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“Mali: Current Threats to Development Gains and the Way Forward”

Chairman Coons, Ranking Member Isakson, Members of the Subcommittee, thank you for inviting me to speak with you today. Mali is facing a complex emergency: a political crisis, recovery from a major drought, and threats to internal and regional security. I would like to provide an update on the current situation and how it has affected our programming, as well as outline the key factors that are needed for development to progress.

Complex Emergency Environment

Insufficient rains during the 2011 Sahel agricultural season led to nearly 19 million people being at risk of food insecurity, nearly half of whom required emergency food assistance during 2012, according to national governments and U.N. data. In fiscal year 2012, the governments of eight Sahel countries and the U.S. Government declared disasters. Since the beginning of this year, the U.S. has responded with more than \$445 million in programming across eight countries in the Sahel. Food insecurity was exacerbated by the conflict in northern Mali, which led to large population displacement inside of Mali and to refugee flows in neighboring countries, further straining the ability of both displaced people and host communities to cope with increased food insecurity.

Although all indications are that this past agricultural season was above average, the U.N. reports that 4.6 million people in Mali are affected by food insecurity and will still need additional assistance in order to recover from last year’s food shocks and deal with the ongoing high food prices and the effects of conflict and displacement. Humanitarian actors are currently refining monitoring of internally displaced persons (IDPs) and conducting individual registration of refugees. While this is ongoing, the numbers will fluctuate; the most recent estimates of IDPs inside of Mali stands at nearly 200,000 and the number of refugees is reported to be more than

210,000. In the North, the conflict has more or less stabilized for the moment, allowing international and local humanitarian actors to provide assistance in many places. Many markets are open and trade is flowing across borders, and while there are more than 20 humanitarian organizations currently active in northern Mali, access still remains negotiated on a case by case basis. The ongoing uncertainty has halted foreign and domestic investment in Mali, economic and tourism activity has slowed, and according to some estimates, 2012 economic growth projections have dropped from previous estimates of six percent to negative one percent or worse. It is also estimated that government revenues are one-fourth the level they were just one year ago and accordingly, that the majority of basic social services are being provided by humanitarian organizations.

In October, the UN Security Council adopted an important resolution addressing the overlapping governance, security, and humanitarian crises affecting Mali. In November, ECOWAS announced a plan to send an African-led force into northern Mali to resolve the security crisis. The United States has called on the interim Malian government to engage in negotiations in earnest and appoint a lead negotiator for the north, demonstrating commitment to unifying the country.

The Government of Mali must pursue preparations for broadly inclusive, legitimate, democratic elections in parallel to negotiations and military intervention to resolve the crisis in the north. The restoration of democratically-elected government in Mali by April 2013, as called for by ECOWAS, is a crucial component of the overall long-term solution to Mali's current crises. We support efforts by the interim government to ensure a legitimate process that maximizes the participation of populations that have been displaced by the violence, to develop provisions for how the North will be reflected in a new government, and to engage the broader Malian population in a dialogue about national reconciliation.

Progress on security and the restoration of democracy is also linked to accountability. Persons must be held accountable for abuses, including abuses against civilians that have occurred in the context of this crisis. Accountability supports our peace and democracy objectives by helping victims, and society as a whole, address past wrongs and move towards the future.

Past Development Gains at Risk

Mali has been a strong partner, particularly in the area of economic growth through the U.S. Government's Feed the Future initiative and the Millennium Challenge Corporation program. The current threats to Mali's stability and development are all the more concerning given the cooperation that has characterized relations between our governments and Mali's past development gains.

Prior to the coup, in fiscal year 2011, USAID and the Department of State provided \$137.9 million in bilateral foreign assistance to Mali. The broad development portfolio included activities to strengthen democratic institutions, promote inclusive and sustainable agricultural growth, support literacy and educational development, improve health status and health systems, and manage instability and threats in the North.

U.S. assistance has advanced significant development gains in Mali through our long-standing partnerships. I would like to outline just a few examples of the progress that has been made. These development gains are precarious in the current situation, and underscore the promise of the Malian people and the importance of returning to democratic rule.

