

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2013**

HEARING

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

ON

H.R. 5857/S. 3241

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF STATE,
FOREIGN OPERATIONS, AND RELATED PROGRAMS FOR THE FISCAL
YEAR ENDING SEPTEMBER 30, 2013, AND FOR OTHER PURPOSES

**Department of State
United States Agency for International Development**

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**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2013**

TUESDAY, FEBRUARY 28, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:04 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Mikulski, Durbin, Landrieu, Lautenberg, Brown, Graham, Coats, and Hoeven.

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

STATEMENT OF HON. HILLARY RODHAM CLINTON, SECRETARY

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Madam Secretary, we are pleased to have you here. I know this is your first appearance before the Congress on the President's fiscal year 2013 budget request for the Department of State, foreign operations, and related programs. Senator Graham and I have tried to work very, very closely in this subcommittee, and I appreciate the time both Senator Graham and I had with you earlier this morning.

Before we begin, I would like to note we are missing a member of the subcommittee today, Senator Mark Kirk, who has had a serious health problem. But the indications are that he is improving, and all of us—both Republicans and Democrats—wish him a speedy recovery.

The request for the Department of State, foreign operations, and related programs totals \$54.7 billion. That is a 2.6-percent increase more than last year. The increases are mostly limited to a few areas. Funding for the majority of programs is frozen at current levels and there are few new initiatives.

We live in an increasingly competitive and dangerous world. China's growing military power and global influence pose major challenges and opportunities for the United States, as it does for many countries. I worry about whether we are responding as vigorously as we should.

When you testified before the subcommittee 1 year ago—and it seems like 100 years ago—the Arab Spring was just starting. We

were witnessing the power of citizens to force their government to begin a transition to democracy and the protection of fundamental freedoms.

One year later, we see Syria devolving further and further into civil war and the slaughter of Syrian civilians. The Egyptian military and Mubarak holdovers are trying to silence those who are working for democracy and human rights. The Government of Bahrain continues to use force against civilians who are demonstrating peacefully. It is increasingly difficult to predict what is going to emerge from the chaos in Libya and Yemen.

But while our intelligence agencies were caught off guard by the dramatic changes in the Middle East and North Africa, on the whole I believe the State Department's response has been commendable. The question is, "Where we go from here?"

You have spent time there. What are your intentions for your proposed Middle East and North Africa Incentive Fund, for example? In the midst of all this turmoil and the growing challenges in East Asia and our own hemisphere, there are disproportionate uses of resources—in my view, anyway—in Iraq, Afghanistan, and Pakistan.

I think history will show, and this was before your time as Secretary, that our ambitions in Afghanistan and Iraq were naïve and enormously wasteful. I think we should scale back our costs in both countries to amounts that can be justified and sustained.

Despite many attempts and billions of dollars over the years, it is sobering how little progress we have made in building a positive, stable relationship with the people of Pakistan, not to mention its military and civilian leadership. But the administration's budget proposes more of the same. Part of me considers this "budgeting by inertia".

Yesterday, I returned from Haiti and Colombia. I have seen notable progress in both countries. I met with President Martelly, and I should say, incidentally, that he appreciates very much the interest you and your husband have shown to Haiti. As you know, my wife and I have gone there many times.

I also believe that President Santos of Colombia deserves our support, but that support is not unconditional.

I also visited Cuba. I think their government and a vocal, but small population of Cuban Americans are, in my view, the primary beneficiaries of our embargo. I told former President Castro and reiterated to current President Castro that, in some ways, our embargo is the best thing they have going for them because they can blame a failed economic and political system on us. I think our policy there needs to change.

I also want you to know, that our delegation—and there were six of us—received invaluable help from our Ambassadors and their staffs in each of the countries we visited. They worked very hard, especially in a couple of these countries, when the schedule was changing daily, hourly, a couple times even while we were in flight.

PREPARED STATEMENT

It is going to be difficult to get a bill through this year. We will certainly receive an allocation below the amount requested by the

President. It will be difficult, but Senator Graham and I have worked very closely together, as we have before.

Actually, for years, with Senator Graham, Senator Mitch McConnell, and former Senator Judd Gregg, we have gone back and forth between who is chairman or who is ranking member. We have always worked together. The American people deserve nothing less. [The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Welcome, Madam Secretary. We appreciate that this is your first appearance before the Congress on the President's fiscal year 2013 budget request for the Department of State, foreign operations, and related programs.

Before we begin I would like to note that we are missing a member of the subcommittee today, Senator Mark Kirk. We are thinking of Senator Kirk and wish him the best for a speedy recovery.

The request for the Department of State foreign operations, and related programs totals \$54.7 billion, which is a 2.6-percent increase more than last year. However, the increases are mostly limited to a few areas. Funding for the majority of programs is frozen at current levels, and there are few new initiatives.

We live in an increasingly competitive and dangerous world. China's growing military power and global influence pose major challenges and opportunities for the United States, as it does for many countries, and I am concerned that we may not be responding to those challenges as vigorously as we should.

When you testified before this subcommittee a year ago the Arab Spring was just starting and we were witnessing the power of citizens to force their governments to begin a transition to democracy and the protection of fundamental freedoms.

A year later, Syria is devolving further and further into civil war. The Egyptian military and Mubarak holdovers are trying to silence those who are working for democracy and human rights.

The Government of Bahrain continues to use force against civilians who are demonstrating peacefully, and it is increasingly difficult to predict what is going to emerge from the growing chaos in Libya and Yemen.

While our intelligence agencies were caught off guard by the dramatic changes in the Middle East and North Africa, on the whole I believe the State Department's response has been commendable. The question is where we go from here and what your intentions are for your proposed Middle East and North Africa Incentive Fund.

In the midst of all this turmoil and the growing challenges in East Asia and our own hemisphere, the Department continues to focus resources—disproportionately, in my view—on Iraq, Afghanistan, and Pakistan.

I believe history will show that our ambitions in Afghanistan and Iraq were naïve and enormously wasteful, and that we should scale back our costs in both countries to amounts that can be justified and sustained.

Despite many attempts and billions of dollars over the years, it is sobering how little progress we have made in building a positive, stable relationship with the people of Pakistan, not to mention its military and civilian leadership. Yet your budget proposes more of the same. It is understandable that some consider it budgeting by inertia. Perhaps that is overly pessimistic.

Yesterday, I returned from Haiti and Colombia where there has been notable progress. President Martelly and President Santos deserve our strong, if not unconditional, support. I also visited Cuba whose government and a vocal, but small population of Cuban-Americans are, in my view, the primary beneficiaries of our misguided embargo.

I also want you to know that my delegation received invaluable help from our Ambassadors and their staffs in each of the countries we visited. They gave us excellent advice and support.

Madam Secretary, like last year, we are faced with an extremely difficult budget environment. We will almost certainly receive an allocation that is below the amount requested by the President, and getting a bill to his desk will require difficult choices.

But for as long as I have held the gavel of this subcommittee we have functioned in a bipartisan, cooperative manner. We also work that way with our House counterparts. Every detail of what we recommend is open to scrutiny and debate.

I want to thank Senator Graham for being such an active and constructive partner, and the other members here. We have a lot of work ahead of us.

Senator LEAHY. Senator Graham.

Senator GRAHAM. Thank you.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Well, I have nothing to blame my voice on. I just actually talk this way. But I know you have just gotten back from some overseas travels, and I really appreciate the working relationship. It has been fun to understand the world from a different perspective.

The first thing I want to do is acknowledge the Secretary of State. I am glad we don't pay you by the mile.

You would bust the budget.

Senator LEAHY. Or by the hour.

Senator GRAHAM. Yes, by the hour. But really, on behalf of all Americans, Secretary Clinton, I really appreciate what you have done for our country. You are tireless. You travel the world, it seems to be endless. I know you must have a refueling probe on your plane. But sometimes we will have differences, but I know you sincerely care about the state of world affairs, and I think you represent our country very well on the world stage, and I just want to say that because I know how hard you work.

Everything Senator Leahy said is true. Fifty-four billion dollars, we probably won't get there. It is a 2.6-percent increase. I would ask my colleagues to think about the world. Has the world gotten 2.6 percent more dangerous? I would say it has.

But the foreign aid budget is 1 percent of the budget. When I ask people at home about foreign assistance, it is a very tough topic—I think everybody in the Senate agrees with that—because people need so much to be done here.

I would just tell my fellow citizens and people from South Carolina, I want to shape the world the best we can, rather than just follow the world. And if you don't believe military force is the answer to every problem, which I don't, then we need an engagement strategy. Sometimes investing in a country at the right time can pay dividends.

So, yes, the world is in turmoil, but there are a lot of exciting opportunities to re-engage parts of the world that we have been shut out.

Tunisia, for one. This new government in Tunisia has a lot of potential. They believe in free markets. They want a free trade agreement with the United States. But they have a cash flow problem for the next couple years. They have just had snowfall, which is sort of a historic abnormality. Tunisia is a good example of where, if we could work with the international community to provide some budget assistance for 2 years, I think we could turn the country around and have a lot of business opportunities.

Egypt, strategically, is a very important country. They are trying to figure out who they are and where to go. The new government, believe it or not, wants to separate themselves from the Mubarak era. And the Muslim Brotherhood, when you hear that term in America, a lot of people get concerned, including me, given some of the things they have said.

But we met with the Muslim Brotherhood on a recent trip, and I was impressed with their view of how to grow the economy in Egypt and their desire not to associate themselves with the non-

governmental organizations (NGO) law that is being used to prosecute National Democratic Institute and International Republican Institute American citizens and their associates. This is an unjust prosecution. The theory behind the case is absurd. Ambassador Patterson has done a wonderful job with the State Department.

I went with Senator McCain and others to deliver the message to the Egyptian Government that we would not tolerate this kind of behavior, that we want a good relationship. And the Muslim Brotherhood issued a statement after our meeting saying that the NGO law in question was unjust. They intended to change it when they get full control of the new parliament.

So there are some hopeful things going on in the world. And I do hope sanctions will work against Iran. No one wants a conflict with Iran, but no one, I believe, in their right mind wants Iran to have a nuclear weapon.

So, as we look throughout Afghanistan and Iraq—Iraq is very problematic. Afghanistan is at one of the low points, but I do believe that a strategic partnership agreement, wisely crafted, can secure our interests in Afghanistan. And to those who say, “Is it worth it? We have been there for 10 years”, the question for me is, “Can you afford to lose?” The answer is “No”.

We do have a game plan. There is a transition plan in place with General Allen. There is a military-civilian partnership plan, where the State Department and the Departments of Justice and Agriculture work hand-in-hand with our military to create some economic capacity.

It is a corrupt place, but the people we are working with that we are mentoring, the younger people of Afghanistan, will be in charge one day, and they have a very good view of America. We are just going to have to push through this and not make emotional responses that are understandable and in many ways justified. But we have to think strategically.

And that is what I would like to end this, my opening statement on, is that this is a time of strategic thinking, not emotional reaction. Republicans and Democrats need to work together the best we can.

Senator Leahy, it has been a joy to work with you.

Secretary Clinton, I think you have tried to always keep our national security and diplomatic interests in strategic terms, not tactical terms.

So I look forward to working with you and your staff to come up with a budget that is lean and affordable. And what you are doing in Africa I think has been a case study of how American assistance can change a continent and change the relationship between the United States and people of an entire region. So I look forward to working with you in the future.

Senator GRAHAM. Thank you, Mr. Chairman.

Senator LEAHY. Thank you, Senator Graham.

Like you, when I travel to different parts of the world, I am always struck and very pleased to hear the respect that heads of state and foreign ministers have for you. It is respect because you have earned it.

Madam Secretary, why don't you go ahead, and then we will ask questions. After Senator Graham and I, we will go back and forth in the order that people arrived.

SUMMARY STATEMENT OF HILLARY RODHAM CLINTON

Secretary CLINTON. Thank you very much, Chairman Leahy, Ranking Member Graham, and members of the subcommittee.

It is good to be back here in the Senate again. And I greatly appreciate the excellent working relationship that we have had over the last 3-plus years.

I wish also to register my concern and my best wishes for Senator Kirk. Of course, I wrote him as soon as I heard about his health challenges, and we all wish him a speedy return.

I also greatly appreciate the travel that both of you have just described having taken. I think it is absolutely essential to see what is going on in the world with your own eyes and to hear from leaders and citizens with your own ears. So let me express to you and to all members our appreciation.

We know how quickly the world is transforming, from Arab revolutions to the rise of new economic powers, to a more dispersed, but still dangerous al Qaeda terrorist threat. 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 United States Agency for International Development (USAID) budget we discuss today is a proven investment in our national and economic security, but it is also something more. It is a down payment on continuing American 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. We are winding down another. We have cemented our place as a Pacific power while maintaining 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 our diplomacy and development for the 21st century and finding ways to work smarter and more efficiently. After the first-ever Quadrennial Diplomacy and Development Review (QDDR), we created two new bureaus, focused on counterterrorism and energy, and reorganized a third, focused on fragile states.

Now, like many Americans in our 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 on construction, improving procurement, and taking steps across the board to lower costs.

