing the Inter-American Democratic Charter's words that freedom of expression is an "essential component" of democracy, and stated unequivocally that democratically elected leaders have a responsibility to ensure political and legal space for freedom of expression. We continue to urge the Ecuadorian Government to address the potentially chilling effect on press freedom as a result of these and other cases.

The Venezuelan Government continues to harass and intimidate privately owned and opposition-oriented television stations, media outlets, and journalists by using threats, fines, targeted regulations, property seizures, criminal investigations, and prosecutions. These actions have led the independent media to engage in self-censorship due to fear of government reprisal. The Department has repeatedly and publicly stated that a free and independent media plays the key role in the dissemination of information and views, which is essential to a well-functioning democracy. We will continue to speak out when the role of this critical democratic institution, part of the foundation of any healthy democracy, is targeted by the Venezuelan Government.

In countries as diverse as Argentina, Paraguay, Nicaragua, Suriname, and Panama, heavy-handed government attempts to influence media, in some cases including imposition of restrictive legal frameworks and denying or suspending licenses, threaten the free flow of information. In Nicaragua, President Ortega has been consolidating a monopoly of television and radio stations owned by him and his family. The government uses harassment, censorship, arbitrary application of libel laws, and national security justifications to suppress reporting, and withholds government advertising contracts from independent media.

Government-driven pressure inhibits media expression in numerous countries in the region. Government control of traditional media in Cuba (press, television, radio) is complete, leaving Cubans isolated and eager for unfiltered news from outside the island, about events on-island and worldwide. Cuba has one of the lowest levels of Internet penetration in the world, and the Cuban Government remains intent on barring the vast majority of the populace from gaining unfettered access to the Web. The level of self-censorship among the Cuban population is extremely high due to real and perceived threats if they speak candidly and on the record. Some Cuban activists who are also independent journalists have been imprisoned for their activities.

[Criminal violence, particularly in Mexico and Central America, has taken a heavy toll on journalists' lives and has a chilling effect on media coverage as well as on efforts to galvanize public support for anticrime programs. The Mexican Government has taken numerous steps to improve protections for journalists. On March 13 the Mexican Senate unanimously approved constitutional reforms that would federalize crimes against journalists.]

Through diplomatic engagement and public statements, the Department of State calls attention to the obstacles to freedom of expression and conveys support for those who strive to protect it, regardless of whether the threat comes from government or nonstate actors. Our embassies engage consistently with media organizations, human rights groups, journalists, and governments in the countries where freedom of expression is under threat. In Honduras we are supporting the Special Victims Task Force, which investigates the murders of journalists, among others. We are enhancing our public diplomacy programs focused on journalist education and safety, and on social media's capacity to buttress freedom of expression. The Bureau of Democracy, Human Rights and Labor as well as USAID manage programs throughout the region to work toward decriminalization of libel, promote independent journalism, empower civil society to support freedom of expression, improve the quality of investigative journalism, and provide journalists with tools to protect themselves in a climate of intimidation.

Question. There have been increasing cease-fire violations in Nagorno Karabakh, with the most recent resulting in the death of an Armenian soldier. Azerbaijan's President has repeatedly stated that only the first stage of war is over. The three Minsk Group Cochairs have all called for the pulling back of snipers as a crucial step for decreasing the tensions. It has been at least a year since both Armenia and Nagorno Karabakh have agreed to this proposal, but Azerbaijan has not. What are you doing to encourage Azerbaijan's acceptance of this important proposal to prevent war from resuming in this vital area for U.S. interests?

Answer. As a cochair of the OSCE Minsk Group, the United States remains deeply committed to assisting the sides of the Nagorno-Karabakh conflict to reach a lasting and peaceful settlement. We reiterate at every opportunity that there is no military solution to the conflict, and that only a peaceful settlement will lead to security, stability, and reconciliation in the region. We regret any loss of life, and continue to call upon the sides to take steps—including the withdrawal of snipers—to improve the atmosphere for negotiations, prevent unnecessary casualties, and strengthen implementation of the cease-fire.

Question. Turkish Prime Minister Erdogan ordered the demolition of a statue of Armenia-Turkey friendship last April and in February protesters in Turkey, including Turkey's Interior Minister and other senior Turkish Government officials, walked the streets with signs saying, "You are all Armenians, You are all bastards," and "Today Taksim, Tomorrow Yerevan: We will descend upon you suddenly in the night." A correspondent for the French Daily Le Monde noted that the "embers of 1915 are still burning." Have you ever publicly condemned any of these actions, which foment dangerous anti-Armenian hatred in Turkey and destabilize the region?

Answer. I have stated publicly and privately that the rights of all individuals in Turkey must be protected, that individuals should enjoy human rights and fundamental freedoms, including the freedom to practice their religion and speak their minds. In public statements following my extensive bilateral meetings with Foreign Minister Davutoglu in Washington on February 13, I was clear that we are continually interested in the very important work being done by the Government of Turkey on religious freedom, and the return of property to religious communities. We continue to urge governments, civil society leaders, clerics, human rights groups, and all people of conscience in all nations, including Turkey, to speak out against ethnic and religion-based hatred. In my speech at the Annual Conference on U.S.-Turkey Relations on October 31, 2011, I stated that Turkey's ability to realize its full potential depends upon its resolve to strengthen democracy at home and promote peace and stability in the neighborhood. Turkey's ongoing constitutional reform process represents a valuable opportunity to strengthen its democracy, and I have had very productive conversations with the highest levels of the Turkish Government about taking this opportunity to deepen Turkey's respect for human rights for all Turkish citizens, including the right to speak and worship freely. It is important to note that the Turkish people themselves, and their leaders, are increasingly and publicly expressing their support for better relations with Armenia and their opposition to hateful speech and actions. For example, Prime Minister Erdogan publicly condemned the individuals who disrupted the February 26 demonstrations marking the 20th anniversary of the Hocali incident with anti-Armenian signs and slogans. Turkish citizens organized a counterdemonstration on March 4 and drew a larger crowd to express outrage over the hate speech featured in the previous week's demonstration and demonstrate solidarity with Turkey's Armenian minority.

Question. For more than 25 years, Camp Ashraf in Iraq has been home to over 3,000 Iranian refugees. Though the MEK has been included on the U.S. terrorist list since 1997, we have considered the residents of Camp Ashraf to be "noncombatants" and "protected persons" under the Geneva Conventions since 2004. With the complete withdrawal of our troops from Iraq this past December an agreement was reached that sent many members of Camp Ashraf to the former U.S. military base, Camp Liberty. Over the past few weeks, however, residents have expressed concern about the size, infrastructure, and treatment of the refugee group since they arrived at their new home, asserting that "In a nutshell, Camp Liberty lacks the most basic international humanitarian standards and human rights standards" and "is a prison from all respects." Could you comment on the transfer of residents from Camp Ashraf to Camp Liberty, the conditions at the latter and what is being done to address these concerns?

Answer. As you noted, on December 25, 2011, the United Nations (U.N.) and the Government of Iraq (GOI) signed a Memorandum of Understanding (MOU), which paved the way for a peaceful and humane temporary relocation of Ashraf residents to Camp Hurriya and their eventual departure from Iraq. The United States has publicly supported the MOU, while also calling on the GOI to abide by the MOU's terms, specifically the elements of the MOU that provide for the safety and security of the residents.

On January 31, following much work by the GOI, the U.N. High Commissioner for Refugees (UNHCR) and U.N. Human Rights Office in Baghdad determined the infrastructure and facilities at Camp Hurriya to be in accordance with international humanitarian standards, as required by the MOU.

On February 18, the first group of about 400 Ashraf residents relocated to Camp Hurriya. The U.N. Assistance Mission for Iraq (UNAMI) and the Office of the UNHCR, as they had committed, supported that relocation through human rights monitoring and mediation of certain issues between the GOI and the residents. There were complications during that move, but despite delays, it took place peacefully and the GOI provided significant resources for the protection of the residents' travel. U.S. officials from Embassy Baghdad also observed portions of this movement, at both Ashraf and Hurriya.

At Hurriya, the UNHCR has begun a verification and refugee status determination process for the relocated residents, and U.N. monitors maintain a round-the-clock presence. The residents at Hurriya, who have access to the Internet and unrestricted ability to communicate with anyone outside Hurriya, have identified problems with certain facilities at the camp. UNAMI, with support from U.S. Embassy Baghdad, has acted swiftly to seek repairs to those problems by the GOI. UNAMI and U.S. officials have also urged leaders of the residents to work directly with the GOI on resolving remaining and future logistical issues. We have seen some progress between the residents and the GOI on finding practical solutions in that regard. Patience and flexibility is required, and both the GOI and residents must cooperate to find solutions to the issues and problems that still exist.

In addition to our general support for these U.N. efforts, officials from U.S. Embassy Baghdad joined UNAMI in observing parts of the relocation and U.S. Embassy officers have visited Hurriya frequently since. We remain attentive to the situation at Ashraf and Hurriya and remain in active, regular contact with both the U.N. and the GOI in support of completing a peaceful and safe relocation process.

The prompt decision of the remaining Ashraf residents to continue relocations to Hurriya is vital in moving forward with the work of UNHCR and the subsequent relocation of individuals out of Iraq. We share your interest in seeing a peaceful conclusion to this issue and we look forward to continuing our dialogue with you.

The residents of Camp Ashraf do not have the status of "protected persons" under Fourth Geneva Convention. After the end of the occupation of Iraq, the Multi-National Force-Iraq (MNF-I) continued to treat the residents of Ashraf as "protected persons" as a matter of policy, not as a matter of legal obligation, until MNF-I's U.N. mandate expired at the end of 2008. With the expiration of MNF-I's U.N. Security Council Resolution mandate, the Government of Iraq assumed security responsibility for Ashraf.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR BENJAMIN L. CARDIN

Question (#1). Women in Afghanistan and Reconciliation.—Last month, in a sign that they are moving toward formal talks with the American-led coalition in Afghanistan, the Taliban announced they were opening a political office in Qatar that could allow for direct negotiations over the endgame in the Afghan war. Now that reconciliation looks like more of a reality, how are we ensuring that women are actually a meaningful part of that transition and will not be edged out as the Taliban enters?

Further, as we draw down from Afghanistan what are our contingency plans for Afghan women during that transition process? Will we be in the position to bring Afghan women over as refugees to the United States if their physical safety is in danger in an Afghanistan with a more conservative and Taliban-influenced leadership?

Answer. The U.S. Government is committed to promoting the full range of human rights of Afghan women as their involvement is critical to the future stability and development of Afghanistan. We have invested in policies and programs to foster women's leadership capacity in all areas of political participation, decisionmaking, and civil society. The essential role of women in peacebuilding, reconciliation, and conflict resolution is at the core of the recently launched U.S. National Action Plan on Women, Peace and Security.