Over the past decade, annual economic growth has averaged more than five percent, reducing the incidence of poverty from 56 percent in 2001 to 44 percent in 2010. In the past two decades, under-five mortality was reduced from 255 to 178 per 1,000 live births—still ranking among the highest in the world, but demonstrating progress nevertheless. Access to education has increased from 20 percent of primary school children in school in the 1990s to 80 percent of children in school in 2011. Prior to the coup, print and radio media were vibrant and largely independent with 230 stations, many established with USAID support, reaching more than 80 percent of the population.

Mali has liberalized its cereal markets, opened up trade routes, and improved conditions for doing business. The most vulnerable have survived drought and other disasters through the response and resilience provided by USAID's assistance. Agricultural production has increased in three regions where USAID has focused its assistance as a result of improved seeds and other inputs, extension services to improve farming methods and techniques, and farm-to-market linkages with greater private sector involvement.

In addition, Mali has been a central participant in the Trans-Sahara Counterterrorism Partnership (TSCTP) from its onset. Programs to address drivers of violent extremism were implemented in the Northern regions of Gao, Kidal, and Timbuktu, focusing on radio programming, basic education, out-of-school youth vocational training, microenterprise development, governance, and conflict prevention and peace-building. USAID established 10 FM radio stations reaching 385,000 people, and extended national interactive radio instruction to 200,000 students at 1,270 religious schools (*madrasas*). Prior to the coup, the program had just begun a significant expansion to increase the scope of activities and geographic reach in the north.

While USAID has made significant contributions to Malian development through its long engagement in the country and the hard work and diligence of the Malian people, recent events stand to reverse these gains.

Life-Saving Humanitarian Assistance Continues While Assessing Future Needs

As the complex crisis began to unfold in Mali, USAID proactively supported early initiatives to mitigate the impacts of food insecurity through programs aimed at increasing agricultural production, improving diets, and strengthening livelihoods—all of which limited the impact of this year’s shocks. Early fiscal year 2012 programs also focused on mitigating the impact of food insecurity through local and regional procurement of food, support for livestock health, and cash-based assistance to sustain adequate food consumption during the particularly hard lean season. In response to the conflict in the North, USAID scaled up assistance for IDPs, host families, and other conflict-affected populations, both in southern Mali, where populations were already struggling with decreased food availability, and in the North, once need was assessed and security permitted the safe delivery of life-saving assistance. USAID worked closely with the State Department’s Bureau of Population, Refugees, and Migration, which provided timely support to the Office of the UN High Commissioner for Refugees, the International Committee of the Red Cross, and other UN agencies and non-governmental organizations to respond to the resultant refugee situation.

For the current crisis, USAID has provided over \$80 million to address humanitarian and food needs among drought and conflict affected Malians. In addition, the U.S. Department of State’s Bureau of Population, Refugees, and Migration provided more than \$40million in humanitarian assistance for refugees in the region and conflict-affected populations throughout the region.

For the coming year, the humanitarian situation is likely to be similarly complex. While initial harvest projections are positive, the most vulnerable will continue to need additional assistance in order to promote their recovery from the previous drought and help build their resilience to future food crises. Many vulnerable people took on large debts or sold productive assets to cope with last year’s shocks. In addition, the conflict in Northern Mali remains fluid with various groups continuing to compete for position and territory in advance of a presumed ECOWAS military intervention, which will likely result in additional internal displacement and refugee outflows in 2013. USAID continues to monitor current humanitarian needs and plan for possible future needs in Mali.

In the year to come, we aim to support recovery from the past drought and build resilience to future droughts by helping the most vulnerable to diversify their livelihoods, improve agricultural productivity, improve livestock practices, and adopt behaviors that improve nutritional status. In terms of IDPs currently in southern Mali, many are congregating in urban areas. Recent evidence has shown that they are increasingly moving out of host family situations and are in need of housing and livelihoods. In response, USAID plans to provide resources to ensure appropriate housing, likely in the form of cash grants to assist with rent and support livelihood development. In the north, USAID will continue to support livelihoods, safe water, sanitation and security, as well as respond to newly-identified needs when and where access allows. USAID, with the State Department, also supports UN-led regional humanitarian

contingency planning for displacement and other likely humanitarian needs in advance of any military intervention in the North.

Preserving the Foundation Needed for Democracy, Peace, and Prosperity

In addition to the delivery of humanitarian assistance, USAID recognizes the need in times of crisis to deliver basic social services and thus preserve the foundation needed to resume a democratic, peaceful, and productive society. The continuity of carefully-provided development assistance in Mali is critical to supporting a return to constitutional and accountable governance. It is also important to protecting the considerable development gains that Mali has achieved, maintaining stability and encouraging the economic and social conditions that facilitate a rapid rebound following the re-establishment of elected leadership.