Now, within the foreign operations budget, the State Department and USAID are requesting \$51.6 billion. That represents an increase of less than the rate of inflation, and just more than 1 per-

cent of the Federal budget, even as our responsibilities multiply around the world.

Today, I want to highlight 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, 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 partner. This does increase our civilian budget, but State and USAID are asking for only one-tenth of the \$48 billion the United States 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 think that this is a continuing good investment to stabilize the sacrifice that our men and women in uniform, our civilians, and our taxpayers have made.

Over time, despite the past week's violence, we expect to see similar Government-wide savings in Afghanistan. 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 who can target us.

Next door, we have a challenging, but critical relationship with Pakistan. And we remain committed to working on issues of joint interest, including counterterrorism, economic stability, and regional cooperation.

Second, in the Asia-Pacific, this administration is making an unprecedented effort to build a strong network of relationships and institutions in which the United States is anchored. 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 pursue what we call "forward-deployed diplomacy", strengthening our alliances, launching new strategic dialogues and economic initiatives, creating and joining important multilateral institutions, pursuing a possible opening with Burma—all of which underscores that 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 the Congress, from countries that make a meaningful commitment to democratic change, effective institution building, and broad-based economic growth. In an unpredictable time, it lets us respond to all of the unanticipated needs in a way that reflects our leadership and agility 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, and elsewhere. And I want to echo Senator Graham's emphasis on Tunisia, a country that I think deserves a lot of attention and support from the United States.

The budget also provides a record level of support for Israel, and it makes possible our diplomacy at the United Nations, and around the world, which has now put in place, with your help, the toughest sanctions Iran or any nation has ever faced.

The fourth priority is what I call “economic statecraft”, in particular how we use diplomacy and development to create American jobs, jobs in Ohio, New Jersey, Maryland, Vermont, South Carolina, and Indiana. 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 against corruption, redtape, favoritism, distorted currencies, and intellectual property theft.

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

And finally, we are elevating development, alongside diplomacy and defense, within foreign policy. Poverty, disease, hunger, climate change can destabilize entire societies and sow the seeds for future conflict. We have to make strategic investments today to meet even our traditional foreign policy goals tomorrow.

Through the Global Health Initiative, we are consolidating programs, increasing partners’ capacities, and shifting responsibilities to help target our resources where they are most needed and highest impact, including in areas like maternal and child health. Our Feed the Future Initiative is helping millions of men, women, and children 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, making it a priority to partner with governments, local groups, and the private sector to deliver measurable results. Ultimately, our goal is to empower people to create and seize their own opportunities.

These five priorities, Mr. Chairman, are each crucial for 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.

So, with so much on the line, we simply cannot pull back. And I know this subcommittee understands this.

But, for me, American leadership is personal. After 3 years, 95 countries, more than 700,000 miles, I know very well what it means to land in a plane that says “United States of America” on the side, to have that flag right there as I walk down the stairs. People look to us to protect our allies and stand by our principles and serve as an honest broker in making peace, in fighting hunger, poverty, and disease, to standing up to bullies and tyrants.

PREPARED STATEMENT

American leadership is not just respected. It is required. And it takes more than just resolve and a lot of hours in the plane. 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 urge you to work with us to make this investment in strong American leadership and a more peaceful and prosperous future.

Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF HILLARY RODHAM CLINTON

Chairman Leahy, Ranking Member Graham, members of the subcommittee: 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 United States Agency for International Development (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 more than 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 frontlines.

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 United States Government spent on Iraq as recently as 2011. The 2013 United States Government 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 Government-wide 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 the 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 United Nations 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 Ron 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 the Congress to ensure that, as Russia enters the World Trade Organization, 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 pro-growth 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, Cen-

tral Asia, and Europe. The Department of 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 more than 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.

Senator LEAHY. Thank you very much, Madam Secretary.

I agree with you that it is a good symbol when you land, but I suspect the symbol is even more yourself. In some areas we are basically reintroducing America to the rest of the world.

You mentioned the Arab Spring. Like everyone, I saw the uprising in Tunisia, Egypt, Libya, and Yemen. We also see violent attempts by regimes who want to cling to power—Syria, especially.

You propose a new Middle East and North Africa Incentive Fund. Is this substantively different from what we appropriated for this region during fiscal year 2012, or is it just money consolidated under one heading? I know it is about \$700 million—

Secretary CLINTON. Right.

Senator LEAHY [continuing]. But I am curious how it differs.

Secretary CLINTON. It is intended to do several things, Mr. Chairman. We are, of course, grateful for the funding that we have had in the past that allows us to do the work we do.

But given the fast-moving changes that we are seeing, it is very hard to predict, sitting here today and even as you go through the appropriations process, what we are going to need in October or November.

Senator LEAHY. I understand that. Perhaps you could provide for the record more fully how it differs from the money we have already given.

In that regard, I would note that Senator Inouye and I had a hearing last year where we submitted some questions to you, and we got the responses 11 months later. We will include them in the record. But at that point, it is impossible to use them to make any judgments on the budget.

It is going to be a battle royale this year on the budget. So if questions are submitted, please tell your staff to get responses as quickly as possible.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL
ORGANIZATION

Regarding the United Nations Educational, Scientific and Cultural Organization (UNESCO), President George W. Bush announced the United States would rejoin UNESCO as a symbol of our commitment to human dignity. As you know, we have two 1990 laws that prohibit a United States contribution to UNESCO if the Palestine Liberation Organization (PLO) becomes a member.

The PLO became a member. Our \$79 million contribution was cut off. We were doing this to support Israel. It is interesting. Of course, Israel remains a contributing member of UNESCO.

They get all the advantages of being a member. We lose our influence. So it is like saying, "Here, we will punish the PLO by hitting ourselves in the head."

Is there any way we get out of this?

Secretary CLINTON. Well, a couple of things, Mr. Chairman.

First, I deeply regret that any questions did not get to you in a timely manner. I was not aware of that. I checked on it when I saw some reporting on it, and I can tell you it will never happen again. I deeply regret it.

Second, I wanted to just respond on the \$770 million. You know, during the course of this last year, based on what the Congress appropriated, we had to carve out nearly \$360 million from ongoing programs and from global humanitarian assistance accounts to meet emerging needs in Tunisia, Egypt, and Libya.

In addition, we set aside money from the Egypt program, from the rest of the world, to try to fund what the Congress agreed with us on, namely the debt swap, and to create another program that Congress supported, the Enterprise Funds for Egypt and Tunisia. We pulled money from other programs to address the ongoing challenges in North Africa and the Middle East, and it was an awkward, difficult kind of operation.

And if you compare the \$770 million that we are requesting for this fund to what we did in 1989, where we had support for East European democracy, providing assistance for just Hungary and Poland alone at \$1 billion, and then when we responded in the aftermath of the Georgia-Russia conflict in 2008, the U.S. Government committed \$1 billion. I think we made the right investments back in 1989 and 2008. I think we need to recognize the requirement for such a fund at this point.

And Mr. Chairman, on your third point, you are absolutely right. Under our laws, we certainly followed the requirements that we no longer fund UNESCO. We are abiding by the requirements from the early 1990s. But you are right that Israel remains a full, dues-paying member of UNESCO. And we were delighted to help Israel join UNESCO.

And the reason I think they believe it is important is because you battle out a lot of issues that are critical to Israel and, I would add, to the United States. But certainly, the requirement of our law does not permit any room for discretion.

Senator LEAHY. Anybody would do exactly what you did under our law. I am just pointing out that sometimes these laws, while they may have great symbolic significance to Members or certain

lobbies can end up really hurting us in the end. I hope that regarding this one cooler heads may prevail.

IRAQ

Now, you speak of and moving money around in Africa, and then you talked about Eastern Europe. I am well aware of each of those times we have had to move it. That is why I worry a great deal about our Embassy in Iraq, again something you inherited, but I think it is far too big and too expensive. I think it is a symbol of grandiose and unrealistic ambitions in that country.

The administration has a \$4.8 billion budget request for civilian operations and programs in Iraq, particularly relating to an \$850 million police training program. The cost of providing security and day-to-day needs of employees and contractors is five times more costly than the actual programs.

Of the 16,000 staff under the Ambassador's authority, more than 14,000 are for extraordinary support, including more than 8,000 security and life-support contractors.

We have a Shi'ite government that seems more autocratic every day, aligned with Iran. They go out of their way to tell us how little they think of us, and we don't have enough money for our Embassies where we have other interests, including U.S. commercial interests. We don't have enough money for the programs you speak of in Africa and elsewhere, which I think are very important.

How do we continue to sustain this? I have got to tell you, just as one Senator, I am finding it harder and harder to vote for money to continue these programs in Iraq, Afghanistan, Pakistan. As you were giving your answer on the needs for Africa and elsewhere—and I agree with you—I look at this great big, almost like a blinking red light, this budget for our Embassy in Iraq.

[The information follows:]

The resources requested for fiscal year 2013 in Afghanistan will play a key role in ensuring Afghanistan never again serves as a safe haven to al Qaeda or other extremist groups. Foreign assistance resources will focus on building Afghan capacity to more effectively manage their own development. The \$1.85 billion requested in the Economic Support Fund for Afghanistan represents our estimate of the resources that will be required to set a sustainable foundation for an economically stable, post-transition Afghanistan. Such requests will gradually decline from a high point of \$3.4 billion in fiscal year 2010 in a responsible manner in order to ensure a successful transition and maintain hard-won gains of the last decade. Foreign operations resources will ensure a secure U.S. diplomatic and development presence appropriately sized to oversee our continuing robust cooperation with Afghanistan.

In the last year, we have 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 North Atlantic Treaty Organization (NATO) Summit in Chicago later this spring, we hope 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.

Since 2002, the Government of Afghanistan has made significant progress in terms of its fiscal sustainability and technical capacity to govern. Government revenues have increased steadily over the last 5 years, including significant increases in collection of customs duties and fees for electricity. The Government has also signaled its commitment to reform through the adoption of a new economic strategy last year in Bonn which sets specific objectives to combat corruption and improve governance. This is not to say there have not been challenges and setbacks. In spite of the challenges though, we remain determined to meet our goal of transitioning security responsibility to the Government of Afghanistan by the end of 2014, which should result in a significant reduction in United States military spending.

Our assistance program in fiscal year 2013 will 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 Afghanistan infrastructure sector. Our fiscal year 2013 assistance request for infrastructure is a 12-percent decrease from fiscal year 2012 and a 31-percent decrease from fiscal year 2011; and our major focus is on increasing operations and maintenance capacity and sustainability as opposed to new construction projects.

We are also seeking to improve the sustainability of the projects by increasing the percentage of development projects implemented by the Government of Afghanistan. These on-budget projects give the Government of Afghanistan hands-on experience in managing their own development within tightly defined parameters and with close supervision by USAID. We also remain committed to support for the Afghanistan Reconstruction Trust Fund, and the related National Solidarity Program as a means to improve the capacity of the government to sustain the country's development.

Development resources have allowed the United States to work in partnership with Afghans to make major improvements in health, education and economic growth, but more work is required to ensure Afghans can continue progress without outside help. Making key foundational investments now (including energy infrastructure, sustainable agriculture, and government economic capacity) is important in fostering a more sustainable and resilient economy.

Secretary CLINTON. Well, it is the case, Mr. Chairman, as you know very well, that we have attempted to do something that hasn't been done since World War II, which is to take responsibility for the transition from a very large military footprint performing a lot of functions inside Iraq, unilaterally and bilaterally with the new Iraqi Government, and move toward a normal relationship between the United States and Iraq. And that does require right-sizing Embassy Baghdad.

And so, we have a robust diplomatic presence in Iraq, not only in Baghdad, but in Erbil, in Basra, elsewhere. We are looking to make sure we have a constructive relationship with the new Iraqi Government and a normal relationship between sovereign nations.

We have never made any secret of the fact that, even as we planned and executed the military-to-civilian transition, we were thinking about the next phase, a methodical plan for moving in the direction of operations along the lines of how we operate elsewhere in the world.

And our budget request for fiscal year 2013 shows a reduction as a result of normalizing operations. This process is just part of the daily doing business, and we haven't—I don't think we have moved too quickly, contrary to press reports. We haven't reduced our presence by 50 percent. But we do hope over the coming years to be able to normalize by hiring more Iraqis, which is what we do everywhere in the world, sourcing more goods locally, reducing our dependence on contractors, which is very expensive.

So we understand the serious concerns in your question, Mr. Chairman. And I can assure you that we are trying to move in a methodical way to do this right, so that what we end up with represents the importance of this relationship.

Senator LEAHY. We will probably have a lot more discussion about this. Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

I think maybe I will just pick up where you left off. I share the chairman's concern—and I know you do, too—about the security environment in Iraq. I think we are down to 600 American military personnel.

My question is, do you feel, given the conditions in Iraq, that we can safely operate on the diplomatic and economic development front?

Secretary CLINTON. At this time, our Embassy personnel, our U.S. mission—which, of course, is not just State and USAID, but a number of Government agencies—is going about the business of working with the people and Government of Iraq. We are obviously focused on ensuring the safety of both our staff and our contractors. We monitor security hour by hour, and we know there is no guarantee of safety. But we think we have judiciously deployed our staff and made everyone aware of the risks that they face.