The U.S. goal in supporting reconciliation is to get Afghans talking with other Afghans about the future of their country. We have said from the start that negotiations must meaningfully include women, as well as ethnic minorities and members of civil society. One of our redlines is that insurgents who want to reconcile must commit to abide by Afghanistan's Constitution and the rights enshrined in it—including women's rights to political participation; to basic freedoms, such as access to health services, education, and the right to work; and to live free from violence. For a stable and secure future in Afghanistan, women must be included at all levels of the reconciliation process.

We are incorporating gender issues into our strategic thinking and program support in the peace processes, including at the local and district levels. We are working with the Department of Defense (DOD) to ensure that funding available for reintegration supports initiatives and community development projects that benefit women and girls. In addition, the Bureau of Democracy, Human Rights and Labor (DRL) now requires all those applying for grant funding to include information on how their programs will address the human rights concerns of marginalized populations, particularly women. To further implement the focus on gender integration outlined in the Quadrennial Diplomacy and Development Review (QDDR), we have issued the State Department's first-ever Policy Guidance on Promoting Gender Equality to Achieve our National Security and Foreign Policy Objectives to build on existing efforts to integrate gender throughout all of the State Department's diplomatic and development work. The guidance emphasizes four key mechanisms for achieving gender integration: planning and budget development, programming, monitoring and evaluation, and management and training. Similarly, USAID has solidified its commitment to women's programming with the recently unveiled Gender Equality and Female Empowerment Policy and the Counter Trafficking in Persons Policy. These policies are all in line with the December 2011 National Action Plan on Women, Peace and Security and related Presidential Executive order on the same topic, and seek to fully integrate the role of women in peace processes.

Our activities are closely aligned with the National Action Plan for the Women of Afghanistan (NAPWA), which reflects Afghan women's own priorities for their political, economic, and social empowerment. USAID is taking several steps to reinforce our commitment to empowering women which include: (1) the issuance of a Mission Order on Gender in September 2011, which institutionalizes a gender approach for all USAID Afghanistan programming; and (2) undertaking over 20 gender analyses of existing and new programs to ensure that current and future programming is compliant with Agency policy as put forward in the recently released directives referenced above. These analyses will help maximize USAID funding. Evidence of this focus is represented in our "Stabilization in Key Areas" (SIKA) program, which will have a Gender Advisor at each of the platforms, working with the Contracting Officer's Representative (COR), to enhance coordination and effective project design. Since 2008, we have more than doubled spending attributed to women and girls, as well as created and fully staffed a new Gender Unit in 2010.

In addition, we continue to provide our full suite of traditional development programs for women. In the past year alone, we have provided more than 500 grants for capacity-building for civil society, basic education, women's equality under the law, land reform, microenterprise, and political and social advocacy. USAID advises the Ministry of Women's Affairs to help it advocate for policies that promote and protect women's rights. Specifically, USAID is working with the Ministry on implementation of the National Action Plan for the Women of Afghanistan.

We are also fully engaged with organizations such as the Afghanistan Independent Human Rights Commission and the Afghanistan Women's Network to ensure that they are capable of driving a women's rights agenda as well as a gender-conscious approach to development.

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

We know that no society can advance if half of its population is left behind. Therefore, we will also continue to support Afghan women's own efforts to be meaningfully included in seminal, countrywide political decisionmaking processes as we have since the end of Taliban rule, such as at the 2001 Bonn Conference, the London Conference, Consultative Peace Jirga, Kabul Conference, and Bonn 2011, in order to support the long-term transition and development of Afghanistan.

With regard to resettlement of Afghan women, generally, to be considered a refugee, a person must be outside his or her country of nationality. The United States has resettled Afghan refugees, including vulnerable women, for decades. We will continue to accept resettlement referrals of Afghan refugees from the United Nations High Commissioner for Refugees (UNHCR) as long as there is a need.

Question (#2). Iraqi Refugees.—As you may know, Section 1244(e) of the National Defense Authorization Act of 2008—The Refugee Crisis in Iraq Act—requires that your Department provide protection, or the immediate removal from Iraq, for Iraqis who are in imminent danger because of their work for the United States and are

still awaiting the issuance of their Special Immigrant Visas. What procedures have been put in place to provide protection for these U.S.-affiliated Iraqis?

In order to reduce the costs of operating our Embassy in Baghdad, I understand that efforts are being made to increase the number of local employees and to increase sourcing goods and services locally. Are the ongoing threats to Iraqis who work for the United States and the extreme delays in processing Special Immigrant Visas for them having an impact on increasing local hires in Iraq?

Answer. The overall situation in Iraq remains the subject of concern, but we note that all Special Immigrant Visa (SIV) applicants must either be under threat, or have experienced threat to qualify for the program. In practical terms, it is very difficult to validate objectively and qualify a threat as imminent. The U.S. Embassy is unable to provide protection to SIV applicants inside Iraq, but for those who consider themselves in imminent danger, the State Department is able to process their SIV applications in neighboring countries, should the applicant relocate. Many have taken advantage of this option: 111 Iraqi SIV applicants moved their visa applications from Iraq to a neighboring country, and 570 Iraqis applied for SIVs in neighboring countries initially. Former employees have also successfully applied for admission to the United States under the refugee program.

Ongoing threats and other forms of pressure do reduce the number of potential Iraqi applicants for employment at the U.S. mission, and the prospect of a safe relocation through the SIV program mitigates this. The Embassy does not believe that the length of the process to apply for the SIV program has an impact on the pool of Iraqi applicants for work at the mission.

Question (#3). Gender and the Budget.—Secretary Clinton, you have repeatedly stated that in all of the U.S.’s development efforts, there will be a focus on elevating the role of women and girls as they are critical to advancing social, economic, and political progress. Can you please share what concrete steps you view are necessary for both State and USAID to fully achieve this vision of addressing both women’s and girl’s needs effectively throughout project outcomes, both in Washington and abroad?

Answer. The administration’s proposed budget will support efforts to integrate gender throughout U.S. foreign policy programs and strategies and across agencies through: (a) programs targeted to advance gender equality and the status of women and girls, and (b) ensuring that the full range of programs—from economic development to humanitarian assistance to exchange programs, as well as conflict prevention and crisis response operations—identify and address existing disparities, capitalize on the skills and contributions of women and girls, and are accessible and responsive to women and girls.

The U.S. National Security Strategy recognizes that “countries are more peaceful and prosperous when women are accorded full and equal rights and opportunity.” Evidence shows that investments in women’s employment, health, and education are correlated with greater economic growth and more successful development outcomes. Engaging women as political and social actors can change policy choices and makes institutions more representative and better performing. And a growing body of evidence shows that women bring a range of unique experiences and contributions in decisionmaking on matters of peace and security that lead to improved outcomes in conflict prevention and resolution.

To achieve successful outcomes for U.S. foreign policy priorities, including stability, prosperity, and peace, we must focus on promoting gender equality and advancing the political, economic, social, and cultural status of women and girls across our work. To further this strategic imperative, we have issued the Department of State’s first-ever Secretarial Policy Guidance on Promoting Gender Equality to Achieve our National Security and Foreign Policy Objectives. In addition, USAID released a new policy on Gender Equality and Female Empowerment. Both policies contain specific steps to ensure that State and USAID advance the status of women and promote gender equality in policy development, strategic planning, budgeting and programming, monitoring and evaluation, and management and training practices.

Furthering gender equality and advancing the status of women and girls in our work means going beyond simply ensuring a balanced approach to our diplomatic efforts, development assistance, and humanitarian aid. It means focusing on reducing gaps between women and men and girls and boys in resources, opportunities, and outcomes in our programs and the full range of our engagement with host governments, civil society, and the private sector. It also means encouraging and increasing women’s direct participation through bilateral, regional, and multilateral diplomacy to ensure better outcomes for governments and society.

We estimate that our FY 2013 request for foreign assistance will be used to fund over \$300 million in activities where gender equality or women's empowerment is an explicit goal; \$1.23 billion in activities where gender equality or women's empowerment is an important but secondary outcome; and \$147 million in activities that are aimed at preventing and responding to gender-based violence, for a total of \$1.68 billion.

Question (#4). OSCE.—The President's proposal for an 18-percent cut in OSCE-related funding could result in reducing American secondees to the OSCE Secretariat, institutions, and field operations by one-third, as well as eliminate funding for extra-budgetary projects (i.e., funding for Rabbi Andy Baker's travel as Personal Representative of the Chairman-in-Office, as well as a substantial portion of ODIHR's programming budget). It is my understanding that the President's request for OSCE-related funding for FY 2013 reflects an 18-percent cut in spending. We are in a challenging budget climate, but this cut could substantially reduce our ability to achieve U.S. foreign policy goals through the organization.

- How can we preserve our leadership in the organization?
- What steps are being taken to preserve our capacity to fund extra-budgetary projects?

As you know, the Helsinki Commission has led efforts to combat anti-Semitism and other forms of discrimination within the European countries that make up the OSCE region. The June Norway attacks, November discovery of an underground neo-Nazi cell in Germany that has been operating for decades, December killings of Senegalese street vendors by a far-right Italian group, and continuing violence against Roma has prompted our Commissioners to call for increased action by the State Department on addressing issues of racism and xenophobia and supporting the civil and human rights of affected communities.

- With cuts to Europe's budget, what is being done to allow for a specific Department focus on these issues ranging from effective monitoring to increasing the capacity of affected communities to respond to hate crimes and other forms of discrimination?

Answer. The administration commitment to the OSCE, the premier multilateral mechanism for supporting democratic development and respect for human rights in Europe and Eurasia, remains steadfast. We appreciate the strong Helsinki Commission and bipartisan congressional support for the OSCE. The United States will pay its full contributions to the OSCE's 2012 budget, and the President has requested sufficient resources from Congress to pay our full budget share next year. We intend to continue the practice of providing funding over and above our OSCE budget contributions for activities such as election monitoring, extra-budgetary projects and personnel secondments, although this funding may be at reduced levels from past years. The Office for Democratic Institution and Human Rights (ODIHR) remains a top priority, especially as regards its democratization and human rights promotion efforts. The United States has contributed generously to ODIHR extra-budgetary programs and projects in recent years, with a particular focus on election observation and tolerance programs, including efforts to combat anti-Semitism. We will also continue to support high priority U.S. foreign policy goals in the OSCE's first and second dimensions, including conventional arms control, as well as counterterrorism, border security, counternarcotics, and good governance activities.

Question (#5). ROMA.—Currently 12 countries are taking part in a "Decade of Roma Inclusion" (2005–2015), a multilateral initiative to identify a limited number of measurable national goals for improvements in the fields of employment, health, and housing for Roma. (Those countries are Albania, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Hungary, Macedonia, Montenegro, Romania, Serbia, Slovakia, and Spain.) On February 5, 2012, the Secretary of State announced during a trip to Bulgaria that the United States is joining the Decade of Roma Inclusion as an observer.

Madam Secretary, I welcome your announcement in Sofia on February 5 that the United States will become an observer in the "Decade of Roma Inclusion," and your outstanding leadership on Romani human rights issues. Bearing in mind that the United States has closed down USAID missions in Europe, even while many Roma live in conditions that the UNDP has compared to sub-Saharan Africa, will the United States make a small contribution [\$20,000] to the Decade's work, particularly to support the engagement of grassroots civil society?