As you are aware, Section 7008 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (SFOAA) states that no funds appropriated under titles III through VI of that Act can be, “obligated or expended to finance directly any assistance to the government of any country whose duly elected head of government is deposed by military coup d’état.” This restriction applies to assistance to the central, regional, and local governments of Mali.

On April 10, 2012, the United States formally terminated assistance to the Government of Mali, consistent with coup restrictions in the SFOAA. Some of the activities that were terminated included capacity building programs for the Government of Mali Department of Health, public school construction, support for government efforts to increase agricultural production, and government capacity building to spur commercial investment. Other assistance to Mali was also suspended on policy grounds, though certain forms of humanitarian assistance (including food assistance) and elections support were never terminated or suspended based on available legal authorities.

Programs that are life-saving, critical assistance in health and food security, as well as democratic elections support programming, have been under consideration for resumption as part of a case-by-case policy and legal review. In evaluating which programs can move forward in light of the applicable legal restrictions, USAID and the State Department consider the policy importance of the activities—for example, whether the proposed activity provides essential life-saving assistance, supports children or strengthens food security, advances a strategic U.S. foreign policy objective—as well as operational considerations, including efficient management and oversight of funding. This case-by-case analysis ensures that there is a careful consideration of the context surrounding a proposed activity and the expected impact of such an activity if it is approved to move forward. The analysis also takes into consideration how to protect previous U.S. Government investments in the proposed activity.

Before the coup, USAID was the largest donor supporting Mali's planned April 2012 **elections**, with activities that provided training of poll workers, political party strengthening, elections monitoring, and voter education. When the electoral support activities resume, assistance will help support a foundation for free and fair elections in Mali and a peaceful political exit from the current situation. A key issue in resuming assistance will be ensuring the inclusion and participation of internally displaced persons and refugees in the political process. USAID plans to expand its elections assistance program to include broader civic engagement activities to support national reconciliation as part of the return to an inclusive, democratic Malian society.

The only USAID-supported **economic growth** activities that are continuing in Mali are those that address food security under the Feed the Future initiative. Agricultural assistance has focused on supporting farmers and herders to increase their productivity, strengthen market linkages, and increase resilience to drought. This continued assistance is critical not only to preventing further deterioration of the food security situation in-country, but also to maintaining the stability of the most populated parts of the country that are outside of the conflict areas.

Some **health** sector activities have been approved to continue in order to provide life-saving interventions. These include programs aimed at preventing maternal and child mortality through the provision of basic community health services, support of malaria testing and treatment, and other critical community-based health interventions.

USAID has currently suspended all **education** activities in Mali that benefited the Government of Mali, which included teacher training, curriculum development, and other forms of education assistance. USAID's **peace and security** programs, including those under the TSCTP, are generally on hold pending further analysis of the operating environment and policy considerations. A minimal amount of community-based programs that address peace-building and youth engagement are slated to continue.

These decisions are affected by the current political and security situation in Mali, with recognition that these are complex challenges. The ability of the United States to resume full assistance will depend on a democratically-elected government taking office.

Future Outlook

The restoration of democracy and the return to a development focus in Mali is important to the region and to Africa as a whole. As the situation evolves, we remain vigilant to changes in the operating environment and the risks and opportunities involved.

Lives and livelihoods are at great risk without the prompt resolution of the current political, security, and food crises. While these crises are complex and interrelated, they also vary with regards to their timeframes for resolution. Under the right conditions, Mali has the potential to be

a major food producer for the region as well as advance trade and economic growth. Its history of partnership with the United States to improve health, education, and living conditions is noteworthy. While USAID can provide immediate relief to the people, help set the foundation for democratic elections, and provide basic social services in the interim, Mali's future development must be led by the Malian people. This can only be achieved through a duly-elected and participatory government against a background of peace, stability, and accountability for past abuses. Accordingly, it is critical that the Government of Mali and the Malian people be encouraged to pursue a simultaneous and multi-pronged approach to the return to democracy, accountability, and a negotiated peace. None of these gains will be sustainable in the absence of the other.

I thank you for the opportunity for today's discussion and invite any questions you have on our assistance to Mali and its development outlook.