Senator GRAHAM. How would you describe the security environment in Iraq right now? Is it stable, unstable, somewhere in between?

Secretary CLINTON. I think, Senator Graham, it is certainly far better than at any point in the past. It is more stable and safe. But there is a continuing unfortunate danger from extremists. We have seen this in the car bombs and other attacks, and we are doing our best to make sure our people are as safe as possible.

This is not the only environment in which our diplomats and development experts operate with some concern about their safety. But right now, based on our assessment, we believe it is a manageable risk in Iraq.

Senator GRAHAM. Well, I think I will probably come out with a different view of the security situation, and we are going to have to look at our aid in light of that. I just don't see how we can effectively engage the Iraqi people, given the deteriorating security situation. We will have to re-evaluate our programs there.

So I share Senator Leahy's concern, and I appreciate all those serving in Iraq, because it is dangerous. And nobody wants it to turn out well more than I, but I am very concerned about Iraq.

UNITED NATIONS

Let us talk about the United Nations right quick. Palestinian statehood being achieved through the United Nations without negotiations with Israel, I think the administration opposes that. Is that correct?

Secretary CLINTON. That is absolutely correct.

Senator GRAHAM. And I think that is a very wise decision. We want a two-state solution, but instead of the United Nations conferring statehood just out of the blue, we want the parties to sit down and negotiate a peace treaty, then have statehood.

So it is the position of the Obama administration, I think, is to tell subdivisions of the United Nations please don't admit the Palestinians through this process. Is that still the position?

Secretary CLINTON. That is still our position.

Senator GRAHAM. So when you are talking about the World Health Organization (WHO), which is a fine organization, if the Palestinians applied tomorrow, and WHO agreed to admit them, it would be the position of this Government that we would no longer participate. Is that correct?

Secretary CLINTON. We would no longer be able to fund WHO.

Senator GRAHAM. And I just think that is the signal to send the United Nations. You are not doing Israel and the Palestinian people much of a service when you go around the peace process.

So I support the idea that United Nations subdivisions not unilaterally confer statehood on the Palestinians without first negotiating with the Israelis. And I want to applaud the administration, and I will continue to push back against any effort to obtain statehood through that process.

SYRIA

Let us go to Syria right quick. Do you believe that Assad should be viewed by the international community as a war criminal?

Secretary CLINTON. I think that, based on definitions of war criminal and crimes against humanity, there would be an argument to be made that he would fit into that category.

Senator GRAHAM. Is there any effort to make that argument before the world community?

Secretary CLINTON. I think people have been putting forth the argument, but I also think that from long experience, that can complicate a resolution of a difficult, complex situation because it limits options to persuade leaders perhaps to step down from power.

Senator GRAHAM. Well, I hope we can persuade him to step down. It doesn't seem to be that we are very successful right now.

But eventually, he goes. Do you agree with that?

Secretary CLINTON. I do. I just don't know how to define "eventually" right now.

Senator GRAHAM. Well, sooner rather than later would be the goal.

Secretary CLINTON. Yes.

Senator GRAHAM. And what follows—tell me what follows in Syria.

Secretary CLINTON. It depends upon how it is done, Senator. That is what we spend a lot of our time worrying about.

We have just had, after 1 year of effort, a transition of power in Yemen. It was not easy, there was a lot of bloodshed, a lot of bombing and other activity went on. But eventually, through persistent diplomacy, and I particularly applaud our Ambassador on the ground in Sana'a, there was a peaceful transfer of power after an election that was viewed as widely credible.

So, in Syria, what we are trying to achieve is something similar.

Senator GRAHAM. I hate to interrupt, but would you agree that the level of violence by the regime in Syria is unprecedented versus the Arab Spring as a whole? That what Assad is doing, killing citizens by the thousands, using tanks, is something different than we have experienced in other places?

Secretary CLINTON. Well, there were similarities—

Senator GRAHAM. Other than Libya.

Secretary CLINTON. Yes, I was going to say other than—there were similarities to what Gaddafi both did and attempted to do in Libya. So there—it is not unprecedented certainly around the world, but it is—

Senator GRAHAM. In the—

Secretary CLINTON [continuing]. The most extreme use of state violence in the Arab Spring.

Senator GRAHAM. And people always ask me on my side, "What do you think about Secretary Clinton?" I always answer, "I have a very high opinion of her." And I think one of your high moments was when you persuaded the President, along with some other strong women in the administration, not to let Misurata be slaughtered. I thought that was one of the best things you did for the world community because it will pay dividends in Libya.

I would argue that we need to be looking at Syria through the same prism, that people are literally being slaughtered. And eventually, arms were supplied to the Libyan opposition, with training. I am not suggesting we do it, but the Saudi Arabians have talked about helping the opposition in Syria.

So I would just encourage you to be looking at the Libyan model for Syria because it did end the atrocities, and for that, I am very grateful.

Now, Iran. Do you believe the Iranians are trying to develop a nuclear weapon or peaceful nuclear power?

NUCLEAR WEAPONS

Secretary CLINTON. Well, as you know, Senator, there has been intense effort by the intelligence community here in our country and elsewhere to answer that question. There is no doubt that they are developing their nuclear capacity. It is the conclusion of our intelligence community that they have not made a decision to pursue a nuclear weapon. And that is—

Senator GRAHAM. Have they made the decision to create the capability to build a nuclear weapon?

Secretary CLINTON. That is a point of debate in the intelligence community, as you know.

Senator GRAHAM. Is it the position of this administration to deny them the ability to become a nuclear threshold state?

Secretary CLINTON. It is the position of the administration to prevent them from attaining nuclear weapons.

Senator GRAHAM. Would that be the component parts to make a nuclear weapon?

Secretary CLINTON. I am going to stick with what the policy of the administration is.

Senator GRAHAM. Now I have got to run to the Budget Committee, but I shall return because this is—

Secretary CLINTON. Oh, say a good word for us.

Senator GRAHAM. I will. I am going to go up there and see if I can put a plug in for your budget. Because you really are running the State Department in a business-like fashion.

But do you believe, as someone who has spent 700,000 miles on the road, do you really have any doubt what the Iranians are up to? I really don't. Because I don't think you build nuclear power plants at the bottom of a mountain. And if you really weren't up to any good, why would you be defying the world community's ability to come in and look at what you are doing?

I just think we need to embrace the idea that the Iranians are, in fact, developing nuclear capability, and it should be the policy of the United States not to let that happen.

So, from a personal point of view, do you think they are trying to develop nuclear capability for weapon purposes?

Secretary CLINTON. Well, Senator, I am here as the Secretary of State and answer on behalf of the administration. I think the intelligence community's position has been quite clear.

But I do think, having lived as long as I have lived, people sometimes say and do things that are at variance with what one might expect. It still is quite bewildering to me why Saddam Hussein wanted everybody to believe that he had chemical, biological, and even nuclear weapons of mass destruction when, apparently, he did not at that point—

Senator GRAHAM. One last question.

Secretary CLINTON [continuing]. In history.

Senator GRAHAM. If we err—if we err in judging Iran, don't you think we should err on the side of making sure they don't develop nuclear capability? And the tie goes to us, not them. Given the behavior of the regime, given the rhetoric of the President, given all their actions, that it would be a prudent thing for the United States and the world to assume the worst about Iran, and not the best?

Secretary CLINTON. I think that there is a very clear-eyed view of Iran and Iranian objectives, and that is why the President's policy is so clear and adamant, that the United States intends to prevent Iran from obtaining a nuclear weapon.

Senator LEAHY. Thank you.

Senator Mikulski.

Senator MIKULSKI. Mr. Chairman.

Secretary Clinton, it is so great to have you back in the Senate, and all of your women colleagues in the Senate on both sides of the aisle continue to extend you an invitation to come to one of our regular dinners. You have a certain emeritus status with us.

Senator MIKULSKI. And again, after 3 years, 700,000 miles, 95 countries, you accomplished a lot. Candor, determination, leadership, your commitment to—ongoing commitment to the empowerment of women and girls and children around the world is legendary, and your emphasis on smart power and diplomacy.

We want to thank you for what you are doing. But as the Senator from Maryland, I also want to thank you—and thank you, and by thanking you, thank all of the people who work at the State Department and our Foreign Service professionals who work both in this country and around the world. Many of them live in my own home State. Some have even sacrificed with their lives, like Ambassador Bartley did at the Khobar Towers.

And our USAID workers. And also those NGO contractors. It was the University of Maryland who responded to Haiti with our National Guard. It is Hopkins and its School of Public Health that is helping in Africa and Nepal. Eliminating blindness among African children came out of work at Hopkins. And we are the home of Catholic Relief and Lutheran World Vision.

So I want to thank everybody who works every day with where you provide the leadership, we help provide the money and the policies. But it is really—they are a unique group of people who have boots on the ground. And too often in all the budget debates, we forget about their salaries. We forget about their wages. We forget about their healthcare. We forget about their pensions. And every time we bash the Federal civil service, we are bashing those

who are diplomats who bring the boots on the ground. So I want to publicly say, "Thank you."

DEATH OF MAJOR ROBERT MARCHANTE

But, Madam Secretary, today Maryland is filled with grief. And let me share it with you.

We woke up this morning to a headline that says this. "Maryland National Guard Major Died in Afghanistan Shooting". Major Robert Marchante was a Maryland National Guardsman who was 1 of 2 killed at the Interior Ministry. All of Maryland is in shock—not shock and awe, but shock and awful because of what happened to him.

It seems that working in this room with another officer—John Loftis—it appears that he received a shot in the head. We leave it to our military to do their forensic investigation. But regardless of how he was killed, he was killed.

I am sorry about the inadvertent burning of the Koran. I can understand the passion about it. But passion and anger is not equivalent to assassination.

So this is really sad because this man was a public school teacher. He was a physical education teacher. He was a big, bulky guy. He worked in the blue-collar schools in Baltimore County that you, yourself, have visited on occasions, like at Steelworker's Hall. And when he got ready to leave for this deployment, kindergarten children put together a photo album. And he sat in their classroom in those little chairs—this big, manly, vigorous guy.

So when we say good-bye to him—it is his wife, his four children, his grandchild—but children in Maryland are affected. So you get how we are feeling pretty bad today.

And my question is, "What do I tell his family?" What do I tell his family today? Was it worth it? Because they are angry. People in Maryland are angry. We went there with the best of intentions and out of need after we were attacked. You were the New York Senator. We remember those—the harsh reality of that brutal 9/11.

But here we are, they are growing dope. Girls still can't go to school the way we would like to. There is corruption. And now, because of an inadvertent act, the relationship is so fragile there is this tumultuous thing.

What do I tell this family? Was it worth it? When are they coming home? What would you say if you have to make the phone call that I am going to make this afternoon?

Secretary CLINTON. Well, Senator, first, I would express the deep condolences and concerns that I know you will, as someone who cares deeply about the people you serve. And there aren't any words that can tell a wife and four children and friends and colleagues why any kind of death in combat, in service to our country, is explicable.

But I would also say that the United States did go to Afghanistan for a very clear purpose, rising out of the attacks that originated there. President Obama has set us on a path to transition out of Afghanistan. This is not an endless commitment that will take lives far into the future.

But that we have both made progress on the principal reason we were there, security. Because of our platform and our presence in

Afghanistan, we have been able to target terrorists, particularly top al Qaeda operatives, including bin Laden, in their safe havens, and we have made progress in helping the Afghan people.

Is it what we would want? Is it anywhere near what someone living in Baltimore would expect from a government, from the daily life, the human rights? No, it is not. But there are more positive developments because of the sacrifice and commitment of our people, our men and women in the military, in the other aspects of civilian power.

So I could never justify the death of any one person, but I can with a clear conscience say that the work we have done there has made America safer and has created the possibility for a better future for the Afghan people.

Senator MIKULSKI. Thank you, Madam Secretary.

I have other questions, but it is not a lot more than I can say today.

Thank you very much, Mr. Chairman.

Senator LEAHY. Thank you.

Senator Coats.

Senator COATS. Thank you, Mr. Chairman.

Madam Secretary, I have said this to you personally. I want to say it publicly. There are a lot of people on both sides of the aisle who respect all the hard work that you have put in as Secretary. It almost makes diplomacy during the cold war look easy, compared to the fires that are burning all across the world. Add to that the jet-hopping from place to place, and I am sure half the time you don't know what country you are in when you tuck yourself into bed at night, only to get up early in the morning.

I think we all appreciate the enormity of the tasks that you have had to deal with over the past 3 years and appreciate your hard work and commitment to that.

I was a little taken by the comments you made in your opening statement here, listing your five priorities. Your very first priority, that this request "allows us to sustain our vital national security missions in Iraq, Afghanistan, and Pakistan. The tide of war is receding, and that results in significant savings." Well, it does because we are pulling our military out of both Iraq and Afghanistan, and that does achieve significant savings.