Answer. We are helping Romani communities and individuals everywhere chart a new path so that every Romani person may live up to her or his potential. Since 2009, the Bureau of Democracy Human Rights and Labor has invested over \$2 million in programs designed to improve the lives of European Roma through increas-

ing access to justice, promoting interethnic dialogue and multiethnic civic engagement among youth at the community level. Other USG-funded assistance projects totaling more than \$3.5 million in this period have supported OSCE Office for Democratic Institutions and Human Rights (ODIHR) efforts to assist with the integration of Roma minorities in the Western Balkans; a technology camp in Romania focused on building ICT capacities within Roma communities to address social inclusion and civic engagement issues; scholarships, tutoring, and mentoring to Roma NGOs and students; and the resettlement of 50 displaced Roma families out of lead-poisoned camps in north Mitrovica, Kosovo. Our embassies across the region will continue to conduct a broad range of efforts to support Roma inclusion.

We will be observing the Decade of Roma Inclusion and urging governments and NGOs to continue working to improve the status of Roma throughout Europe. We will not be taking on new financial obligations for the Decade of Roma Inclusion, but we continue to support Roma through the current initiatives that work to increase legal assistance, expand educational opportunities, and help more Romani people participate in political discourse.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR JEANNE SHAHEEN

Question. Chicago Summit Goals.—The United States will host the NATO summit in Chicago this May. This will be the first summit on American soil since 1999, and I believe it provides a unique opportunity to highlight the still-critical economic and security ties of our transatlantic partnership and to reaffirm the West’s unrivaled influence in our 21st century world.

Despite our challenges, the NATO alliance continues to represent arguably the most successful military partnership in the history of our world.

As the Subcommittee Chair on European Affairs, we will be engaging in the many discussions leading up to the summit, and we look forward to working with your team in the weeks ahead.

- What priority objectives does the administration have in Chicago? What challenges do you anticipate?

Answer. The upcoming NATO summit in Chicago, to be held May 20–21, is an opportunity for the United States to underscore our enduring commitment to the alliance. We hope that NATO will be able to record at Chicago concrete accomplishments in three main areas: Afghanistan, capabilities, and partnerships. These priorities align with NATO Secretary General Rasmussen’s idea of an alliance that is “committed, capable, and connected.”

In advance of the summit, we are working closely with allies and coalition partners to define NATO’s post-2014 role in Afghanistan, even as we remain committed to the ISAF mission today. We are also encouraging allies to make new commitments to sustain the Afghan National Security Forces (ANSF) post-2014.

Looking ahead, in this period of budget austerity, NATO allies need to agree on how to develop and maintain critical alliance capabilities to ensure that NATO is able to perform a variety of roles and missions in the evolving security environment. NATO’s Deterrence and Defense Posture Review will outline what allies envision as the appropriate mix of nuclear, conventional, and missile defense forces to meet new security challenges. We expect to record at the upcoming summit progress in meeting the capabilities commitments agreed at the Lisbon summit in 2010. Related to this goal, we hope to showcase a few of NATO’s most recent achievements in the area of capabilities, including an interim NATO missile defense capability, Alliance Ground Surveillance (AGS), and Baltic Air Policing (BAP).

NATO’s partnerships with non-NATO members have been key to the success of our recent operations. Therefore, we would also like to use the summit as an opportunity to highlight the value of some of our key partners’ contributions to NATO’s operations and broader strategic goals and to ensure we have means in place to work with them when combat operations in Afghanistan have ended.

The austere economic climate will be the biggest challenge to achieving these goals in Chicago, but allies recognize the paramount importance of security and the value that NATO offers in leveraging each other’s defense and security capabilities.

Question. Open Door Policy.—NATO has long asserted an “open door” policy toward other European democracies. In light of the fact that no countries will be considered for membership at the Chicago summit this year, how can NATO continue to make credible its “open door” policy and move aspiring countries down the road toward possible future membership?

Answer. While the Chicago summit will not focus primarily on enlargement, NATO's door remains open to aspirants. NATO continues to support aspirant partners' efforts to meet NATO standards through the implementation of their Annual National Plans (ANPs) and through other NATO processes to advance their candidacies. The United States works bilaterally with aspirants as well, to encourage them to take the steps required to become interoperable with NATO and to achieve NATO's standards. We will continue to offer joint training opportunities in addition to encouraging and supporting partner contributions to NATO's worldwide operations, including the International Security Assistance Force (ISAF), Kosovo Force (KFOR), and the counterpiracy operation Ocean Shield, in order to increase interoperability and build an atmosphere of cooperation and trust at all levels of planning and operations. All of NATO's aspirants contribute troops to ISAF and will therefore attend that portion of the summit. The Chicago Summit Communique will also contain language acknowledging aspirants and NATO's open door policy.

Question. Georgia.—One NATO partner country that has been hitting well above its weight is Georgia. Georgian troops continue to fight in some of the most dangerous territory in Afghanistan, including in Helmand province. They continue to make great sacrifices. Just recently, three Georgian soldiers were killed by an insurgent attack in Afghanistan, and in total the country has lost 15 of its soldiers on the ground there. As we know, Georgia was promised future NATO membership by NATO at the Bucharest summit; however, since then, the path forward for Georgia is uncertain. I believe Georgia still has reforms to undertake before it should be considered as a NATO member; however, it is important that we offer a clear path forward for them.

- Can you talk about the role Georgia has played in the fight in Afghanistan? In the absence of a Membership Action Plan, how can we more explicitly move Georgia down the path of NATO membership at Chicago?

Answer. Georgia is a significant contributor to the International Security Assistance Force (ISAF) in Afghanistan. Georgia currently contributes approximately 950 troops and plans to deploy approximately another 750 troops this fall, which will make it the largest non-NATO contributor to ISAF. While demonstrating exemplary performance alongside U.S. Marines in Helmand province, Georgian soldiers and their families have also made great sacrifices with 15 soldiers killed in action and dozens wounded, some severely. We are working with the Georgian Government to care for their wounded soldiers.

On NATO, the United States is working closely with allies on planning for the summit in Chicago, which will focus primarily on NATO engagement in Afghanistan. Georgia continues to be an important NATO partner and significant contributor to ISAF operations in Afghanistan, and we believe the summit should highlight this partnership. The administration supports Georgia's NATO membership aspirations, and is working with the Georgian Government to implement the wide array of reforms necessary to meet Euro-Atlantic standards. Georgia's Annual National Program (ANP) and the NATO-Georgia Commission (NGC) play central roles in this regard. The administration is also working with allies on ways to acknowledge the progress that Georgia has made on democratic, economic, and defense reforms at the summit.

Question. European Investment in Defense.—One of the issues that will play a prominent role in Chicago is NATO's Smart Defense initiative. There is no doubt that we, as an alliance, should be cooperating more and sharing and pooling our resources. However, Smart Defense cannot be an excuse for continued under investment by our European allies. According to the NATO Secretary General's 2011 Annual Report, only three countries are spending at or above 2 percent of GDP, the commitment level of defense spending agreed upon by the alliance.

- What message will the United States press in Chicago with respect to defense investment spending by our European allies?

Answer. Only four of our NATO allies (Albania, France, Greece, and the U.K.; Estonia could become the fifth in 2012) meet NATO's defense spending benchmark of 2 percent of Gross Domestic Product (GDP), and the United States takes every opportunity to emphasize to allies that NATO provides allied populations with the best security value for money and urge Allies to fulfill their pledges to increase defense spending. All allies must continue to invest politically, militarily, and financially to keep the alliance strong and secure. At a recent NATO Defense Ministerial, Secretary Panetta endorsed the Secretary General's "Smart Defense" strategy that calls for realistic efforts to maintain and develop multinational capabilities despite defense budget cuts in the United States and Europe. In advance of the summit, we urge allied participation in pooled capability programs such as AWACS, Alliance

Ground Surveillance (AGS), and exploring maritime missile defense cooperation, as well as role specialization programs such as Baltic Air Policing (BAP).

Question. While we do see some countries moving further away from their 2-percent spending commitments, there are some like Estonia who are actually placing a greater emphasis on defense spending. How can we give some of our younger NATO members—like those in Eastern Europe and the Baltics—a more prominent voice in NATO affairs?

Answer. While defense spending commitments are highly valued and encouraged, they are not the only contributions that strengthen the alliance. We strongly support all allies and partners who make important political, financial, and military contributions to the efforts of the alliance. The value of allied and partner contributions has been clear for more than a decade in Afghanistan and more recently was seen in the case of Operation Unified Protector in Libya, where the United States was able to provide operational support while other allies and partners took the lead in combat efforts. Such nations achieve greater influence for themselves in the alliance by leading through example. We seek to encourage these nations by recognizing the contributions they have made and rewarding their efforts. While we recognize the importance of adhering to agreed defense spending commitments and encourage allies to do so, we do not assess contributions to the alliance on the criteria of defense spending alone.

With regard to the Baltic countries, we deeply appreciate their commitment to the alliance, both in terms of defense spending and in operational commitments like Afghanistan. We strongly encourage alliance support for the Baltic Air Policing mission, in part so that our Baltic allies can continue to make strong contributions in other areas of importance to the alliance—an example of Smart Defense.

Question. NATO-Russia.—Missile defense remains a point of contention between NATO and Russia, and negotiations on possible cooperation will continue. However, NATO shares a much wider range of security interests with Russia outside of strictly missile defense. Can you give the committee a sense of some of the important—but perhaps less prominent—areas of mutual interest where we hope to continue to work closely with Russia?

Answer. Our goal for building NATO-Russia relations is to find ways we can continue and intensify our efforts to address the shared threats that our nations face in the 21st century. The NATO-Russia Council (NRC) is a dynamic forum for discussions on areas where we disagree, and for constructive dialogue to move forward practical cooperation in areas of shared concern. Both elements of NATO's engagement with Russia are important.

At Lisbon, leaders endorsed the NRC Joint Review of 21st Century Common Security Challenges (Joint Review) that identified five key areas for practical cooperation: Afghanistan, counterterrorism, counterpiracy, countering weapons of mass destruction, and responding to natural and manmade disasters.

Our record of cooperation on Afghanistan reflects the common interests that Russia and NATO allies share in building peace and security for this region. NATO-Russia arrangements provide ground transit for materiel into and out of Afghanistan, in support of the United States and our ISAF partners. To date, over 40,000 containers of supplies have been shipped through Russia based on these arrangements. The NRC Helicopter Maintenance Trust Fund announced at Lisbon has made an immediate and positive impact on Afghanistan's ability to maintain its fleet of Russian-built helicopters. Russia has provided over \$3 million in cash to the NRC Helicopter Maintenance Trust Fund, to provide advanced training to Afghan helicopter maintenance technicians, which has been matched with more than \$17 million in cash and in-kind donations provided by NATO allies. This fund will provide parts and training to help build critical capabilities enabling the Government of Afghanistan to maintain its fleet of Russian-built helicopters. Since 2006, more than 1,800 law enforcement officers from Afghanistan, Pakistan, and Central Asia have received training through the NATO-Russia Council. Over the past 3 years, the United States contribution to this program has increased. This increase reflects the importance we attach to building counternarcotics capacity in the region, and the potential of the NRC training program to help meet these critical needs.

