

Testimony
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Operations, and Bilateral International Development
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Chairman Perdue, Ranking Member Kaine, and distinguished members of the Subcommittee, good afternoon. Thank you for inviting me to speak with you today about the Fiscal Year (FY) 2017 State Department and United States Agency for International Development (USAID) foreign assistance budget request.

As Secretary Kerry noted in his recent hearing before the Committee, while the foreign affairs request makes up just one percent of the total federal budget, it may very well impact much of the history that will be written about this era. I am here today to discuss our FY 2017 foreign assistance priorities, out-year challenges and long-term spending trends, our efforts to enhance foreign assistance management and aid transparency, and interagency coordination.

The FY 2017 State Department and USAID Request of \$50.1 billion includes \$34.0 billion for foreign assistance programs and activities. The budget request directly supports our national security strategy and foreign policy priorities. Our

foreign assistance continues to provide strong and sustainable leadership in the face of unprecedented challenges.

Secretary Kerry spoke to the Committee at length about the Department's FY 2017 request and our priorities. I am not going to go through them all again today – instead, we have provided a Fact Sheet summarizing the main points of our request for the record. He spoke of our efforts to counter violent extremism, to counter Daesh and Russian aggression; to support climate change, democracy and governance, and global health programs; and to address other critical regional challenges and opportunities, such as the conflict in Syria, the migrant crisis in Central America, a potential peace plan in Colombia, our continued efforts to advance our rebalance in the Asia-Pacific region, and of course the many programs we have in Africa. I look forward to answering any questions you have on these topics.

The Department and USAID undertake a rigorous strategic planning and budget formulation process prior to sending up our budget requests each February. During the FY 2017 formulation process, we had the benefit of rolling in our 2015 Quadrennial Diplomacy and Development Review (QDDR). The QDDR outlines four of our major priorities—countering violent extremism, open democratic societies, inclusive economic growth, and climate change.

A core component of the FY 2017 foreign assistance request includes \$9.6 billion in Overseas Contingency Operations (OCO) funding, a level which is aligned with the caps set in the 2015 Bipartisan Budget Act and equal to the amount provided to us by Congress in FY 2016. The OCO request will enable us to prevent, address, and help countries to recover from human-caused crises and natural disasters.

While the Bipartisan Budget Act effectively increased the amount of OCO appropriated for foreign assistance by 59 percent above the FY 2015 level, our FY 2016 *base* appropriations were reduced by 8 percent below FY 2015. The future of base versus OCO funding is not clearly defined, and as we look toward planning the FY 2018 budget, we look forward to working with you to effectively tackle this issue.

There are, of course, many foreign assistance funding trends that we used to help guide us in our budget formulation process. Since 2001, foreign assistance funding has nearly tripled, correlating to the increase of complex global challenges. Over the past several years, foreign assistance funding has remained relatively stable, ranging between \$32 billion and \$35 billion, including all sources of funding (base, OCO and supplemental). This is obviously not an insignificant amount of money. When we talk about out-year trends though, we recognize that we are increasingly asked to provide assistance in insecure areas – including in Afghanistan, Central African Republic, and Iraq. The various crises around the world are producing

more refugees, and more disasters, and we are asked to take the lead in responding to more global health pandemics. We are constantly asked to address new challenges that land on the front page of the *Washington Post* today, while simultaneously providing continued support to countries with programs that focus on longer-term needs, as we aim to ensure those countries do *not* end up on the front page tomorrow. We must be able to address immediate challenges without losing sight of the vital, ongoing support for core development and democracy programs—the foundation of Department of State and USAID efforts worldwide. The demands on our limited foreign assistance resources show no signs of abating. So we ask ourselves: how do we do more with less? First, we look to strengthening our internal systems and processes. Informed, data-driven decisions drive our strategy to address these increasing global challenges, and are a critical component of the Department’s commitment to achieving the most effective U.S. foreign policy outcomes and greater accountability. Last year, the Department updated and expanded its evaluation policy, requiring each bureau to conduct evaluations every year and for foreign assistance programs, publicly post evaluations within 90 days of completion. We have also expanded the quantity and quality of data available on ForeignAssistance.gov, a website we manage on behalf of the U.S. government, to publish the aid data of the 22 agencies that implement foreign assistance activities for the American public. These critical monitoring, evaluation, and transparency

efforts make us a government better able to serve the American people, and more effective in our use of U.S. dollars abroad.

Second, we look at how we can best leverage the resources. We are able to tackle many global issues through close coordination with our agency partners. We work directly with the Departments of Defense, Treasury, Agriculture, Homeland Security, the Centers for Disease Control, and many others to address complex challenges. Over the past few years we have worked hand-in-hand with our U.S. government partners on many issues, whether countering Daesh, addressing the underlying factors of migration in Central America, or combatting global health crises such as Zika and Ebola. We also leverage our resources by teaming up with the private sector and other bilateral and multilateral partners, which I know Roman will address shortly in more detail. The bottom line is this: we are doing everything we can to ensure U.S. taxpayer dollars are used as efficiently and effectively as possible within the topline we are provided by Congress.

In closing, I would like to reiterate something you have all already heard from Secretary Kerry and many others from the Department and USAID: this request makes up just one percent of the total federal budget. Just one percent: that is the levy of our leadership role in global affairs, and it provides a tremendous return on investment. This return on investment is palpable. The advancements the Department and USAID have been able to achieve would not have been possible

without the support of the American people, so I thank you for your continued support.

Today's global challenges make clear that what may appear to be a distant concern has the power to impact Americans right here on our home soil. Our leadership role in addressing these issues is important now more than ever—it is essential to promoting our goals and objectives abroad, to stimulating the economy and creating jobs, and protecting the American people and our values here at home. To adapt to this ever-evolving global landscape, foreign assistance must be, as the President said in his recent State of the Union address, “a part of our national security, not something separate, not charity.” Foreign assistance is and must be seen as a powerful tool that enables our nation to continue to lead the world in effective solutions to global challenges.

Thank you for your continued support. I look forward to answering any questions you might have.