But I mean, can we rest easy on that, as we watch what happens, listen to the news every day, and review the intelligence reports? We have got a cauldron of problems. All across North Africa, very tenuous situations.

And I am just wondering, it can't be easy to sleep at night knowing that the responsibility, so much responsibility has been shifted to the Department of State to deal with security—something that was extremely difficult and continues to be for the military. Hired contractors and minimal personnel at the Embassy and so forth just doesn't give me any kind of assurance that there is a brighter day ahead.

When you add the Iranian issue with the Israeli concerns to the mix, I think we are looking at a lot of volatility and a lot of unexpected requirements for the United States, given our commitment to these various areas. So I just wonder if you would reflect on that and respond to that issue.

Secretary CLINTON. Well, Senator, you are right. It is not an easy time to be in either your position or mine, looking out at the world that is so rapidly changing. But I do believe that drawing down our troops in Iraq, in accordance with the agreement that was reached in the prior administration—as you recall, it was an agreement to have our troops out by the end of last year—focused everybody’s attention, including the Iraqis’, on the way ahead. There was no easy answer to whether it was going to work out well or not, but it was, from our perspective, necessary to keep faith with what the agreement had been.

I also think, based on our conversations and agreements with the new Iraqi Government they are trying to balance in a very dangerous region themselves. They have expressed on numerous occasions their desire for United States presence, United States support, United States training, United States military equipment. So it is moving into what I call a more normal relationship. And that means that sometimes we will be satisfied, and sometimes we will be disappointed by what happens and what they do.

Similarly, in Afghanistan, the decision by our NATO allies, which the United States fully supported, reached at Lisbon 2 years ago, to begin a transition to end combat presence in 2014 helped to increase the attention paid to training the Afghan security forces because, ultimately, this country has to be able to defend itself. And there has been a lot of progress made on that front.

But you are right to say what are the questions, what are the concerns, what are the worries, because we evaluate them on a regular, ongoing basis, and it is hard to—it is hard to have any certainty about what is going to happen next because of the fast-changing transformation that is affecting this region.

Senator COATS. Well, I thank you for your answer.

I would just state to the chairman, I think we will be back talking about adjustments to this budget before we want to. I mean, the hope and promise of the future in a number of these areas isn’t being borne out by the reality that is taking place right now. Hopefully, it will be better, but I have some real concerns about that.

When I was out of the Senate, I co-chaired with the Bipartisan Policy Committee, along with former Senator Chuck Robb, some very, very intensive and detailed studies relative to the Iranian pursuit of nuclear weapons. I can’t help but come to the conclusion, based not only on what we learned through that whole process, other things that I have learned since I have been back in the Senate, and what the Iranians themselves have acknowledged that they are doing, that we are very, very close, if we haven’t already surpassed, the point of dealing with a situation that could be a total game changer for the Middle East.

I am not asking you to respond to that. You responded to Senator Graham. But I think the questions he asked were very relevant, and I think the situation—from my standpoint is that we are trying to make the best out of a very bad situation, and while we are trying to do that, the clock is ticking toward a nuclear Iran.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL
ORGANIZATION

The last question I have, as my time is running out, on the UNESCO issue, you said there is no room for discretion. If there is no room for discretion, why is the \$78 million requested in the budget? Is the administration looking for the Congress to repeal the current laws?

Secretary CLINTON. No, I think that we are wanting to be prepared about what might happen going forward. We remain committed to a peace process. We remain committed to negotiations between the parties. And we hope that there might be breakthroughs at some point this year.

Senator COATS. Yes. Of course, we have been hoping for that for about 30 years.

Secretary CLINTON. Yes, we have. And I think we have to continue to hope for it because it is the best outcome for both Israel and the Palestinian people.

Senator COATS. So if the administration is not really—I mean, if it is just a hope and a wish and a prayer, we might have \$78 million available for us to shift to other functions. Is that correct?

Secretary CLINTON. Well, I think what—let us see, somebody just handed me a note, and it could be applied toward the UNESCO assessment, should the Congress pass legislation to provide authority to waive restrictions, which was debated within the Congress at the end of last year, on appropriations. So I think it was an effort to be prepared in the event that situations developed well in the Middle East, or the Congress decided to provide waiver authority.

Senator COATS. But there is no request from the administration for the Congress to do that. Is that correct?

Secretary CLINTON. Not in—is there? Yes, I think there is. I think there is in the budget. Yes.

Senator COATS. In the budget. But is there—

Secretary CLINTON. I think that what—honestly, Senator, what we are trying to do is to figure out how to represent the United States. I mean, it is, as the chairman points out, somewhat ironic that Israel continues to pay its dues to UNESCO.

Senator COATS. How much do they pay? Do you know?

Secretary CLINTON. Oh, it is done on the basis of their budget and their size. So it is nowhere near what we pay.

And much of what they support in UNESCO, which is why they continue to participate despite the association of the Palestinians, is to stand up for things we believe in, like Holocaust education, like preventing people from pursuing the designation of certain groups or institutions in a way that would be inimical to Israel's interests. And we are the ones who fought for years to get Israel into UNESCO.

So we are in an odd position, to be honest.

Senator COATS. Has Israel made a request to the United States that we fund this?

Secretary CLINTON. You know—

Senator LEAHY. We ought to have our own request, and not Israel's or any other country's request.

Secretary CLINTON. Yes. No—

Senator COATS. No, I mean the implication here is that, well, since Israel is still funding it and participating in it, then that we ought to go ahead and do it.

Senator LEAHY. Well, we can't do it. Our law doesn't allow us—

Senator COATS. Exactly.

Secretary CLINTON. No, we don't—we can't. We can't do it.

Senator COATS. Exactly. So there is no waiver provision?

Secretary CLINTON. No.

Senator COATS. It has to be—the law has to be repealed.

Senator LEAHY. That is right.

Senator COATS. And it is unlikely that it probably will happen in this year, based on how I read the House of Representatives—

Senator LEAHY. Well—

Senator COATS [continuing]. And the stalemate that has gone on. I was just wondering if the administration is asking us to go forward and—

Senator LEAHY. Well, we don't have to repeal it. We can provide a waiver. Some of us feel we should at least have a waiver in there because it looks rather foolish that we say we are doing this to support Israel, but Israel continues to fund UNESCO. And—

Senator COATS. But if there is no room for discussion, how can we provide a waiver?

Senator LEAHY. Well—

Secretary CLINTON. So there could be a—

Senator LEAHY. By amending the law.

Secretary CLINTON. Yes.

Senator LEAHY. A waiver is a waiver. We would amend the law to add a waiver to it. We do this in a number of areas, as the Senator knows from his own experience here in the Senate and as an ambassador. We have done this to give discretion to both Republican and Democratic administrations in areas where they should have it.

Secretary CLINTON. Could I just add—

Senator LEAHY. I would say my own personal view, that I think it is somewhat incongruous to say we are doing this to show solidarity with Israel, and they say, "Yes, okay, but we are going to stay."

Go ahead.

Secretary CLINTON. Well, look, I mean, we continue to discourage very actively and we oppose Palestinian membership in international organizations. That is our position.

Senator LEAHY. Which I do, too.

Secretary CLINTON. We work on it. We reach out to countries all the time.

But there are costs to the United States. I mean, Senator Graham asked about the WHO. Suppose there is an outbreak of some kind of new flu, and we are out of it. I mean, this is just not as clear-cut as I wish I could say it is. Because our position is very clear. We oppose it. We are doing everything we can to prevent it. But there are some organizations, like the International Atomic Energy Agency, WHO, the Food and Agriculture Organization—a long list of them—where the United States has very real interests.

And so, having a waiver, if our diplomacy were to fail and there was an offer of associate membership, it is not a recognition of

statehood. That cannot be in any way bestowed. But they can become some sort of associate or even full member in an organization that we also have an interest in.

I mean, I just think it is a more challenging set of questions than—nobody doubts our singular focus and support for Israel. That is clear beyond any reasonable doubt whatsoever. But even though we oppose, that doesn't mean we can stop other organizations and even our European friends from going forward.

So it is just—I think it raises questions. And having a waiver that would be exercised under only the most serious consequences might be worth looking at.

Senator COATS. Yes, it is a dicey issue, no matter what.

Secretary CLINTON. It is.

Senator COATS. Thank you, Mr. Chairman.

Senator LEAHY. Senator Lautenberg.

Senator LAUTENBERG. Thanks, Mr. Chairman. And I include myself in the Clinton fan club.

Secretary CLINTON. Thank you.

Senator LAUTENBERG. And I say thanks for all the people that I talk to, bump into, and so forth, and Secretary Clinton's name comes up, they are all plaudits. Hillary, you are doing a great job, and we are all proud of you.

Secretary CLINTON. Thank you.

Senator LAUTENBERG. Thank you very, very much.

I want to ask kind of a philosophical question here. All of us are dismayed by what we see in Afghanistan. The brutality that exists there is shocking.

And The New York Times now has taken to publishing pictures on the front page of the terrible deeds taking place there—a young woman being hauled out of her house by a bunch of men because her uncle did something. And the standards that we see in some of these countries are incomprehensible to those of us who—in this country, with all of our freedoms.

What do we do about these things in our calculus, when we say, "Look, we have got to defend the relationship with the country," to us and the bigger picture, the fact that, in Afghanistan, they behave so abominably compared to our standards—drugs that keep addiction going in our society, no central law and order programs.

What do we do, Madam Secretary, about a situation that we see throughout the world, where you are forced to make contacts with people whose behavior is just, again, not to be understood?

HUMAN RIGHTS

Secretary CLINTON. Well, I share your concern, Senator. One only has to look back in the history of the 20th century to see behavior that was totally inexplicable, beyond the pale of anything that the human spirit or conscience could abide.

I think we live with many different levels of human behavior regarding human rights, women's rights. It is not confined, by any means, to one country. It is, unfortunately, found in many parts of the world. But because we have invested so much in our efforts to try to help the people of Afghanistan, I think that it is understandable that you, your constituents, our media would be focusing on what is happening there.

It is difficult to have a broader picture, but the lives of so many Afghans have been expanded, broadened, and improved in the last decade because of the efforts of the United States and our international partners. You are certainly not going to hear from me any conclusion that the country has been transformed. It is a short period of time in historical terms. But it is fair to say that progress has been made.

And we have invested an enormous amount of blood and treasure in Afghanistan. We do have a stake in trying to help work toward the best possible outcome, and that is what we are doing now.

We are working with our allies on the potential for a political resolution through a reconciliation process. We are working to provide greater support to the Afghan security forces so they can defend themselves. We continue to support many aspects of their social system, from education to health.

So there have been a lot of improvements, but it is still quite difficult for many of us to see what still goes on in that society. But I want to put it in a broader context than just to focus on what is so distressing to us.

Senator LAUTENBERG. Yes. It is difficult. And I am sure it causes you a lot of grief and worry, you are so close to the situation.

FAMILY PLANNING

In recent years, congressional opponents of contraception have sought deep cuts to international family planning programs. What happens, Madam Secretary, if they succeed in cutting the family planning programs? What is the penalty? What is the cost of that in real terms?

Secretary CLINTON. Well, the cost is financial. The cost is in women's lives. The cost is to undermine what many of the very same opponents claim is their priority—namely, to prevent abortions—because we want to stay focused on improving maternal and child health. And there is no doubt at all that family planning services are absolutely essential to improving both maternal and child health.

Working through our Government, with other governments, with NGOs, with expertise, capacity-proven track records, we have made a big difference in women's health. You know, global estimates, Senator, indicate that by helping women space births and avoid unintended pregnancies, family planning has the potential of preventing 25 percent of the maternal and child deaths in the developing world. Family planning is the best way we have to prevent unintended pregnancies and abortion.

So I know that it is a very controversial issue, but numerous studies have shown that the incidence of abortion decreases when women have access to contraception. And therefore, I strongly support what this administration is doing in trying to provide the means to improve the health of women and children around the world.

EGYPT

Senator LAUTENBERG. The 2012 omnibus spending bill prohibits Egypt from receiving aid from us unless you certify that Egypt is

meeting its obligations under the peace treaty with Israel. What is your assessment of Egypt's progress toward them?

Secretary CLINTON. There is no indication that any—there is any intention or action at this time to undermine the peace treaty. In fact, we hear of a continuing commitment by the authorities in Egypt. We consult closely, as you might expect, with our Israeli partners on this. So, at this time, there seems to be an ongoing commitment to the importance of the Camp David accords to Egypt.

Senator LAUTENBERG. The—which of the surrounding countries, surrounding Iran, can we comfortably say that they are really doing what they can to help influence the other neighboring countries?

When I was in Turkey a couple of years ago, I met with Mr. Erdogan, the President, and he declared that, well, Hamas was not a terrorist organization, is their civil service organization, and that Syria is their best friend. And I know they are unhappy about the flood of refugees that are flowing.

But who is there that among—what about the Arab countries? Would they like to see action taken? They are under the same risk umbrella that Israel and any other countries are.

Secretary CLINTON. Well, I think, Senator, that we have been encouraged by the support we have received across the world, not just in the region, in the enforcement of the sanctions against Iran. We have had to go to a number of countries and point out businesses that operated within their boundaries, that needed to be reined in, and otherwise would be sanctioned if they didn't stop doing trade and commerce with Iran. We are getting everyone lined up better than I think some might have expected.