The NATO-Russia Council has several successful counterterrorism projects. The NRC Cooperative Airspace Initiative (CAI) is on track to become the first 24/7 NATO-Russia operation in 2012. CAI is an aviation counterterrorism program that allows NRC participant countries (currently Poland, Turkey, Norway, and Russia) to share tracking data regarding civilian aircraft of concern transiting sensitive border airspace. In June 2011, Turkey and Poland participated with Russia in the CAI live exercise Vigilant Skies, testing a coordinated counterterrorism response across

shared borders. Vigilant Skies marked the first time Russian jets participated in a live exercise with NATO. NRC countries are also working together on the STANDEX (“Stand-off Detection of Explosive Devices”) project through shared technologies, expertise, and financial contributions. STANDEX, which is designed to detect and counter a terrorist threat to mass transit and other public spaces, is on track to be live-tested in 2013.

Russian and NATO ships continue to help each other fight piracy in the Indian Ocean. We welcome the Russian Federation’s 2011 initiative to expand and enhance our ongoing cooperation, and we look forward to working within the NRC to build agreement to move our counterpiracy efforts forward.

May 2011’s BOLD MONARCH marked the first time a Russian submarine participated in a NATO exercise. An annual NATO exercise, BOLD MONARCH is designed to maximize international cooperation in submarine rescue operations and is the largest of its kind in the world. We continue to support expansion of disaster response cooperation through the NATO-Russia Council, and through the Euro-Atlantic Disaster Response Coordination Centre (EADRCC), another NATO partnership in which Russia is a member.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR JAMES E. RISCH

NUCLEAR MODERNIZATION & MISSILE DEFENSE

Question. What is the status of negotiations with the Russian Federation on the Defense Technical Cooperation (DTC) Agreement on Missile Defense?

- a. Do you anticipate reaching an agreement before the NATO summit in Chicago?

Answer. The proposed DTC Agreement is an umbrella agreement that would provide a legal framework to conduct a broad range of bilateral research and development projects. Key provisions of the agreement include intellectual property and classified information security. The agreement is not focused solely on any specific area of cooperation and it could be used for many areas, including cooperation on countering improvised explosive devices (IEDs) as well as missile defense. Although the negotiators continue to meet, including a session planned for April, we do not anticipate concluding the DTC Agreement by the NATO summit.

- b. Administration officials have briefed Congress that you want to have a Ballistic Missile Defense Agreement with the Russian Federation before concluding a DTC Agreement. Is this still the administration’s position? What is the status of these negotiations?

Answer. The administration is not pursuing a BMD Cooperation Agreement with Russia. A BMD Cooperation Agreement would have been a more limited form of the DTC Agreement focused solely on missile defense cooperation, and would not have constrained or limited U.S. BMD programs, deployments, or activities quantitatively, qualitatively, geographically, operationally, or in any other way. Russia declined to pursue a BMD Cooperation Agreement. As such, there are no discussions ongoing. Instead, the Department of Defense is pursuing the broader Defense Technology Cooperation Agreement. If bilateral missile defense cooperation efforts can be identified and mutually agreed, an implementing agreement to facilitate them could be established under the DTC Agreement, once concluded.

Question. Condition 9 of the New START Resolution of Ratification, as well as the FY 2012 National Defense Authorization Act, requires that the President provide a report to Congress if the amount appropriated for nuclear modernization falls below the 1251 target in any given year. That is now the case as the FY12 funding figure for NNSA weapons activities is some \$400 million below the FY12 target. In the report, the President must explain whether the funding shortfall impacts the safety, security, and credibility of our nuclear forces and what he intends to do to compensate for the funding shortfall. Dr. Jim Miller (Principal Deputy Under Secretary of Defense for Policy) testified before the House Armed Services Committee and stated:

We understand the requirement to report if we have less funding than in the section 1251 as requested in Section 1251 Report. Our interpretation of that has been substantially less. In fiscal year 2011 actually slightly less was appropriated than requested. Our judgment was that a 1 percent or less change didn’t require us to submit the report. The difference we are

looking at now in both the House and the Senate appropriations bill, I think, would trigger that, and we would have to examine that question.

- When will the administration submit this report to Congress?

Answer. The administration understands and acknowledges the parallel reporting requirements of Condition 9 of the New START Treaty Resolution of Advice and Consent to Ratification and Section 1045(a)(2) of the Fiscal Year 2012 National Defense Authorization Act. We note the approximately \$416 million shortfall in FY12 appropriated funding for NNSA Weapons Activities in FY 2012. Recognizing this shortfall, the administration is working expeditiously to fulfill the requirements of Condition 9 of the Resolution of Ratification and Section 1045 of the NDAA.

GEORGIA

Question. It is my understanding that the administration is requiring U.S. European Command to rewrite its assessment of Georgian military needs and capabilities before considering any type of arms sales to the country. The original assessment was conducted in late 2009. Given how recently this assessment was conducted, what is the justification for repeating the study?

Answer. As part of our ongoing security and defense relationship with Georgia, the Department of Defense, including U.S. European Command, regularly assesses Georgia's military needs and capabilities. Through our current defense cooperation efforts, we seek to maximize U.S. security assistance to support Georgia's defense reform and modernization, self defense capabilities, and to provide training and equipment in support of Georgian participation in ISAF operations in Afghanistan. Per standard practice, the administration reviews all requests for export licenses and arms transfers individually, assessing legal, technical, and policy considerations.

Question. Will the language the administration is seeking among our NATO partners regarding the aspirations of Georgia provide a clear path toward membership?

Answer. NATO maintains an Open Door policy for aspiring members. The United States is working closely with NATO allies on planning for the summit in Chicago, which will focus primarily on NATO engagement in Afghanistan. Georgia continues to be an important NATO partner and significant contributor to ISAF operations in Afghanistan, and we believe the summit should highlight this partnership. The administration supports Georgia's NATO membership aspirations and is working with the Georgian Government to implement the wide array of reforms necessary to meet Euro-Atlantic standards. Georgia's Annual National Program (ANP) and the NATO-Georgia Commission (NGC) play central roles in this regard. The administration is also working with allies on ways to acknowledge the progress that Georgia has made on democratic, economic, and defense reforms at the summit.

Question. You have often commented about the rule of law in Russia. As you know, S. 1039 addresses this issue more broadly than just the case of Sergey Magnitsky.

- What is your view of media reports that Russia is continuing its case against Magnitsky even though he died as a result of Russian Government actions or inaction while in custody?

Answer. We continue to call for full accountability for those responsible for Sergey Magnitsky's unjust imprisonment and wrongful death. Pursuing criminal charges against him serves no purpose other than to deflect attention away from the circumstances surrounding his tragic case.

- Have you denied visas or taken any other action against those responsible for the unjust imprisonment of Khodorkovsky and Lebedev?

Answer. Under the Immigration and Nationality Act (INA) and the August 4, 2011, Presidential Proclamation on Suspension of Entry as Immigrants and Non-immigrants of Persons Who Participate in Serious Human Rights and Humanitarian Law Violations and Other Abuse, the Department is required to deny visas to individuals involved in serious human rights violations, and we do so regularly. However in keeping with the INA, we are not able to publicly disclose the names of individuals who are denied visas.

- Will you say publicly that Khodorkovsky and Lebedev should be unconditionally released?

Answer. After the second trial of Mr. Khodorkovsky and Mr. Lebedev in December 2010, we noted that their conviction on charges of embezzlement and money laundering raises serious questions about selective prosecution and about the rule of law

being overshadowed by political considerations. We welcomed news that President Medvedev has ordered the country's prosecutor general to review the conviction.

- Do you oppose the passage of S. 1039? If so, why?

Answer. The administration has welcomed Senator Cardin's campaign for justice for Sergey Magnitsky, and shares the Senator's concerns about this tragic case and about rule of law in Russia more broadly. The State Department has already taken important actions—using the existing authorities of the Immigration and Nationality Act, as well as the expanded powers provided by the Presidential Proclamation issued in August—to ensure that no one implicated in Mr. Magnitsky's death can travel to the United States. We have raised concerns about the bill's requirements to name names and potentially freeze assets in the absence of a strong evidentiary standard, but have also assured the Senator that we are ready to work with him and his colleagues to ensure that those responsible for Mr. Magnitsky's death are brought to justice.

Question. What steps is the administration taking to secure the extradition of Ali Musa Daqduq to U.S. custody?

- What is the likelihood that the Government of Iraq will comply with U.S. requests?
- What leverage is the administration willing to use in order to ensure a hand over?
- If he is ultimately released, what is the likelihood that he would flee to Lebanon or Syria and how would that further exacerbate the crisis there?

Answer. The United States presented an extradition request to the Government of Iraq the first week of February for Daqduq to stand trial before a Military Commission in the United States for his alleged role in the deaths of five U.S. servicemen in Karbala, Iraq, in 2007. We discuss this case at the highest levels of the Iraqi Government and have received assurances that Daqduq will face justice for the crimes he is alleged to have committed. Iraq has held Daqduq for over 2 months, and is exploring what next steps it can take, consistent with its own legal system. Iraq understands how important the proper handling of this case is to Iraq's relationship with the United States. We believe Daqduq is a dangerous individual and his release could have a detrimental effect on U.S. interests, but it impossible to speculate specific consequences of his release.

Question. Do you know of any senior Taliban or Haqqani Network leaders currently (or impending) receiving medical treatment in Saudi Arabia, UAE, or Qatar. If so, when did you learn about this possibility?

Answer. The Department of State refers you to the Office of the Director of National Intelligence to respond to this question.

Question. We have provided substantial assistance to the Lebanese Government and the Lebanese Armed Forces in the past and the President requested \$70 million in economic assistance, \$75 million in military assistance and \$15.5 million in internal security assistance for Lebanon for FY 2013. Given that Hezbollah continues to take on a greater role in the Lebanese Government, I am very worried about how this assistance might be used in the future and about the fact that the Lebanese Army has done little to prevent Hezbollah's rearmament.

- I understand that the administration is currently reviewing our assistance to Lebanon and that it has yet to put forward a congressional notification for FY12 money. What is the status of this review and how is it being carried out?
- How will our aid to Lebanon be affected in light of Hezbollah's growing role in the government?

Answer. The Department of State has not yet released the FY 2012 Lebanon spending plan, but it is forthcoming. We continuously review all aspects of our assistance to Lebanon to ensure that all programs further U.S. objectives and remain within the national interest. As part of this review, the State Department has carefully assessed the Lebanese Government's policies and statements since its formation in June 2011. While we continue to have concerns about Hezbollah's influence within the body politic, we do not believe this government to be "Hezbollah-run." Hezbollah holds 3 out of 30 Cabinet seats—the same number it held in the previous government of Saad Hariri. Nor are the various factions represented in the Cabinet universally pro-Hezbollah. In fact, Prime Minister Najib Mikati and his centrist allies in the Cabinet have been successful in maintaining the government's commitment to Lebanon's international obligations, despite pressure from Hezbollah and other pro-Syrian factions within Lebanon to do the opposite.