I think also the P5+1, the permanent members of the Security Council plus Germany, are in the process of evaluating the Iranian response to the letter sent by Lady Ashton on behalf of the P5+1 to resume negotiations, and that includes Russia and China. We are in constant contact with our Arab friends in the gulf about the threats that they face, the need they have for defensive measures.

TURKEY VERSUS SYRIA

And certainly, circumstances have changed in the last year. Turkey is leading the charge against Syria and Assad right now. Of course, they would have preferred to resolve matters peacefully, convince Assad not to be slaughtering his people. When that proved unsuccessful, they have been very committed to finding ways to support the Syrian people.

So this is an ongoing consultation, Senator.

Senator LAUTENBERG. May I ask one last question, Mr. Chairman? Fairly simple, this one.

PAN AM 103 BOMBING

You testified last year that we have worked with the FBI and the Justice Department, on the continuing investigation into the Pan Am 103 bombing. Libya's ambassador to the United States has also assured me that his government will conduct a thorough investigation.

Now, has any progress been made on the investigation of Pan Am 103 since—in the last year?

Secretary CLINTON. Well, I think it is fair for me to say that this is primarily a Department of Justice responsibility, but we have had intensive discussions with our counterparts in Libya. We have made it clear to them of the great importance of this state—of this case to the United States, our determination to bring those responsible to justice. And the investigation remains open. We are working to obtain new information.

I think it is only in the last few months that there could even be any assurance that we would get answers, because of the conflict ending, this new government trying to get into operation. But I want you to know, because of your deep interest in this, Senator, this is always at the top of my list whenever I talk with any Libyans.

Senator LAUTENBERG. Thank you.

Senator LEAHY. Senator Brown.

Senator BROWN. And I thank you very much, Secretary Clinton, for joining us and for your outstanding public service for so many years.

I follow on Senator Lautenberg's question on Libya. This is the 40th anniversary of the Munich Olympics massacre, where 11 Israeli athletes were killed. One of those athletes was an American citizen, David Berger from, I believe, Shaker Heights, Ohio, Cleveland area. I spoke with his 90-plus-year-old father last week.

I know the Department is working to compensate victims of Gaddafi's terrorism. Walk me through where things are with getting compensation and accountability for David Berger and his teammates, if you would.

Secretary CLINTON. I may have to take that one for the record, Senator, because clearly, we are pursuing a lot of the cases that we believe can be traced back to the Gaddafi regime. Some of those cases have been settled, and therefore, there is no further litigation or negotiation to be pursued.

I am not familiar with where the specific case that you just mentioned rests, so I will get you information for the record.

[The information follows:]

The Department of State extends its deepest sympathies to the family of David Berger and the other victims of the 1972 terrorist attacks in Munich. We are currently looking into the matter, and would be prepared to discuss appropriate measures with you or your staff at a future date.

Senator BROWN. And we will follow up on that—

Secretary CLINTON. Yes.

Senator BROWN [continuing]. With some of the questions I probably won't have time to ask today on Syria, Sri Lanka, and a couple other things.

Secretary CLINTON. Okay.

TRADE UNIONS/WORKER RIGHTS

Senator BROWN. At last year's hearing, you and I had an exchange about the role that trade unions played in the Arab Spring, especially in Tunisia and Egypt. You suggested that we should do more to support trade unions around the world, much like we did

in the 1970s and 1980s with Lech Walesa and Poland's Solidarity movement.

In China today, workers continue to suffer from poor work conditions. We have read about the—and talked about the 700,000 workers for Foxconn, and those related, who make Apple computer products. And we hear much about many of these issues.

A new generation of young migrant workers in China has grown more vocal in asserting their rights, including strikes at auto parts factories. While the auto industry and the auto rescue is working well in my part of the country—well beyond Ohio, but my part of the country, we know, in terms of auto parts, we have seen from 2000, from permanent normal trade relations until now, about an 800-percent increase in our trade deficit, just unilaterally or bilaterally with China, an 800-percent increase in our trade deficit there.

But more to the point, what is—what can the State Department do to help workers in China increase their capacity to organize and protect their rights? What potential do you see in China and our role for an increase—and our role contributing to increased democracy in the Chinese workplace?

Secretary CLINTON. Well, let me just make three quick points because this is a very important issue.

As I said last year, we have upped our emphasis on labor issues in the State Department. We have beefed up the personnel and the attention we are paying to labor issues. We are more actively participating in international labor meetings because the United States believes that if we can put together a greater coalition of countries and trade unions who are concerned, we will have more impact.

WORKER RIGHTS

Specifically with respect to China, the trends suggest that there will be increasing economic pressures on the Chinese business and government to be able to respond to working conditions, wages, and the like, and that if we just project out, a lot of that will come from people organizing. And we are very supportive of that. We think that workers organizing on behalf of themselves and having their voices heard is a critical component of real democratic development.

Senator BROWN. How does that manifest itself? If I am a Chinese worker that has come from the countryside, as many do, to work in an auto parts plant in Wuhan or Xi'an, how do I know that the U.S. Government really does care about that?

Secretary CLINTON. I am not sure you would because what we fund are lawyers who bring cases on behalf of people who aren't paid, who are made promises about working conditions that aren't fulfilled. It is a huge country, and I don't think it is particularly broadly known that we are doing what we can through our democracy and human rights work to zero in on working conditions in China and elsewhere.

So I don't know that the worker you are talking about would know it. But we are helping to create a body of law and expectations that will, I believe, eventually filter down to even that worker. That there will be a greater awareness of people's rights, as we

are now seeing emanating from the village democracy movements, where people are speaking out for themselves.

Senator BROWN. So talk to me for a moment along those same lines. When American elected officials in—or American officials, excuse me, meet with their Chinese counterparts, whether it is the President meeting with Vice President Xi last—a week or so ago, or when he met with a number of us in the Senate, are we bringing up—is the President, are you, or are other officials—not very many Senators are, frankly, and should be, in my view. But there are other things to bring up, too, so I am not sitting in judgment of my colleagues.

But are we bringing up those issues of worker rights in these bilateral private meetings? Can you assure me that we are?

Secretary CLINTON. I can assure you that we are bringing up human rights in every meeting with any Chinese interlocutor. That includes freedom of religion, freedom of expression, assembly, association, which certainly includes labor rights, organizing rights.

In our human rights dialogue, in our legal experts' dialogue, that is right up there with other areas of our concerns about human rights and their lack of definition and enforcement in China.

Senator BROWN. Okay. Thank you.

And I urge you—and I know your sentiments, and I know you want to, and I urge you to continue that and encourage you to send that through the administration perhaps more than it has been.

SOMALIA

Last question. I want to ask you about Somalia. Somalia is approaching 20 years as a stateless society in the Horn of Africa. It has become a target for those who want to cultivate vulnerable young people to a life of terrorism.

Are you confident that the budget request gives you the tools needed to help in whatever way we can, especially if we see another famine next year like this year?

Secretary CLINTON. Well, I just attended a very well-organized conference on Somalia in London that the UK Government put together. And I don't want to overstate it, but I think that we have a plan that is not just a U.S. plan, but an international plan.

As you know, the United States is the largest humanitarian donor to the Horn of Africa region. That includes Somalia, where we invested \$210 million in humanitarian assistance last fiscal year.

We are encouraged at what we see in political development. We are encouraged in what we see as military success against al-Shabaab. The United States just supported an increase in African Union Mission to Somalia forces and funding that we are going to have to fund, to try to finish off al-Shabaab in Somalia. And I think our assistance is yielding results.

Now our big challenge is on the political side. The transitional federal government (TFG) has been given until August of this year to meet certain internationally agreed-upon obligations—to have a constitution, to have new parliamentary elections for a smaller, hopefully more effective parliament. And we are putting great pressure on the existing TFG to fulfill those promises.

So conferences can come and go, but I think this particular one was—set some very clear benchmarks on humanitarian relief, military security action, and political reform.

Senator BROWN. Thank you.

I will have additional questions on the global questions and inquiries with you on the Global Fund and Sri Lanka and Syria.

So, thank you, Madam Secretary.

Secretary CLINTON. Thank you, Senator.

Senator LEAHY. Senator Durbin.

STATEMENT OF SENATOR RICHARD J. DURBIN

Senator DURBIN. Madam Secretary—

Secretary CLINTON. Hello, Senator.

Senator DURBIN [continuing]. It is good to see you.

Secretary CLINTON. Thank you.

Senator DURBIN. And thank you for what you are doing for our country.

You have done two things recently that I want to make a comment on, I thought were very powerful and very important. Your statement about Russia and China failing to join us in the United Nations Security Council on what would have been a powerful statement against the killing, the wanton killing taking place in Syria was one of the best. There was no cloaking your feelings.

You felt very strongly about those victims across Syria, and I think you were right to call Russia and China to task for what I consider to be an—I will say this—an irresponsible position they have taken when it comes to the Syrian conflict. Thank you for that.

Second, the situation in Afghanistan with the unintentional, though controversial, destruction of the Korans put you and the President in an extremely difficult position. You had to make it clear that it was something that did not reflect the feelings or values of this country, and you did your best to calm down the situation, as did the President.

I think that was what leadership is all about. And when several political voices this last Sunday raced to the Sunday shows to be critical of those statements, they ought to talk to the families of the men and women serving our country in Afghanistan, who want them to come home safely.

What you said was the right thing for our country and the right thing for those families. So I want to thank you for both of those statements at the outset.

HAITI

May I speak to you for a moment about Haiti? Senator Leahy just returned with a delegation. I was there a few weeks ago. You have an abiding interest as Secretary of State and through your husband, the former President, and the work that he has done.

I feel disappointment. Garry Conille, the Prime Minister for a few weeks only, is now gone, and President Martelly is looking for his fourth Prime Minister in the short period of time he has been there. There are so many things that need to be done in this impoverished country still recovering from an earthquake, but there is one in particular that I want to call your attention to.

My impression in traveling around is, as you reported to Senator Brown, we do many good things around the world that the average person on the street never knows. We still do them because it is the right thing to do. There are things which we can and should do that really affect the hearts and minds of people.

Port-au-Prince, an NGO named GHESKIO, G-H-E-S-K-I-O, a woman, Dr. Deschamps, takes me on a tour and points to a piece of machinery on the ground. And she says to me, "This is our new well and water pump. We had to drill down 600 feet. We found clean, fresh water. We draw it to the surface, put it in a reservoir, treat it with chlorine, and provide clean drinking water to 120,000 people in Port-au-Prince."

And I said, "Who paid for the well?" She said, "You did." The Paul Simon Water for the Poor Program, which is funded at a very modest level, thanks to Senator Leahy, but enough. For \$25,000, this well with clean water helped this group protect more than 100,000 people from the threat of cholera.

I said to President Martelly, you could do this all over Port-au-Prince, and we can help you. For modest amounts of money, we can provide clean drinking water, which is a basic, as you and I have discussed many times.

Tell me, as you look at Haiti and things like this, what are we doing that not only makes a difference, but may be appreciated by the people who live there?

Secretary CLINTON. Well, Senator, thank you for your opening two comments. I greatly appreciate both of them. And thank you for asking about Haiti because we have been focused on Haiti even before the earthquake in this administration.

And you know, we have made a considerable investment that has produced results for the people of Haiti. We are well aware of the challenges that remain. But your question really goes to the dilemma we face in trying to provide assistance that produces results and that people know we are doing.

You know, we do a lot to help people all over the world, that water well that you are talking about. But I am still not satisfied that we do a very good job in conveying to the world what we do, what the American taxpayer pays for us to do. I am not satisfied. I think that there is so much that you can be proud of.

And like you, I travel all over the place. I see the clean drinking water projects. I see the agricultural seed products. I see the maternal and child health clinic projects. I see all of this.

But oftentimes, people don't know, in the country where we are helping them or in our own country what we are investing in. So there is a lot that we could do better, and we are working to try to improve that.

Second, we are doing a lot to try to make our aid sustainable. And by that, I mean except for humanitarian emergencies, like after an earthquake or in the Horn of Africa with a famine, where we have to just come in and help save people's lives, we need to be asking ourselves, is what we are doing likely to be sustainable by our friends with whom we are partnering, either in their public sector or their NGOs?

And we are moving very much toward country-owned, country-directed aid. Well, that is kind of change for a lot of our folks.

So there is an enormous amount of ferment going on in our development efforts, including with USAID, but not exclusively there because some other of our Government agencies contribute as well.

Senator DURBIN. I have one last question, and it relates to a speech which you gave many years ago as First Lady in Chicago at a dinner at the Hilton Hotel honoring our mutual friend Bill Brodsky. You had just returned from a trip to India, and you said something which has stuck with me ever since, in case you don't think you make an impression on people. You did.

You said, "If I go to one of the poorest countries on Earth and I can only ask one question to find out how they are doing and what their chances are, it would be this. How do you treat your women?"

Secretary CLINTON. Right.

Senator DURBIN. I remembered that, and I have asked that question wherever I have gone.

And it led me to introduce legislation which has passed the Foreign Relations Committee twice and the Senate, which has been stalled in the House of Representatives, on the issue of child marriage.

CHILD MARRIAGE

Secretary CLINTON. I know. Thank you, Senator.

Senator DURBIN. And I just hope that you can, at the G8 meeting or in other avenues, open up some conversation here.

What happens to those poor little girls—

Secretary CLINTON. Mm-hmm.

Senator DURBIN [continuing]. Who become victims of a child marriage, it ruins their lives, and sometimes literally kills them with an early pregnancy they can't handle.

Secretary CLINTON. Right.

Senator DURBIN. So I hope you can join the voices that are on both sides of the aisle here that are promoting that legislation.

Secretary CLINTON. We strongly support it. We were deeply disappointed that it died in the House, for reasons that I don't think were directly relevant to the purpose of the bill. So we want to work with you and with a bipartisan coalition in the House to try to get it passed this year.

Senator DURBIN. Thank you.

Senator LEAHY. If I can take a chairman's prerogative here to praise Senator Durbin, who has been a—

Senator DURBIN. Take all the time you need.

Senator LEAHY [continuing]. Consistent voice on this and other issues that come also before the Judiciary Committee.

But you, Madam Secretary, from your days as First Lady have been very consistent on this, and as a member of the U.S. Senate. You have continued as Secretary of State.

I have to think that there are, as a result of some of the efforts that have gone on, there are young women who may never know you or Senator Durbin, or any of the rest of us, all they will know is their lives are better. I think that is what we strive for.

If we don't do that, then we don't deserve the privilege we have as citizens of this country and, in our case, citizens who do not have to worry about those kinds of things.

So I thank you both.
 Secretary CLINTON. Thank you.
 Senator LEAHY. Senator Landrieu.

STATEMENT OF SENATOR MARY L. LANDRIEU

Senator LANDRIEU. Thank you, Mr. Chairman.

And Madam Secretary, it is always wonderful to see you. And thank you for your leadership.

And I also want to thank Senator Durbin and Leahy for their initiative on child marriage and want to join them in supporting that initiative.

I also want to commend you for your work with the Director of USAID on your reform efforts for how we deliver foreign aid. I think it is a major departure, but an important departure, Mr. Chairman, that I am sure you are aware the Secretary and Dr. Shah have been developing, which is to purchase more of the supplies and goods from the countries that we are attempting to serve. Because it then has the added benefit of not only putting in the well, or building the hospital or the clinic, but you are also stimulating the local business and local entrepreneurship.

Can you comment briefly about that initiative? And are you pleased with the way it is moving forward? Is there anything we can do to be more supportive?

QUADRENNIAL DIPLOMACY AND DEVELOPMENT REVIEW

Secretary CLINTON. Well, Senator, first let me thank you for your very important focus on aid and particularly on everything that we are trying to do for children around the world.

As part of our first-ever QDDR that I directed, we have all taken a hard look at how we can do our business more efficiently, produce better results in State and USAID. And under Dr. Rajiv Shah's leadership, USAID is moving forward on their agenda on how we can improve procurement, how we can improve the information technology platforms that USAID uses. In fact, how does USAID and State work closer together to eliminate duplication and redundancy so that our separate missions are not wasting money on things that are essentially just the logistical part of being out in the world.

So I think that on these indicators—and I can get you a fuller response for the record—of procurement, shifting toward more locally purchased goods and services saves money and gives us, therefore, more bang for the buck in delivering the aid that we are looking for. Looking at how we deploy people is giving Administrator Shah more flexibility so that he can more quickly move people from location to location.

Increasing the coordination between USAID and State, so that we are not reinventing the wheel every time there is an emergency. USAID leads on humanitarian emergencies. State leads on political conflict emergencies.

So we are really trying to do what we do better. We think it is part of our obligation. And I am very proud of what USAID is doing.

Senator LANDRIEU. Well, please give us any specific updates as you can and keep us posted. I particularly want to be supportive.

VULNERABLE CHILDREN

Second question, on vulnerable children.

Secretary CLINTON. Mm-hmm.

Senator LANDRIEU. As you know, several years ago—and Senator Leahy has supported this set-aside in the budget to focus on, and it was authorized, but the Senator also supports it—a couple of hundred million dollars for orphans and vulnerable children. And under your leadership and with the State Department and with this subcommittee, we have been trying to focus that money—which is a large amount, but small in relation to all of the PEPFAR money and others—on programs that can help better connect and serve children that are out of family care. And you agreed and spoke at the first conference directed.

Can you give us a brief update about how the State Department or USAID can be a little bit more focused on trying to reach to those children who are just out of family care? They are either on the street, they are in institutions. How are we better connecting them to families, which every child deserves a permanent loving and protective family?

Secretary CLINTON. Well, you have been such a leader on this. And you know, what we are trying to do is, number one, work with other nations to do more themselves to take care of their vulnerable children. Because you are right. We have children in sweatshops. We have children on the streets. We have children being trafficked into brothels. I mean, we have terrible kinds of situations for too many vulnerable children around the world.

So we are tightening laws and regulations. We are training workers, judges, and police officers to just get them to focus on their own children. Because no matter how generous we would want to be, we are just a small part of the solution.

But with respect to what we are doing, we are working to improve adoption systems and out-of-home care for vulnerable children around the world. We had more than 9,000 children finding permanent homes through inter-country adoption last year. We know that is an important part of what we can do to help these vulnerable children.

We have to make sure that there are no scandals associated with them, that you don't have child kidnappings and thefts and all the other terrible things that go along with it. So we are pushing hard for broad-based acceptance of the Hague Convention on Adoption.

So we have a multi-pronged strategy, which you have helped us support by having the Congress be a partner, and we want to continue doing that.

Senator LANDRIEU. Thank you.

And my final question—I do want to mention Haiti, and the opportunity that I had to go down to Haiti about a year-and-a-half ago. I look forward to getting briefed by the chairman on his recent visit and just want to encourage our work. I know it is difficult.

LATIN AMERICA

My final question, though, is about Latin America. The budget, and the President has recommended—which is hard for me to un-

derstand, and I know all budgets are tight—a \$92 million reduction for the Western Hemisphere.

With the recent escalation of drug trafficking in Guatemala particularly, the devastation in El Salvador due to the recent disaster that happened there—an unnamed storm, but nonetheless delivered as much rain and devastation as a named hurricane would just recently.

How are we justifying this reduction, and are you concerned about it? And what can we do to show our support for these emerging Latin American democracies that are so important?

Secretary CLINTON. Well, I think, Senator, here is a potentially good news story, just to a great extent.

Our assistance in the hemisphere seeks to promote citizen security. We have three of the most violent—well, the three most violent countries in the world are in Central America. We want to help them continue their work to develop durable democratic institutions, encourage economic and social opportunity, and emphasize clean energy, as they try to link up all of their people with electricity.

So the decrease in the fiscal year 2013 request reflects a trend toward lower costs—lower costs, first, because what we have learned is how to be more efficient in our security-related institution building programs. We are focusing on fewer areas of development in USAID, in light of the overall economic progress in the hemisphere.

So, for example, our request for citizen security programs is declining in part because two of our largest recipients—Colombia and Mexico—are transitioning from periods of intensive capital investment—building police academies, building prisons, building court-houses—to equipment and training, and they are really looking at how they are sustainable. And I think this Congress should be very proud of the work we have done in Colombia and in Mexico over the last 15 years.

And we are also trying to be smarter about how we ask Latin America to help itself. We have some booming economies that are beginning to be aid donors themselves. So, for example, in Central American security, it has taken us some time, but we have invested heavily in diplomatic outreach to get Latin America, Canada, the European Union, specific European countries, all to work with us, so that we would leverage the resources we put in.

So, I think, by and large, it is a good news story. But if there are specific areas that you remain concerned about, I would be very happy to know about that.

Senator LANDRIEU. Thank you, Madam Secretary.

Senator LEAHY. Senator Hoeven.

STATEMENT OF SENATOR JOHN HOEVEN

Senator HOEVEN. Thank you, Mr. Chairman.

Thank you, Madam Secretary, for being with us today. The first thing I would like to ask you about is the situation with our NGO workers in Egypt who have been detained because of a travel ban. I was recently there with Senator McCain and also Senator Lindsey Graham, our ranking member, and several other Senators.

We had an opportunity to meet with the detainees. And of course, they are at the Embassy, our Embassy there. One of the detainees is from North Dakota. And so, I had an opportunity to visit with her, which I appreciated very much.

We also met with the Muslim Brotherhood and the Freedom and Justice Party, the speaker of their parliament, and others. And actually, the day after we were there, the Muslim Brotherhood, Freedom and Justice Party, put out a statement that I thought was very helpful. And I am appreciative of Senator McCain and Senator Graham for leading that group over there to try to encourage that the travel ban be lifted.

But it hasn't been. So I am very concerned. And I would just ask you to give me whatever update you can on your efforts to get our seven American NGO workers back here to the United States.

Secretary CLINTON. Well, first, Senator, thank you for going to Egypt. Thank you for traveling to these countries that are incredibly important to our future peace and security.

We are engaged in very intensive discussions with the Egyptian Government about finding a solution. We have had a lot of very tough conversations, and I think we are moving toward a resolution. But I don't want to discuss it in great detail because it is important that they know that we are continuing to push them, but that we don't necessarily put it out into the public arena yet.

So I will—now that I know one of the NGO workers is one of your constituents, we will stay in very close touch with you.

Senator HOEVEN. Well, I appreciate that. I appreciate your efforts. And again, I certainly want to do anything I can do to help, but certainly we want to do everything we can to see that our workers, our Americans, get home safe and sound.

Secretary CLINTON. Yes.

Senator HOEVEN. And of course, beyond that, we want to build a good relationship with this new democratic government in Egypt.

So there is a lot at stake here, and I know you are hard at work on it. And I appreciate it very much and look forward to staying in close contact with you.

The other item I wanted to bring up is the sanctions on Iran. My background is banking. And so, I understand when you have no access to funding, it puts a lot of pressure on you.

Now, through the National Defense Reauthorization Act, which included the Kirk-Menendez amendment, we put sanctions on Iran's Central Bank. These are very effective. I mean, those sanctions basically provide, I guess is the way I should put it, that any country or company that tries to buy oil from Iran has to pay for it through Iran's Central Bank, and they can't do it and deal with the United States banking system.

That is a powerful sanction. But it needs to be fully implemented, and we can't grant exceptions. And that is why Senator Graham and myself and others are sponsoring a resolution supporting the administration, and calling on them to fully implement that sanction and to not allow exceptions.

I know that creates diplomatic pressure with friends like South Korea, with countries like India and others that buy oil from Iran. But this is our chance to really put pressure on Iran to stop their

nuclear ambitions, short of other options, including, obviously, a military strike.

I feel we need to impose those sanctions as aggressively as we can. I am asking you to do that. Would you please comment on that?

IRAN SANCTIONS

Secretary CLINTON. Well, we totally agree with you, Senator. And we are implementing the new Iran sanctions aggressively. The President issued an Executive order on February 6 that blocks assets under United States jurisdiction of all Iranian banks, also makes it clear that both the Departments of the Treasury and State are expected to enforce the sanctions absolutely.

We have been traveling the world, high-level teams from the Departments of the Treasury, Energy, and State, to explain what the sanctions are to counterparts around the world. We are very frank in these discussions about the requirements of U.S. law.

And we have seen a lot of action. A broad range of countries are making decisions to reduce their dependence on Iranian crude, unwind their dealings with the Central Bank of Iran.

We are also pushing very hard to make it clear that we will help countries that have a significant dependence on Iranian crude to try to find alternatives. It is something that they have to look for. They can't just stop cold turkey, and not have anything fueling their economies. Some of our major—our friends who are major producers have set forth their willingness to try to make up the difference. So we have had a positive reaction.

Just for your information, the EU member states—I mean, you take some of those countries were dependent up to 30, 35 percent on Iranian crude—and Japan have been among the most visible. They have been taking extraordinary steps to try to comply with our sanctions and deny revenue to Iran.

We have seen increasing difficulty by Iran in importing and exporting products. They cannot purchase third-party liability coverage for their vessels. So we have stopped them from being insured, which means they can't travel. So European—or travel with insurance. So European and Asian companies are actually moving more quickly in reducing their imports and their purchases than we thought they would be able to.

So, we are just relentlessly pressing them, Senator. We are going to do the very best we can to help them.

I would say that we have some unique situations. I mean, look at Japan, which lost so much of their electricity production because of the earthquake and the Fukushima nuclear power plant meltdown. They have been reducing their imports from Iran in the range of 15 to 20 percent since last year because we have been working with them and talking to them, and they are aggressively seeking out new suppliers. But they have got to find new suppliers.

We have got some challenges there. Libya is not back up the way it needs to be. We are now sanctioning Syria. So their contribution is not what it needs to be. But I can assure you, we are working as aggressively as we can to try to meet these very tough sanction targets.

Senator HOEVEN. Mr. Chairman, I will just wrap up here with this comment.