In particular, we have been reassured by Prime Minister Mikati's actions in November 2011 to fulfill Lebanon's 2011 funding obligation (\$32.2 million) to the Special Tribunal for Lebanon, which has indicted four Hezbollah operatives accused of involvement in the assassination of former Prime Minister Rafik Hariri and other victims. In addition, Prime Minister Mikati continues to support the implementation of U.N. Security Council Resolutions 1559 and 1701 and has maintained a policy of disassociation with regard to the unrest in Syria, despite pressure from pro-Asad factions in his coalition to do more to support the regime in Damascus.

Our recent budget requests seek to strengthen moderate forces in Lebanon and displace the influence of extremist nonstate actors such as Hezbollah and its backers in Iran and Syria. The U.S. Government has safeguards in place designed to minimize the risk that Hezbollah or other terrorist organizations will benefit from U.S. assistance activities.

While we will continue to monitor developments in Lebanon closely, U.S. assistance to certain Lebanese central institutions, namely the Lebanese Armed Forces (LAF) and Internal Security Forces (ISF), continues to advance key U.S. interests and priorities, including: stability within Lebanon and on the Blue Line between Israel and Lebanon; maintenance of Lebanon's sovereignty and independence, and regional stability. The LAF continues to be a professional and well-respected Lebanese institution with a strong relationship with the U.S. military. With the support of U.S. assistance and training, the LAF maintains a presence in all areas of Lebanon, including southern Lebanon and the area south of the Litani (as called for by U.N. Security Council Resolution 1701), and regularly conducts internal security, counternarcotics, and counterterrorism operations. An end to U.S. support to the LAF would be a strategic victory for Hezbollah, and cause LAF capabilities to deteriorate, and with them, security in southern Lebanon and along Israel's northern border.

ARGENTINA

Question. As you know, in 2001, Argentina had the largest default in history, where it defaulted on over \$81 billion in international bonds. In the United States alone, over 100 court judgments have ordered Argentina to fulfill its debt obligations to U.S. creditors, but Argentina still has not done so.

- What steps is your Department taking to compel Argentina to honor these rulings?

Answer. On the margins of the Cannes G20 summit in November, President Obama discussed with President Fernandez de Kirchner the need for Argentina to normalize its relationship with the international financial and investment community, and he urged Argentina to take concrete actions with respect to repayment of outstanding arrears and complying with final and binding arbitral awards. Senior State Department officials and others in the administration have followed up with Argentine officials to reinforce the President's message.

We believe it is in the mutual interest of Argentina and the United States that Argentina resolve its longstanding obligations to creditors and arbitral award holders.

In meeting its obligations to creditors and investors, Argentina will send a strong signal that it welcomes and encourages foreign and domestic investment that is crucial for the sustained economic growth.

Question. According to recent reports, the U.S. Treasury Department is considering allowing Argentina to restructure its debt through the Paris Club. Although approximately \$3.5 billion of this debt is owed to the U.S. Government, this amount is small in comparison to the over \$3.5 billion Argentina owes to private U.S. creditors. In fact, the amount owed to private American creditors is so large that if Argentina were to pay these debts, the U.S. Government would receive far more from tax revenues on those payments alone than it would from a settlement of the debt owed to the U.S. Government.

- In light of these facts, will the U.S. Government wait until Argentina has satisfied all awards under the U.S.-Argentine bilateral investment treaty and the more than 100 outstanding U.S. court judgments against it before approving a Paris Club deal for Argentina?

Answer. Argentina's arrears to U.S. Government agencies total about \$550 million, and U.S. Government effort, including in the Paris Club, is appropriately focused on recovering full payment on these loans extended on behalf of American taxpayers. It would not be in the taxpayers' interest to impose additional conditions, unrelated to Paris Club claims, on the pursuit of this objective.

U.S. Government efforts to recover on loans, extended on behalf of our taxpayers, in no way diminishes our urging of Argentina to honor the claims of private American bondholders and investors. We continue to use every opportunity to press Argentina to do so.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR JAMES M. INHOFE

Question. At the 2008 NATO Bucharest summit, member states agreed that Georgia would become a future NATO member. This decision has been reaffirmed by NATO on numerous subsequent occasions. Georgia has been making impressive progress in its democratic transformation which I believe facilitates Georgia's NATO accession process. Georgia has also made extraordinary contributions to the International Security Assistance Force mission in Afghanistan.

The NATO summit in Chicago is an important moment to recognize Georgia's progress and advance its prospects for membership in the alliance. U.S. leadership is essential for this.

- Could you please elaborate on how the administration will use the summit to ensure not only that Georgia's progress and its contributions to NATO are recognized, but that it is also given a clear roadmap and benchmarks for achieving full NATO membership?

Answer. The United States is working closely with NATO allies on planning for the summit in Chicago, which will focus primarily on NATO engagement in Afghanistan. Georgia continues to be an important NATO partner and significant contributor to ISAF operations in Afghanistan, and we believe the summit should highlight this partnership. The administration supports Georgia's NATO membership aspirations, and is working with the Georgian Government to implement the wide array of reforms necessary to meet Euro-Atlantic standards. Georgia's Annual National Program (ANP) and the NATO-Georgia Commission (NGC) play central roles in this regard. The administration is also working with allies on ways to acknowledge the progress that Georgia has made on democratic, economic, and defense reforms at the summit.

Question. Despite Malaysia's portrayal as a moderate Muslim democracy, minorities there face increasing restrictions on religious freedom, including attacks on non-Muslim places of worship and the growing power and influence of the Sharia Islamic law court system over cases involving Hindus, Christians, and Buddhists. In addition, minorities are economically marginalized through government policies that favor the majority Muslim Malay population (Article 153 of the Constitution) and face political repression through draconian security measures.

- How can the State Department play a more active role in working with the Malaysian Government to promote more equitable policies that ensure religious freedom and equality for all the country's citizens?

Answer. The United States Government maintains a broad and active dialogue with the Government of Malaysia as part of our productive bilateral partnership. The United States Government engages with religious groups, nongovernment organizations, civil society, and political parties within Malaysia. The United States Government seeks in all these engagements to promote understanding of the United States and U.S. policy, including the promotion of internationally accepted norms of religious freedom and human rights. The International Religious Freedom report highlights the promotion of those norms and serves as a basis for our engagement with the Malaysian Government.

U.S. engagement with Malaysia includes engagement by the U.S. Ambassador and the staff of the Embassy in Kuala Lumpur. Senior Washington-based officials are directly involved with Malaysian counterparts; as an example, Special Representative to Muslim Communities Farah Pandith has visited Malaysia twice and met with government and nongovernment representatives.

RESPONSE OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTION
SUBMITTED BY SENATOR JOHNNY ISAKSON

Question. Last year, Congress directed the State Department to assist American victims of Libyan terrorism regarding the use of the frozen assets of former Libyan dictator, Muammar Qaddafi, for compensation. As you are aware, it is possible that the compensation fund for American victims of Libyan terrorism established pursuant to the Libyan Claims Resolution Act could have a shortfall. Please describe ef-

forts the Department is undertaking to: (1) establish contingency plans in the event of a shortfall; (2) engage in state-to-state negotiations with the new Libyan Government to ensure American victims of Libyan state-sponsored terrorism receive full compensation in accordance with awards set forth by the Foreign Claims Settlement Commission; and (3) use assets belonging to Muammar Qaddafi, the Qaddafi family, and advisors currently under U.S. control to compensate these American victims of terrorism.

Answer. The Department believes that it is premature to determine whether there will be a shortfall in settlement funds. The Foreign Claims Settlement Commission (FCSC) is still in the process of adjudicating and, in some cases, establishing the appropriate levels of compensation for many of the claims that were referred to it as part of the Libya claims program. The FCSC must be allowed to complete more of this work before a projection regarding the sufficiency of settlement funds can be made. In the event of a shortfall, the International Claims Settlement Act of 1949 establishes that each claimant who receives an award from the FCSC will receive a pro rata share of the available settlement funds up to the full amount of that award.

Regarding possible state-to-state negotiations, the 2008 U.S.-Libya Claims Settlement Agreement provided for the “full and final settlement” of terrorism-related claims against Libya and its public officials in exchange for the \$1.5 billion settlement amount. Given the terms of this agreement, there does not appear to be a legal basis for seeking additional compensation from the Government of Libya at this juncture. Doing so could well undermine our efforts to secure compensation for other U.S. nationals through similar claims settlements with other governments in the future.

Furthermore, frozen Qadhafi family assets would not be an appropriate source of additional funds for these claims, which the United States has already settled through the 2008 U.S.-Libya Claims Settlement Agreement. This would similarly undermine the United States ability to conclude similar claims settlements on behalf of U.S. nationals in the future. Moreover, those Qadhafi family assets that are in the United States have been frozen pursuant to legally binding U.N. Security Council Resolutions. Those resolutions indicate that any frozen assets shall be used for the benefit and in accordance with the needs and wishes of the Libyan people. If the United States were to unilaterally decide on an alternative disposition of these assets, it would undermine our ability to obtain similar U.N. action in the future and could expose the United States to claims under international law.

We are not aware of any Qadhafi family member interest in the assets that comprise the amounts reported publicly by the Office of Foreign Assets Control (OFAC) as blocked pursuant to the Libya sanctions program. We understand that the only property reported to OFAC as blocked pursuant to Executive Order 13566 that might contain an interest of a Qadhafi family member is nonliquid property regarding which valuation would be difficult to ascertain and that may have no significant value.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR CHRISTOPHER A. COONS

Question. Sudan.—What is the status of the roadmap toward normalized relations that we initially presented to the Government of Sudan more than a year ago?

Answer. The current situation in the Sudanese states of Southern Kordofan and Blue Nile has caused us to suspend discussions on the roadmap. The United States told the Government of Sudan that in order to discuss steps toward normalization, we need for Sudan, at a minimum, to address the crises in Southern Kordofan and Blue Nile. In particular, this would include action by Sudan to end the continued bombing that is taking such a toll on civilians, to permit international humanitarian access to these Two Areas, and to resume negotiations with the SPLM-N to find a political solution to the conflict. Unfortunately, the Government of Sudan has not met these conditions. Additionally, the full normalization of relations between the United States and Sudan would require the resolution of outstanding Comprehensive Peace Agreement issues, including oil arrangements, and progress in Darfur.

Question. Sudan.—I am increasingly concerned about the assessments by the Famine Early Warning System (FEWS NET) of growing food insecurity in conflict-affected areas of South Kordofan and Blue Nile.

- What further pressure can the United States and its allies bring to bear on Sudan, which continues to deny access for humanitarian workers despite the serious and deteriorating situation for civilians?