Again, thank you, Madam Secretary, for joining us this morning. We are working to help you in the Senate in terms of imposing those sanctions. That is our best shot to really apply pressure to the Iranian Government to stand down its nuclear ambitions, and we will continue to try to help make those sanctions as effective as possible.

Secretary CLINTON. Thank you, Senator.

Senator LEAHY. Thank you.

I know the Secretary has to leave in just a couple of minutes, but I am going to yield first to Senator Graham, and then I have one last question.

FREE TRADE AGREEMENT WITH TUNISIA

Senator GRAHAM. Thank you, Mr. Chairman.

And we are going to try to do this in 3 minutes. Okay?

Tunisia. Do you support the efforts of trying to open up a dialogue regarding our free trade agreement with Tunisia?

Secretary CLINTON. I do support that. I know that—

Senator GRAHAM. That is good. That is enough.

Secretary CLINTON. Okay. All right.

Senator GRAHAM. All right. Do you support reprogramming money to help Tunisia get through their budget shortfall for the next 2 years?

Secretary CLINTON. I do support that.

Senator GRAHAM. And you will seek other countries to support Tunisia?

Secretary CLINTON. And we are doing that as you speak, Mr. Graham.

EGYPT

Senator GRAHAM. Egypt. Do believe the cases against the NGO workers are legitimate?

Secretary CLINTON. No, I do not. Now—

Senator GRAHAM. Do you—good answer.

Do you believe that it would be unsafe for our people to appear in Egyptian court, given the security environment that exists today in Egypt?

Secretary CLINTON. I don't want to go any further than I have in saying that—

Senator GRAHAM. Fair—

Secretary CLINTON [continuing]. We are hoping to resolve—

Senator GRAHAM [continuing]. Fair enough.

Secretary CLINTON [continuing]. These very soon.

Senator GRAHAM. I really believe that would be a mistake. And I understand where you are coming from.

If you were asked today to certify Egypt as complying with all the conditions in the appropriations bill for receiving aid, could you do so?

Secretary CLINTON. I am not going to answer that either at this point—

Senator GRAHAM. Good enough.

Secretary CLINTON. Okay.

Senator GRAHAM. Okay. Egypt just needs to listen.

Secretary CLINTON. Yes.

Senator GRAHAM. That she is not saying yes.

Okay. Afghanistan. Is it worth it for us to have a strategic partnership agreement? Is it in our national security interest?

Secretary CLINTON. It is absolutely in our national security.

Senator GRAHAM. And I hope and pray that Karzai understands that this is the last, best chance for Afghanistan to be stable and have a bright future, and take the administration up on this offer.

Thank you very much for all you have done for our country.

Secretary CLINTON. Thank you, Senator.

Senator LEAHY. Thank you.

LEAHY/GRAHAM AMENDMENT

Just to follow up on one thing that Senator Graham said. Does Egypt now realize that the Leahy-Graham amendment on Egypt is a reality?

Secretary CLINTON. I think they are coming to understand that, Mr. Chairman.

Senator LEAHY. Thank you.

Secretary CLINTON. It is.

Senator LEAHY. All our people who go over there to speak with them understand—

Secretary CLINTON. Yes, Sir.

Senator LEAHY [continuing]. That it is real. Because that was not always clear at the beginning.

LEAHY AMENDMENT

I have one other question. We have the Leahy amendment, which prohibits aid to units of foreign security forces that violate human rights. It does have some strong supporters in the State Department, but it also has detractors. I often hear of efforts to narrowly interpret the law in a way contrary to its intent. In the past, we have had some Embassies that applied it only to funding for training and not for equipment, which would be a flagrant misreading of the law.

Can you assure me that there is guidance to our U.S. Foreign Service officers, who are responsible for applying the law, that they will accurately reflect what we intend and what the law says.

Secretary CLINTON. Well, I believe that we do implement the Leahy amendment in a consistent way across the world. The vetting process requires that the Embassy, Bureau of Democracy, Human Rights, and Labor, the relevant regional bureaus all agree that a candidate either is or is not eligible for assistance, and that is what we are going to continue to do.

Senator LEAHY. Thank you.

UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION

I should note, just to make sure we have it clear in the record, that while Israel will remain a member of UNESCO I am told they are not planning to make their assessed contribution this year.

They also realize our law, which was done to support them contrary to our interests, is a law that provides no wiggle room.

I would hope that we would at least be able to amend the law. I think it would be more helpful to Israel to amend the law to give you the same kind of waiver we have given past administrations for similar laws.

SRI LANKA

I also want to commend you for your efforts to pursue accountability for the perpetrators of war crimes in Sri Lanka. I hope you will continue to support international efforts to bring the Sri Lankan war criminals to justice, even though their own courts don't.

I will take that nod to be a "Yes."

LAND MINES

Finally, the United States has completed its review on the use of antipersonnel landmines, something we haven't used in 20 years. They're banned by 156 countries, including all our NATO allies. We spend a fortune cleaning up landmines every year. But we're treated as an outsider because we haven't joined the treaty.

Do you know when a recommendation will go to the President on this?

Secretary CLINTON. I have been hoping that the process would be completed as soon as it could be. So far, that has not yet occurred.

ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. I see. Well, you and I will have more conversations on that.

I will keep the record open until Friday for any further questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Can we do more to engage with the Chinese on the whole range of issues, from climate change to human rights, piracy of intellectual property, and military cooperation?

Do you agree that we should continue supporting partnerships between United States universities and nongovernmental organizations (NGOs) with counterparts in China to strengthen the rule of law and environmental health and safety in China?

Answer. Building a positive, cooperative, and comprehensive relationship with China is an important part of the United States' reinvigorated engagement with the Asia-Pacific. In 2012, we will continue to deepen our bilateral engagement with China in a wide variety of areas, including human rights, intellectual property rights and rule of law, climate change and other environmental and health issues, and military-to-military dialogue.

Specifically, we will continue to use forums such as the Strategic and Economic Dialogue, Strategic Security Dialogue, Human Rights Dialogue, Legal Experts Dialogue, Consultation on People-to-People Exchange, Joint Commission on Commerce and Trade (JCCT), JCCT IPR Working Group, Ambassador's IPR Roundtable, Joint Commission on Science and Technology Cooperation, EcoPartnerships Program, Ten-Year Framework for Cooperation on Energy and Environment, and more than 50 other ongoing regional and functional subdialogues we have with China to advance our interests, promote universal values, strengthen the international system that we have helped shape, and build our relations with an increasingly influential China.

Partnerships between United States and Chinese universities, NGOs, and sub-national entities are an increasingly vital part of the bilateral relationship. Not only do programs such as the U.S.-China EcoPartnerships and the 100,000 Strong Initiative enjoy broad support from both sides, they provide new mechanisms for strengthening China's institutions and introduce positive aspects of the United States to the next generation of China's social, educational, and political leaders. We also believe that it is vitally important to continue to support engagement between United States NGOs and universities and their Chinese counterparts through programs that advance the protection of human rights, the development of the rule of law and civil society, and the promotion of religious freedom in China. These programs offer low-cost investments in reform that will offer long-term dividends for the United States. Furthermore, such engagement broadens understanding between our societies, empowers Chinese civil society organizations to advocate for their fellow citizens' rights, and promotes our strong interest in expanding peaceful and positive relations with China.

It is only through increased connection at all levels that we can develop open and honest exchanges, build bilateral trust, reduce the risk of misunderstanding, and address areas of disagreement.

Question. For fiscal year 2013 you are requesting \$2.1 billion to house, protect, and support our diplomats and aid workers (in Afghanistan), and another \$2.5 billion for programs. The total represents a \$1.1 billion—or a 30-percent increase for the State Department and United States Agency for International Development (USAID) above the current level. Given our track record in Afghanistan where it seems that the more ambitious and costly our goals the worse the results, is it really responsible to spend all that money? With the latest fiasco with the Koran burnings, how are we going to have confidence that our investments can and will be sustained by the Afghans?

Answer. The resources requested for fiscal year 2013 in Afghanistan will play a key role in ensuring Afghanistan never again serves as a safe haven to al Qaeda or other extremist groups. These funds are crucial to enable us to complete preparations for Afghanistan's assumption of full security control throughout its territory in December 2014.

We continue to carefully assess the security situation in Afghanistan following recent violent incidents. However, these incidents have not prevented us from carrying out programs and implementing essential construction projects in Afghanistan. United States forces will remain in Afghanistan in fiscal year 2013 and provide the security support necessary to implement our plans.

Foreign assistance resources will focus on building Afghan capacity to more effectively manage their own development and foreign operations resources will ensure a secure United States diplomatic and development presence appropriately sized to oversee our continuing robust cooperation with Afghanistan. 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 hope 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. Since 2002, the Government of Afghanistan has made significant progress in terms of its fiscal sustainability and technical capacity to govern. The Government of Afghanistan's revenues have increased steadily over the last 5 years, including significant increases in collection of customs duties and fees for electricity. The government has also signaled its commitment to reform including through the adoption of a new economic strategy last year in Bonn, which sets specific objectives to combat corruption and improve governance. This is not to say there have not been challenges and setbacks. In spite of the challenges, we remain determined to meet our goal of transitioning security responsibility to the Government of Afghanistan by the end of 2014, which should result in a significant reduction in United States military spending.

Our program in fiscal year 2013 will 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 fiscal year 2013 our request for infrastructure decreases by 12 percent from fiscal year 2012 and 31 percent from fiscal year 2011; our major focus is on increasing operations and maintenance capacity and sustainability as opposed to new construction projects.

We are also seeking to improve sustainability by increasing the percentage of development projects implemented by the Government of Afghanistan. These on-budget projects give the Government of Afghanistan hands-on experience in managing

their own development within tightly defined parameters and with close supervision by USAID. We also remain committed to support for the Afghanistan Reconstruction Trust Fund, and the related National Solidarity Program as a means to improve the capacity of the government to sustain the country's development.

Development resources have allowed the United States to work in partnership with Afghans to make major improvements in health, education and economic growth, but more work is required to ensure Afghans can continue progress without outside help. Making key foundational investments now (including energy infrastructure, sustainable agriculture, and government economic capacity) is important in fostering a more sustainable and resilient economy.

Fiscal year 2013 will be a critical year in establishing our enduring presence in Afghanistan in secure facilities that will permit our diplomatic staff to carry out programs and engage with Afghan partners after the security transition process is complete. In addition to Embassy Kabul, our plan is to establish platforms in Jalalabad in the east and Kandahar in the south in addition to the two current consulate locations in Mazar e Sharif and Herat. If facilities are to be ready in these locations in 2014, we must do much of the work to prepare them in 2013.

Question. You are requesting more for military and economic aid for Pakistan than last year, even though our relations have grown progressively strained. The Pakistani military is deeply suspicious of the United States and is not cooperating fully with our efforts against al Qaeda and the Taliban. Our supply lines through Pakistan are not moving. Corruption is endemic. The Pakistani people are as virulently anti-American as ever. We need a constructive relationship with Pakistan, but business as usual is not the answer. Why are you proposing to provide another \$2.2 billion for the same kinds of activities as in the past?

In 2010, a video of Pakistani soldiers summarily executing suspected Taliban prisoners was posted on the Internet. General Kayani pledged to conduct an investigation, but since then we have heard nothing. This was not an isolated case of alleged war crimes by Pakistani soldiers. The Taliban has also summarily executed Pakistani police captives. Do you know if any Pakistani soldiers have been punished for these crimes?

Answer. Despite recent challenges and tensions, our core national security interests in Pakistan are as urgent and compelling as ever, and we remain committed to a productive, respectful relationship with Pakistan. While Pakistan's Parliament is undertaking a review of the relationship, the results of which we expect to be issued in the coming weeks, we continue to engage with Pakistan on our key interests such as counterterrorism and achieving our goals in Afghanistan.

Although similar to fiscal year 2012 funding levels, the fiscal year 2013 request represents a 25-percent decrease from fiscal year 2012 request levels. It reflects resource and implementation constraints, while remaining sufficiently robust to send a consistent statement of our intention to continue cooperating with Pakistan on our joint interests, including building Pakistan's counterterrorism and counterinsurgency capacity to help disrupt, dismantle, and defeat al Qaeda.

While the events of 2011 led to a downturn in our relationship, we have been consistent in our continued support of the Pakistani people and their democratically elected civilian representatives, not with the goal of winning a popularity contest, but because we take the long-term view. We think a stable, democratic, tolerant, prosperous Pakistan, which can provide alternatives to extremism for its population, is good for the security of the region and the national security of the United States. Civilian assistance is an important part of achieving that long-term goal. A goal we share with the Pakistanis is to continue to foster opportunities to move toward "trade not aid", and our fiscal year 2013 budget will help build trade and investment in Pakistan, which must ultimately drive Pakistan's growth and reduce its dependence on foreign assistance.

There are serious governance and human rights problems in Pakistan and we continue to both report on and raise these with the government. In this particular case, in October 2010, Chief of Army Staff Kayani ordered a board of inquiry to investigate the video and the allegations. We continue to ask the Pakistani Government for the results of this investigation. However, to date, we have not been made aware of its findings.