Answer. Since October of last year, we have relentlessly pursued unrestricted humanitarian access to the Two Areas with the Government of Sudan. I have told the Government of Sudan on numerous occasions that we, as the U.S. Government, cannot stand by and watch a crisis unfold. We have engaged AU Chairman Jean Ping, AUHIP Chairman Thabo Mbeki, U.N. Special Envoy for Sudan and South Sudan Haile Menkerios, and U.N. Under Secretary General for Humanitarian Affairs Valerie Amos, who have all reached out directly to the Government of Sudan on this crisis. We have demarched a number of countries and organizations with influence in Khartoum asking them to raise this with the government. We have worked tirelessly to raise awareness of the crisis through briefing of the advocacy community and Members of Congress. We are continuing to highlight the issue at the U.N. Security Council, and at high-profile events to impress a sense of urgency on the Government of Sudan. The President of the Security Council issued a statement on March 6 condemning violence along the border of Sudan and South Sudan, and renewing the 15-member Security Council's unanimous call to allow full, unfettered access for international humanitarian organizations to enter the Two Areas for proper assessment of needs and delivery of assistance. We remain hopeful that our diplomatic efforts and pressures on the Government of Sudan will yield progress. The United Nations, African Union, and the League of Arab States have made a joint proposal to the Government of Sudan for a major humanitarian program in these areas. We very much hope this proposal will be approved, because it offers the most effective means to reach the maximum amount of affected people.

Question. Somalia.—With the end of the Transitional Federal Government (TFG) this August, what more can the United States and its allies do to strengthen Somalia's weak system of governance in order to make it more transparent and participatory, and encourage long-term economic growth and stability?

Answer. The schedule for completing key constitutional tasks is extremely tight, but we are working closely with international partners to help Somali leaders ensure a successful transition and a transparent political process. Through USAID, we are providing support to the TFG to achieve key transitional goals, including providing technical assistance to the Council of Experts and the Independent Federal Constitutional Commission, promoting public outreach on the draft constitution, and developing civic education programs to help the Somali public understand the constitutional process. But ultimately, the TFG and other Somali stakeholders will bear responsibility for adhering to the timetable and achieving sufficient inclusivity and transparency.

In concert with the international community, we are working closely with the TFG and regional actors to implement the Roadmap to End the Transition, which specifically addresses transparency in government in the following ways: creating an Independent Interim Electoral Commission, which will help appoint members of the Constituent Assembly; ordering a comprehensive report on all TFG expenditures and revenues; and formulating a national budget, which the TFG cabinet approved in January 2012. We support financially Somali efforts to draft the constitution and fund advisors to the Ministry of Finance to help it tackle budget reform.

Since 2010, USAID has obligated \$38 million for stabilization projects in Somaliland, Puntland, Mogadishu, and in some of the regions where al-Shabaab has been pushed out. These projects, part of USAID's Transition Initiatives for Stabilization (TIS), bring regional authorities together to quickly provide durable development programs to local communities that will encourage long-term growth and stability. We plan to expand these TIS projects and have encouraged other partners to contribute to and coordinate stabilization assistance.

Question. West Africa.—The FY 2013 budget request includes relatively little bilateral development assistance for Niger (\$2 million), none for Mauritania or Cote d'Ivoire, and declining amounts for Mali (\$66.1 million compared to \$72.1 in FY 2012) and Senegal (\$33.9 million compared to \$50 million in FY 2012). Given unprecedented political unrest in Senegal, conflict in Mali, broader insecurity in the Sahel region, and a fragile political transition in Cote d'Ivoire, please describe how the administration anticipates using the FY 2013 foreign operations budget to advance democratic governance and stability in West Africa.

Answer. The U.S. Government's overriding interests in Cote d'Ivoire have long been to help restore peace, encourage disarmament and reconciliation of hostile factions, and to support a democratic government whose legitimacy can be accepted by all citizens of Cote d'Ivoire. FY 2013 is a key year for solidifying Cote d'Ivoire's historic democratic achievement following its post-election crisis. The total FY 2013 foreign assistance request for Cote d'Ivoire is \$137.3 million, spread across five funding accounts and includes \$13.5 million in Economic Support Funds (ESF) to support

Cote d'Ivoire's political transition. State/AF traditionally programs ESF funds to support development programs in countries that are transitioning from instability to stability. FY 2013 ESF programs in Cote d'Ivoire will focus on reconciliation and strengthening the country's fragile democracy. ESF resources are complemented by peace and security programs funded through the Peacekeeping Operations (PKO)—\$2 million, International Military Education and Training (IMET)—\$200,000, and Foreign Military Financing (FMF)—\$200,000 accounts. The request includes resources to support multiethnic participation in the democratic process in lieu of violence and separation; enhance capacity of national, provincial and local governmental institutions, the media, and civil society leading to better governance and increased public confidence in the democratic process; support credible and legitimate legislative elections and follow-on activities; increase respect for the rule of law and human rights; and address the HIV/AIDS epidemic through expanded access to prevention, care, and treatment services.

Continued fighting in northern Mali, coupled with a poor harvest, is hampering the government's development plans and poses new challenges to the Presidential and legislative elections scheduled this year. FY 2013 is an important year in which we will continue to strengthen Mali's democratic and security institutions. The FY 2013 foreign assistance request for Mali is \$129.2 million. Although lower than the FY 2012 estimate, the request includes funding for the training of mayors, communal council members, and civil society organizations, while simultaneously supporting literacy and educational development, which will enable the Government of Mali (GOM) to design and manage the delivery of vital services to constituents. The Peace and Security program will promote military professionalism, advance respect for human rights, and strengthen the capacity of the GOM to protect itself from terrorist and criminal threats and to participate in peacekeeping operations. Through the Global Health Initiative (GHI), we will help Mali achieve major improvements in malaria reduction, maternal and child health, and family planning and reproductive health. GHI will also support work on HIV/AIDS and nutrition. Last, through the President's Global Hunger and Food Security Initiative the United States will work with the GOM to increase agriculture productivity and growth.

Recent al-Qaeda in the Islamic Maghreb (AQIM) activity across the Sahel has caused the Government of Mauritania to bolster its counterterrorism and counterradicalization efforts. These efforts include collaborating regionally in the Sahel and with Maghreb nations, as well as making security their top domestic priority. Through the Trans-Sahara Counterterrorism Partnership (TSCTP) we are helping Mauritania bolster its border security and professionalize its military. In addition, the FY 2013 foreign assistance request for Mauritania includes \$150,000 for International Military Education and Training (IMET) to support stabilization and security sector reform. This will continue to support counterterrorism activities and English language training of Mauritanian officers in order to increase their interoperability with international troops.

The international community resumed development assistance and increased engagement with the inauguration of Mahamadou Issoufou as President of Niger in April 2011. Eleven months into the Issoufou administration, the country is at a turning point. One of our primary objectives is to support a transparent and responsive democracy that respects human rights in Niger. The FY 2013 request for Niger is \$17.1 million, across three funding accounts. Of this, \$2 million (double the FY 2012 estimate) is requested in Development Assistance to expand programs focused on civil society and promoting good governance; specifically, improving public sector accountability and performance across a broader spectrum of public services. The request also includes \$15 million for Food for Peace (Title II) to improve food security and support productive agricultural enterprises.

Last, in Senegal, U.S. support with FY 2011 resources helped to wage a successful public advocacy campaign to ensure a free, fair, peaceful, and inclusive Presidential electoral process. The FY 2013 request for Senegal includes ample funding to advance democratic governance and stability in the country. The requested assistance will play a key role in consolidating democratic outcomes resulting from the 2012 Presidential and legislative elections while continuing to support Senegal's efforts to enhance local government capacity, promote laws and policies that lead to greater judicial independence, and strengthen the key oversight institutions such as the national corruption committee, national reform commission, and national procurement agency to provide more rigorous oversight.

Question. LRA.—I welcomed the administration's notification to Congress in October that it was deploying about 100 military advisors to help Uganda and other regional countries counter the Lord's Resistance Army (LRA).

- Please provide an update on the progress and status of the advisory mission.

- Do you expect the American military personnel to remain in Africa until Joseph Kony and other senior LRA leaders are apprehended?

Answer. The United States continues to pursue our multifaceted, comprehensive strategy to help the people and governments of the region mitigate and eliminate the threat posed by the LRA and bring the top LRA commanders to justice. As one part of that strategy, we have deployed a small number of U.S. military forces to the LRA-affected region to serve as advisors to the national militaries pursuing the LRA's top commanders and seeking to protect local populations.

Small teams of the U.S. military advisors are now working with the national military forces in forward operating sites in the LRA-affected areas. In these locations, the U.S. military advisors have made progress building relationships with military and civilian leaders, increasing information-sharing and analysis across borders, and synchronizing information on LRA movements. U.S. military advisors are also working with the Congolese military and the U.N. peacekeeping force, MONUSCO, at the Joint Intelligence and Operations Center in Dungu and helping them to plan their operations to counter the LRA. U.S. military advisors helped them plan a joint operation that was carried out to help deter the LRA from committing massacres in the DRC during the Christmas season, as it did in 2008 and 2009.

There continues to be a robust interagency review process to ensure that this advisory effort is helping the region to make progress toward ending the threat to civilians and regional stability posed by the LRA. This is not meant to be an open-ended deployment. We believe our advisors can provide critical capabilities in the near-term to help the national military forces pursuing the LRA to succeed. We have made clear to the governments in the region that our continued support is also contingent on their continued leadership and collaboration in the fight against the LRA.

Question. Nigeria.—What are the political and security implications of the increasing number of attacks against civilians perpetrated by Boko Haram? Is this an internal governance problem that Nigerian leadership must address, or is it an indication of ties to international terrorist groups? What role has the United States played in stemming this instability, and how concerned should we be about the potential economic implications in Nigeria and for bilateral trade?

Answer. We abhor the violence attributed to Boko Haram in northern Nigeria. We support the Nigerian authorities in their efforts to bring the perpetrators of violent acts to justice, and stress the importance of protecting civilians in any security response to threats and attacks. In our view, Boko Haram is dangerous but not a threat to Nigeria's political stability.

The extremist violence in northern Nigeria requires more than just a security response. Groups such as Boko Haram exploit legitimate grievances of the northern population to garner recruits and public support. To address the political and socio-economic challenges of the north, the Nigerian Government must effectively engage communities vulnerable to extremist violence and promote human rights practices among its security forces, whose heavy-handed tactics reinforce northerners' concerns that the Nigerian Government does not care about their lives.

Boko Haram operates in the most impoverished part of Nigeria. A U.N. study shows that poverty levels in the 12 most northern states are nearly twice as high as in the rest of the country. Children in the far north are almost four times as likely to be malnourished. An astonishing 77 percent of women in the far north have no formal education, compared to only 17 percent in the rest of the country.

While Boko Haram is not a monolithic group, its aims are largely to discredit the Nigerian Government. It is focused primarily on local Nigerian issues and actors, and responds principally to political and security developments within Nigeria. We are concerned about reports that Boko Haram is in contact with other extremist groups such as al-Qaeda in the Islamic Maghreb (AQIM) and are monitoring these developments closely. Most Nigerians abhor Boko Haram tactics and ideology, although there is a growing minority among certain ethnic groups that view Boko Haram as promoting their interests.

The United States engages regularly with our Nigerian counterparts on issues of violent extremism. We convened a meeting of the U.S.-Nigeria Binational Commission in January to specifically discuss this issue. On multiple occasions, we have urged the Nigerians to seriously address longstanding grievances underlying unrest in northern Nigeria. U.S. companies do look to foreign governments to assure them that they can safely do business in countries where they operate. Our primary trade commodity from Nigeria is oil from the southern part of the country and this trade remains strong.

Question. The Sahel is facing a two-fold crisis of drought and insecurity sparked by climatic issues and the flow of weapons from Libya. I have watched with growing concern the predictions of drought and hunger for 12 million people across Niger and six other countries, at the same time that a newly armed Tuareg insurgency is attacking civilians and government installations in northern Mali.

- Can you please comment on U.S. efforts to address the problems of both insecurity and hunger in the Sahel?

Answer. USAID is greatly concerned by the security and hunger situation in the Sahel and is working to address both issues.

We have taken early integrated action to address food insecurity through emergency aid that saves lives and longer term programs that increase resilience across the Sahel. Our strategy bridges the span from relief to recovery to development by addressing the root causes of hunger, malnutrition, and instability in West Africa.

Our approach supports national and regional structures that promote food security and nutrition, while providing short-term assistance to vulnerable populations—such as food assistance, treatment for acute malnutrition, and building community resilience through cash-based programs to provide funds to protect and restore livelihoods. For instance, USAID is providing vouchers that enable vulnerable households to take advantage of functioning markets, which strengthens local commerce and helps individuals access food and other goods and services. At the same time, USAID cash-for-work activities provide short-term, income-generating opportunities and rehabilitate public infrastructure. To improve crop production, USAID is supporting farmers to distribute improved seeds to vulnerable farmers in the region.

To date in FY 2012, the U.S. Government has provided nearly \$200 million in emergency assistance in response to food insecurity and conflict in the Sahel, including \$9.2 million from USAID's Office of U.S. of Foreign Disaster Assistance, \$179 million from USAID's Office of Food for Peace, and \$9.5 million from the State Department Bureau of Population Migration and Refugees.

Tribal conflicts, extremist violence, and political and economic marginalization contribute to instability in the Sahel and can undermine development, so our emergency and agricultural support is complemented by long-term efforts to address conflict as one of the root causes of chronic poverty and instability. Through the Trans-Sahara Counterterrorism Partnership (TSCTP), USAID coordinates with the Departments of State and Defense to strengthen government counterterrorism capabilities, enhance and institutionalize cooperation among security forces, promote democratic governance, and discredit terrorist ideology. USAID programs are actively mitigating conflict and encouraging reintegration of those whose actions may exacerbate crises or who may be motivated by poverty and hunger to radicalize. These programs specifically reach out to young men—the demographic most likely to be recruited by extremist groups. USAID-supported educational and vocational opportunities counter indoctrination efforts by violent extremist organizations and provide them with new skills, job security, and a positive vision of their future.

In northern Mali specifically, the security situation is of great concern, even more so now due to the current military unrest. However, as you know, activities that counter violent extremism and insecurity may be suspended due to the recent unlawful seizure of power.

We will continue to monitor these situations closely and respond to need as robustly as possible.

Question. GHI/FTF.—The biggest change in the budget for Africa comes from a decrease in Global Health Initiative funds, which represents approximately two-thirds of the total funding for Africa. As I understand it, the FY 2013 budget request reflects a reduction of 5 percent for USAID-administered GHI funds and 12 percent for State-administered GHI funds compared to FY 2012. The request also includes a 12 percent reduction in Feed the Future funds compared to FY 2012. Please describe the reasoning behind, and implications of, the cuts.

Answer. USAID-Administered GHI Funds: In FY 2013, USAID prioritized, focused, and concentrated our investments across every portfolio, particularly in Global Health and Feed the Future. The FY 2013 request was developed in the context of the current fiscal environment; the budget for the Global Health Initiative represents a straight-line from the FY 2011 level. With our current funding, this administration's global health investments are saving millions of lives around the world. Since 2008, child mortality has declined by 16 percent and maternal mortality by 13 percent in priority countries for maternal and child health (MCH). In 2011 alone, the President's Malaria Initiative protected more than 58 million individuals from malaria infection.

The FY 2013 request reflects innovation and efficiency gains which allow our dollars to go further, including the graduation of mature programs, refocusing funding

to countries with the greatest need, and leveraging of resources through public-private partnerships and multilateral institutions. Efforts to increase the focus of health programs overall resulted in the shift of funding from nonpriority programs in Africa to higher priority countries in other regions. For example, regarding tuberculosis programming, USAID closed programs in Namibia and Ghana to increase funding for other countries with a higher burden of tuberculosis.

State-Administered GHI Funds: For FY 2013, PEPFAR made Africa country allocations based upon gains in program efficiency, realignment of priorities to better reflect country-specific contextual issues (such as absorptive capacity and availability of other resources in country), and increased programmatic and financial ownership by partner countries.

PEPFAR programs are able to expand without increased resources due to reduced treatment costs and efficiency gains spurred by scientific advances, task-shifting and a greater focus on cost-effective models of service delivery. Treatment costs have dropped from \$1,100 to \$335 per patient/year. One factor has been PEPFAR's commitment to procuring generic drugs with bulk purchasing through the Supply Chain Management System. In FY 2010, 97 percent of drugs procured were generic brands. PEPFAR has also made simple cost-saving changes, such as shipping by land and sea instead of air. Scientific advances and innovation within several areas, including voluntary medical male circumcision (VMMC) devices, will allow PEPFAR to deliver expanded services for less. With a new device, VMMC unit costs are expected to drop from approximately \$142 to \$32 by the end of 2012. Finally, shifting from hospital-based services to less expensive community clinics, adjusting the frequency of follow-up visits for stable patients, and transitioning from doctors to nurses for the provision of some services are greatly reducing PEPFAR costs and allows for expanded capacity overall.

A purposeful realignment of resources to better reflect country-specific contexts has also contributed to PEPFAR's ability to reduce its bilateral budget in FY 2013. This has included deeper analysis of epidemics at the country level, the capacity of governments and implementing partners, and progress toward increasing country ownership of HIV/AIDS programs. These factors have positioned PEPFAR to safely reduce budgets in some African countries while increasing budgets in others.

Finally, through coordination of PEPFAR and the Global Fund, U.S. investments against AIDS are expanded both geographically and programmatically. This increased interdependence of PEPFAR and the Global Fund allows for a greater impact. The PEPFAR bilateral program cannot reach the goals without a robust and functioning Global Fund, and we anticipate that the increased resources proposed for the Fund in the FY 2013 budget will have an important impact in key African countries.

Feed the Future Funds: The FY 2013 request of \$1.2 billion for the President's Global Hunger and Food Security Initiative, Feed the Future, will fund the fourth year of this Presidential Initiative and reflects a coordinated interagency strategy that expands support for both bilateral and multilateral assistance programs. This request includes \$1.1 billion for State Department and USAID, of which \$1.0 billion is for agriculture and \$90 million is for nutrition programs. In addition, the Department of Treasury is requesting \$134 million for a further U.S. contribution to the multidonor Global Agriculture and Food Security Program (GAFSP). At this requested level, the administration anticipates meeting the President's commitment to provide \$475 million to the GAFSP.

The FY 2013 request continues to address the root causes of hunger by helping countries increase agricultural-led growth by raising agricultural productivity, improving access to markets, increasing the incomes of the poor, and reducing undernutrition—especially of women and children—through sustained, long-term development programs. In priority countries, it is accelerating progress toward the Millennium Development Goal of reducing the number of people living in extreme poverty and suffering from hunger and undernutrition. Feed the Future programs also focus on reducing long-term vulnerability to food insecurity, especially in the Horn of Africa and the Sahel, and harness science and technology to help populations adapt to increasingly erratic production seasons. These efforts stand alongside the administration's ongoing commitment to humanitarian assistance that alleviates the immediate impacts of hunger and undernutrition.

The combined FY 2013 request for State Department and USAID agriculture and nutrition programs is 3 percent (\$27.4 million) greater than the FY 2012 estimate level. For State/USAID agriculture programs, the \$1.0 billion request is 3 percent (\$32.4 million) greater than the FY 2012 estimate level of \$968.1 million.

RESPONSES OF SECRETARY OF STATE HILLARY RODHAM CLINTON TO QUESTIONS
SUBMITTED BY SENATOR TOM UDALL

Question. As you have probably heard, I recently met with the Nobel Prize Winner and IPCC Chair Dr. Rajendra Pachauri in India. During this meeting it was made clear to me that the science on climate change is getting stronger and the impacts we are facing in the future look increasingly dire. I know I don't need to convince you about the science on this issue, and the fact that climate change will likely lead to many issues which impact our national security as a result of drought, famine, migrations, and the impact of higher sea levels in coastal areas. However, given this great threat to the future of the planet, I am discouraged that the request for Global Climate Change was reduced from \$482 million in fiscal year 2012 to \$470 million in fiscal year 2013.

- Can you please explain why climate change has been deemphasized given the immense threat it poses to the future of our planet and the Nation?

Answer. Combating climate change remains a key priority of this administration, one we address both through our foreign assistance and through diplomatic efforts, including international climate change negotiations. The FY 2013 joint State/USAID/Treasury request of \$770 million for the Global Climate Change Initiative (GCCCI) will support sustainable economic growth, U.S. national interests, and environmental protection. State and USAID programs (\$470 million in the FY 2013 request) support a diverse global clean energy resource base, conserve and restore the world's tropical forests, and enhance resilience to weather and climate-related disasters and damage. This work also sustains U.S. credibility and leadership on an issue that is high priority for countries around the world, including some of our longest standing allies.

The 2.5-percent decrease in the FY 2013 State/USAID GCCCI request was not a deemphasis on climate change but rather a recognition of the difficult fiscal situation and the need to support other equally critical foreign assistance priorities within the budget such as Afghanistan, the Arab Spring, and the President's Global Health and Feed the Future assistance initiatives. Even with this modest cut, GCCCI funding will continue to be concentrated in priority countries and programs, including:

- (For adaptation) those countries most vulnerable to climate impacts, including small island developing states, least developed countries, sub-Saharan Africa, and glacier-dependant countries;
- Low Emissions Development Strategy (LEDS) partners;
- Large and/or emerging industrial greenhouse gas emitters; and
- Key tropical forest ecosystems such as the Congo and Amazon Basin and South-east Asia.

GCCCI funding increasingly will also seek to leverage the additional financial flows, particularly from the private sector, needed to help developing countries invest in technologies for low-emissions, climate-resilient development. Leveraging climate financing from the private sector and other donor countries is a key priority for the State Department as we seek to maximize the value of every U.S. dollar spent on this critical issue, and this will become an increasingly important priority going forward.

It should also be noted that, many USG assistance programs outside the GCCCI, including both other USAID programs and activities undertaken by other agencies, also support the battle against climate change. Thus, while appropriated funding for the GCCCI was \$819 million in FY 2011, we estimate the total USG contribution to climate change (aka "Fast Start") finance for developing countries during FY11 to be approximately \$3.1 billion. For example, in India alone, the Overseas Private Investment Corporation (OPIC) provided \$214 million in FY 2011 in investment finance and insurance for renewable energy activities.

Question. In a recent Foreign Affairs piece, Ehud Eiran, a Research Fellow at Harvard's Belfer Center, and former officer in the Israeli Army as well as assistant to Prime Minister Ehud Barak's Foreign Policy Advisor wrote a piece titled "What Happens After Israel Attacks Iran: Public Debate Can Prevent a Strategic Disaster." This article, I believe, is extremely important given the recent rhetoric regarding how to deal with Iran's developing nuclear capability. One of his most important points was that there has not been serious discussion about what would happen after a possible military strike and that, "Without serious public discussion about the possibility of a long war with Iran, Israel could enter an extended conflict unprepared to provide for and defend its citizens. I am very concerned that this debate may also be lacking in some quarters in the United States, and would ask, whether or not we will be asking these tough questions in the public and posing them to

our ally Israel before we, or Israel alone, crosses the Rubicon, and what role do you believe Congress should play to actively engage in such a policy debate?

Answer. U. S. policy on Iran's nuclear program is straightforward: We are determined to prevent Iran from acquiring a nuclear weapon. An opportunity still remains for diplomacy—backed by pressure—to succeed. We are in close consultations with all of our international partners on maximizing this opportunity to persuade Iran to resolve the international community's concerns regarding the nature of its nuclear program. The level of our cooperation with Israel, in particular, on a range of regional and strategic issues is unprecedented. We continue to have frank discussions with the Israelis on our options regarding Iran, which President Obama recently stated includes all elements of American power: a political effort aimed at isolating Iran; a diplomatic effort to sustain international unity and ensure that the Iranian program is monitored; an economic effort that imposes crippling sanctions; and a military effort to be prepared for any contingency.

We share the Congress' concern about Iranian behavior. We are aggressively implementing new sanctions pursuant to Section 1245 of the National Defense Authorization Act of 2012, as well as continuing to enforce sanctions already in place. Working with allies to strengthen implementation of these existing sanctions and to exploit new regime vulnerabilities, while maintaining P5+1 consensus, offers the best opportunity for resolving our concerns. Within that framework, we welcome your ideas to help us continue to increase the pressure for a change in Iranian behavior.

Question. While most of the public attention in the world is on Syria, Afghanistan, Pakistan, and Iran, I fear that we are not paying enough attention to the many atrocities occurring in our own backyard. While what is occurring in the Middle East is deplorable and very concerning, I am also concerned about Central America, a region which is home to increasing levels of violence, and the country with the highest murder rate in the world, Honduras. Madame Secretary, how does the budget for Central America help stabilize these areas, and should we be doing more given the urgent and deteriorating security situation in this region?

Answer. We share your concern regarding the citizen security crisis in Central America and the accompanying factors that bring violence to the region. The problem is large and complex, but the United States is committed to continuing to work with Central American governments and civil society, as well as other donor nations and institutions, to support the region's efforts to reverse the deteriorating state of citizen security.

The Central America Citizen Security Partnership is the United States coordination mechanism in response to the citizen security situation. This partnership aims to help protect citizens of Central America, the United States, and the hemisphere, who are increasingly threatened by organized crime, gangs, and drug-fueled violence. Under the partnership, the United States uses the Central America Regional Security Initiative to implement programming in targeted areas, including to reduce levels of crime and violence, support prevention efforts for at-risk youth and those living in marginalized communities, and strengthen rule of law institutions.

Since FY 2008, the United States has committed \$361.5 million to these efforts. We look forward to working with you on our proposed FY 2012 CARSII allocation of \$105 million, and the administration's FY 2013 \$107.5 million CARSII request.

Citizen security is a priority for the people of Central America. Given the proximity of Central America to our own border, it is imperative to continue our commitment to the region to sustain our efforts and build upon the unparalleled levels of collaboration occurring amongst the Central Americans themselves in addressing their most pressing citizen security, rule of law, and prevention challenges.

Question. I am happy to see that there has been progress with Merida in Mexico. I am also very well aware, that like the United States, Mexico is also in an election year. That is why I believe that public support of Merida is very important. While I have been assured by members of the three major parties in Mexico, that they support continuing to work with the United States to fight against organized drug cartels, I am also aware that in some public areas, there has been a backlash against the initiative as a result of human rights and law and order concerns. This seems to be a crucial area, given the fact that law and governance training, as well as reforms to the federal and state constitutions are progressing faster in some regions of Mexico than others.

How can the State Department better assist the Mexican Government in their battles against organized crime and narco-trafficking in the region while also addressing important issues such as judicial reform and human rights so that the average Mexican citizen does not lose faith in the justice system funding for

International Narcotics Control and Law Enforcement has been greatly decreased from the FY12 estimate of \$248,500,000 to the FY13's request of \$199,000,000 million . . . given the importance of ensuring the success of these programs, what justifies such a large cut in INCLE funding?

Answer. The Merida Initiative is an unprecedented partnership between the United States and Mexico to fight organized crime and associated violence while furthering respect for human rights and the rule of law. Of the \$1.6 billion from all accounts appropriated for the Merida Initiative through FY 2011, we have delivered over \$900 million in equipment, capacity-building, and technical assistance, including \$504 million in CY 2011 alone. Merida assistance supports the Government of Mexico by dismantling organized criminal groups, strengthening institutions, building a 21st century border, and building strong and resilient communities.

Our reduced assistance request for Mexico in FY 2013 reflects the shift from "big ticket" items, such as helicopters and maritime aerial surveillance planes to lower cost training and technical assistance. The programming stresses reforming and strengthening Mexico's law enforcement and justice institutions so that they will be more transparent and effective in providing citizen safety.

We support Mexico's judicial reform and institutional strengthening efforts at the federal and state levels through: judicial exchanges; training of judges, prosecutors, and investigators; increasing the efficiency of court administration; and assisting in the creation of standards for witness protection, chain of custody and forensics.

Our security sector assistance emphasizes: training for federal and state police officers; providing technical assistance for curriculum development to federal and state police academies, which will elevate the quality instruction for future classes of police recruits; providing polygraph machines and training for conducting employee background investigations; and providing equipment and technical assistance to establish a National Police Registry, to ensure corrupt officers are not hired by another government security agency.

We work to promote respect for human rights through our programming across the board, incorporating human rights training into our security and law enforcement training and our rule of law programming.

USAID conducts human rights training and education for police, prosecutors, and other officials to promote implementation of international human rights standards. USAID is supporting the participation of human rights and other NGOs in justice sector reforms, so that these NGOs are better equipped to engage the Government of Mexico on human rights issues and educate citizens on their roles and responsibilities in the new system. USAID also supports the United Nations High Commissioner on Human Rights' office in Mexico to work with Mexican Government agencies to strengthen observance of human rights norms.

Question. Senator Corker mentioned issues about NNSA funding levels, and I just want to add that the people of New Mexico are very concerned about these cuts and whether the National Labs will be able to meet the national security requirements they have been entrusted with. In New Mexico, a major construction project was cancelled as a result of NNSA's budget decisions. Both the Bush and Obama administrations called for the CMRR-NF to satisfy New START obligations and to address the growing safety issues at the 50-year-old building it's meant to replace. In the face of dramatic budget cuts, construction delays and growing costs, it's being put on the back-burner by the administration. I have concerns about how this will affect the lab employees working in the outdated building and its impact on Northern New Mexico. I have not yet received a full explanation about the shift, and hope I can have an explanation soon.

Answer. The administration remains committed to maintaining a safe, secure, and effective nuclear arsenal. Over the past 3 years, the administration has worked with Congress to develop a sustainable, bipartisan commitment to a nuclear deterrent to defend and protect the United States and our allies.

The administration's historic budget requests and nuclear modernization plan have sought to reverse years of declining investments in the nuclear weapons complex. With congressional passage of the Budget Control Act (BCA), we face new fiscal realities. These do not weaken our commitment to maintaining our nuclear deterrent and modernizing the weapons complex, but they must inform programmatic decisions.

Our colleagues at DOE/NNSA can provide a full explanation of the FY 2013 funding decisions, as they relate to the Chemistry and Metallurgy Research Replacement Nuclear Facility.

Question. Over the last 30 years, the United States prioritized maintaining relations with the Egyptian Government and military over support for civil society. U.S.

funds for civil society did not exceed 1 percent, even when people were advocating for reform ahead of elections. In FY12, the United States promised \$1.3 billion in military aid if the country met its legal obligations to hold free and fair elections and protect basic rights. The United States also gave Egypt \$300 million in economic and social aid through the Ministry for International Cooperation, the ministry believed to be driving the NGO harassment.

- How can the United States better incentivize the Egyptian Government to be more accountable to its people?
- How will resources in the FY13 budget take a more balanced approach to supporting the Egyptian people and civil society?
- And how can U.S. military and diplomatic priorities better align so that foreign assistance strengthens, not weakens, the relationship between the Egyptian people and their government?

Answer. Our assistance, whether in the form of Economic Support Funds (ESF) or Foreign Military Financing (FMF), has long sought to promote a more accountable Egyptian Government responsive to its people. For example, our ESF has helped to increase the transparency and effectiveness of Egyptian line ministries that deliver crucial social services to the Egyptian people. Additionally, ESF channeled for direct support to our partners helps nascent Egyptian and international NGOs build their capacity and hold the GOE accountable to the Egyptian people. Our FMF has also for decades aimed to professionalize the Egyptian military so that the armed forces serve the interests of the Egyptian people and jointly advance our shared national security priorities. The decision by the Egyptian Armed Forces to avoid firing on peaceful demonstrators and to side with protesters demanding the resignation of former President Hosni Mubarak in February 2011 helped allow Egypt's democratic transition to take place. We also provided unprecedented levels of direct support to civil society organizations in Egypt following the revolution for activities that we believe helped make the electoral process more transparent and participatory.

Starting July 1, Egypt will have a new democratically elected government. We will discuss with Egypt's emerging political leaders how our assistance can advance the goals you have described—supporting a government that can deliver real advances for the Egyptian people.

As part of this, President Obama and I have made support for civil society a priority in our policy toward Egypt's transition, and we do not intend to back away from that commitment. We remain deeply concerned about intimidation and legal proceedings against democracy activists and civil society organizations in Egypt. We will continue to communicate our support of Egyptian civil society through diplomatic exchanges, public diplomacy, programmatic assistance, and direct meetings with civil society organizations.

The strategic relationship we maintain with the Egyptian Armed Forces, of which FMF is a part, need not undermine our relationship with a democratic Egyptian Government. The goal of our FMF will remain to help assist an Egyptian military that protects national security within a democratic framework.