Question. The Leahy amendment, which prohibits aid to units of foreign security forces that violate human rights, has some strong supporters in the State Department and I want to thank you for some of the recent steps that have been taken to more vigorously implement and enforce the Leahy amendment. However, it also has its detractors, and I often hear of efforts to narrowly interpret the law in ways that are clearly contrary to its intent. Most importantly, I understand that many U.S. Embassies have required vetting of individuals to determine their eligibility under the Leahy amendment to receive U.S. training, but have not vetted their

units which may have a history of human rights violations. Vetting units is a core concept of the Leahy amendment. It is against the law to provide any form of assistance—training, equipment, or anything else—to any person who either belongs to a unit credibly alleged to be involved in gross violations of human rights or who personally is involved in such violations. Can you assure me that the guidance for every U.S. Foreign Service Officer who is responsible for applying the law will accurately reflect these core principles, and that top officials in the Department will be informed of the importance of fully implementing the law?

I would also be grateful to have your assurance that foreign governments will be informed if assistance is being withheld from specific units under the Leahy amendment. As you know, this also is specifically required by the law.

One important goal of the law is to end the impunity for members of foreign security forces who violate human rights. Consequently, the law also directs that the United States must offer assistance to help bring to justice individuals who have committed gross violations. Who within the Department is tasked to implement this legal requirement? What funds have been allocated to carry out this requirement of the law? Can you provide me any examples since the law was first enacted when the United States offered such assistance?

Finally, I believe that the Leahy amendment and the reputation of the United States and of the Department of State have suffered because of the refusal by the Department to provide public information about how seriously the Department takes the law, how much effort it devotes to implement it, and how many cases are affected by the law. I understand that it may be important in rare cases to keep certain information confidential concerning the law in order to protect intelligence sources and methods. But many of the atrocities subject to the law are reported in news articles and other public sources. At a minimum, I would appreciate it if you would provide me—in nonclassified form—aggregate information about the implementation of the Leahy amendment over the last 12 months, including the following:

- What is the Department's best estimate of how many times units or individuals have been denied approval under the Leahy amendment vetting process;
- What is the Department's best estimate of the number of times that a request for vetting was not finally approved either because approval was denied or for any other reason; and
- What is the Department's best estimate of the number of countries in which a vetting request was denied or otherwise not approved under the Leahy amendment.

Answer. Please be assured that all levels of the Department involved in security assistance are well aware of the Leahy amendment and all Foreign Service Officers and others in the Department charged with implementing the law are aware of the requirements. As you know, the Department has established a robust vetting system called INVEST (INternational VETting and Security Tracking) which is now in use by Embassies worldwide to conduct Leahy amendment vetting. By replacing the former cable-based process, the INVEST system has greatly facilitated efficient vetting of security force units and individual candidates nominated to receive State-funded training and assistance, as well as Department of Defense (DOD) training. The INVEST system includes detailed policy and procedural instructions for conducting vetting in compliance with the Leahy amendment. We have vetted in excess of 200,000 nominees since the system became fully operational in January 2011.

If at any time during the vetting process we determine that a nominee cannot receive assistance because there is credible information of gross human rights violations, or incomplete information that prevents us from completing vetting on the nominee, the nominee is not approved for assistance. In these circumstances, the host country is asked to nominate a replacement candidate or to provide additional information to allow vetting to be completed.

With respect to unit vetting, we understand that units or individual candidates from units credibly implicated in gross human rights violations cannot be provided assistance under the Leahy amendment. The Department is issuing additional guidance on this point that highlights the explicit provision in this regard recently added by section 620M(d)(5), and to ensure that all involved in the vetting process are aware of the unit vetting requirement.

Regarding notification of host governments, we recognize on several fronts the value of conveying to partner governments when we have identified credible information of gross human rights abuses by its officials and seek to comply with this legal requirement. Embassies and senior level United States Government officials engage host governments at every opportunity to raise specific human rights concerns, and to offer assistance in bringing violators to justice.

The Department does not have a specifically designated program to assist foreign governments in bringing individuals to justice, nor do we have funding set aside for this purpose. However, the Department does have more than 260 law enforcement and justice programs worldwide designed to enhance the rule of law, human rights, and good governance. As such, in some countries, such as Colombia, the Department supports, within the Prosecutor General's office, a specialized Human Rights Unit which identifies human rights violators and seeks to bring them to justice.

In the past year, 1,766 individuals and units have been denied assistance or training due to credible information about gross human rights violations, or where vetting was suspended due to discovery of derogatory human rights information that could not be resolved before the training deadline. An additional 12,571 candidates did not receive assistance or training because they were submitted for vetting with insufficient information, additional requested information was not received in time, or they were not submitted in time to complete vetting. While the number of candidates not approved to receive assistance is important, it is also significant to note that, due to the broad awareness of the Leahy amendment, our Embassy staffs frequently work to prevent the nomination of units and individuals that are known to have credible information that implicates them in gross human rights violations, and where the host country has not taken effective steps to bring the responsible members to justice. In effect, this extends the effect of the Leahy amendment beyond those cases where assistance is denied by vetting.

On occasion, derogatory information on issues that would not trigger the Leahy amendment surfaces and candidates are rejected as a matter of policy. In some instances, candidates are re-submitted at a later date with additional information and favorably vetted for follow-on training or assistance. The INVEST system is set up so that if a candidate is not favorably vetted at all steps in the process, the candidate is not approved and the training or assistance is not provided. In the past year, candidates from 46 countries have not passed vetting and have thus been denied training or assistance.

CHANGING UNITED STATES ROLE IN THE ASIA-PACIFIC REGION

Question. Over the past couple of months you have made the point that as the United States withdraws and reduces its commitments in Iraq and Afghanistan, we must begin an increased and strategic investment in the Asia-Pacific region. I don't see this shift in focus reflected in the fiscal year 2013 budget request. What specific investments are you proposing?

Answer. Looking forward to the next decade, we recognize no region will be more important to the United States than the Asia Pacific. 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 fiscal year 2013. However, we have been able 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 aimed at increasing U.S. investments in the region in key areas. Foreign assistance is but one aspect of our strategy to deepen our engagement with the region and the fiscal year 2013 budget reflects strategic choices that must be made as the budget becomes more constrained. It is important to look at the whole picture of what we are sending to the region.

Substantial Millennium Challenge Corporation compacts that were recently signed will bring more than \$1 billion of American assistance to Indonesia and the Philippines in the next 5 years. In addition, we are substantially increasing our consular resources in the Asia-Pacific to address an unprecedented increase in demand for United States visas. This is not entirely evident in the East Asia and Pacific chapter of the fiscal year 2013 congressional budget justification, since the budget tables do not take into account fee-funded positions and expenditures, such as consular officers and some construction expansion projects. In China, we are expanding our consular presence at every single post, and visa issuances have more than doubled in the last 5 years.

Diplomatic efforts are also 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, but are not captured by figures like development assistance dollars. For example, we successfully concluded our implementation review process for our major free trade agreement with 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 expanded 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 Asia Pacific Economic Cooperation—which all work to advance U.S. interests.

In addition, we have established the Lower Mekong Initiative with four nations sharing the Mekong, and launched the Indonesia Comprehensive Partnership and Partnership for Growth in the Philippines. The budget request reflects the administration's continued support for and commitment to these important initiatives.

As part of the National Export Initiative and the new focus on economic statecraft, our diplomats are also helping United States 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 on the homeland.

We remain more committed than ever to the region and to making sure America remains a leader in the Pacific arena.

Question. I want to commend State Department for its efforts to pursue accountability for the perpetrators of war crimes in Sri Lanka. The Liberation Tigers of Tamil Eelam (LTTE) committed terrible atrocities, and we are all glad they are defeated, but the Sri Lankan army also violated the laws of war and thousands of civilians died as a result. Unfortunately, so far the Government of Sri Lanka has not punished anyone. Will you continue to call for international mechanisms to investigate these crimes and bring Sri Lankan war criminals to justice?

Answer. We are deeply concerned about the events of the final months of the conflict, including reports that there could have been as many as 40,000 civilian deaths. We support a full accounting of, and accountability for, serious allegations of international humanitarian law and international human rights law violations that occurred in the final months of the conflict.

The United States has maintained a consistent dialogue with the Government of Sri Lanka regarding the issues of reconciliation and accountability since the end of the conflict in May 2009, and is concerned that without genuine reconciliation and accountability, the country could return to conflict.

The United States is supporting a resolution at the March UN Human Rights Council session that calls for action on important steps toward accountability and reconciliation, while expressing the international community's concern about delays on implementation of such measures. It also encourages the Government of Sri Lanka to communicate what it intends to do to implement the constructive recommendations of its own Lessons Learnt and Reconciliation Commission, advance reconciliation, strengthen democratic institutions, and address accountability.

While domestic authorities have primary responsibility to ensure that those individuals responsible for violations of international humanitarian law and international human rights law are held accountable, international accountability mechanisms can become appropriate in circumstances in which a State is unable or unwilling to meet its obligations. The Government of Sri Lanka needs to demonstrate that it is able and willing to meet these obligations. If they do not, there will be growing pressure from the international community for an international accountability mechanism.

Again, we support a full accounting of, and accountability for, serious allegations of international humanitarian law and international human rights law violations that occurred in the final months of the conflict.

Question. The President issued an Executive order last month to improve visa and foreign visitor processing. I was glad to see this because we have been trying to get the Department to improve the tourist visa process for several years and included language in the fiscal year 2012 bill directing the Department to reduce visa wait times, particularly for citizens from China and Brazil and to improve the way the Department forecasts the demand for tourist visas.

What is the status of the improvements that the Department is planning and implementing and have wait times gone down for Chinese and Brazilians who want to visit the United States? Are there any improvements that you want to make but can't and need the Congress' help?

Answer. We are confident that we will meet the goals of the Executive order. Our ongoing efforts to increase staff, expand or improve existing facilities, and implement internal efficiencies are paying off. Interview wait times in China are currently under 7 days. Missionwide, wait times have averaged less than 30 days for all but 2 of the past 18 months. In Brazil, wait times missionwide have fallen from

more than 100 days to just weeks at some posts. The longest wait time in Brazil is less than 30 days, a significant accomplishment.

Demand for visa services in China and Brazil continue to increase in 2012. Our consular sections accommodated 33 percent and 62 percent growth, respectively, in the first 4 months of this fiscal year, as compared to the same period last fiscal year. We expect demand to remain at these levels in Brazil, and to increase in China over the traditional spring and summertime “high season”, as prospective university and college students begin to apply for visas. Staffing flexibility is critical to keeping interview wait times down during this period, and we are deploying the first group of limited noncareer appointment consular adjudicators in March and April 2012 to support the expected demand increase.

Although we chiefly rely on our internal observations to predict future visa demand, we also consider the Department of Commerce’s Forecast of International Travelers to the United States as a key indicator of potential demand for visa services among some of the fastest growing economies, including China and Brazil.

We appreciate congressional interest in this topic and we value constructive congressional oversight of our visa function. As we are meeting the goals of the Executive order, we must not forget that every visa issuance decision is a national security decision, and that there will be visa adjudication cases for which additional review would be warranted.

Question. The fiscal year 2013 budget request proposes a \$226.9 million cut in funding for refugee assistance and resettlement programs. Given what we know the needs are, how can we justify this?

Answer. The President’s fiscal year 2013 request includes \$1.675 billion for the Migration Refugee Assistance and the Emergency Refugee and Migration Assistance accounts. While this represents a decrease in funding available for humanitarian programs supported by these accounts in fiscal year 2012, it represents a \$30.3 million increase from the President’s fiscal year 2012 request for these accounts. This increase reflects the administration’s ongoing commitment to humanitarian programs, while taking into account current budget constraints. The administration remains dedicated to providing robust support for humanitarian programs worldwide.

Question. Has the Government of Israel obtained bulldozers or spare parts for bulldozers with Foreign Military Financing (FMF) assistance since January 2009?

In April 2011, the State Department informed me that a foreign military sale (FMS) (IS–B–ZLT \$24.5 million) of 33 nonarmored (plus an option for an additional 12) D9–R bulldozers was completed on July 27, 2010 and that “to date, the contract was awarded by the U.S. Army on December 15, 2010 with an estimated delivery date for all 33 of 250 days (i.e., on or about 21 Aug 11)”. Were these bulldozers delivered as estimated in April 2011? For what purpose(s) were they provided? Is this information related to the contract still accurate today?

When was the last sale of bulldozers or spare parts for bulldozers to Israel either through a direct commercial sale or under the FMS program, and for how many, what type, and for what purpose?

Would bulldozers or spare parts for bulldozers transferred to Israel, either through direct commercial sales or under the FMS or FMF programs, be permitted to be used for Palestinian home demolitions under the standard conditions provided in section 505 of the Foreign Assistance Act? Have such transfers been subject to any restrictions on their use for Palestinian home demolitions? Have they been used for Palestinian home demolitions?

Answer. Under FMS case IS–B–ZLT, Israel received 33 commercially configured, custom-built, nonweaponized, nonarmored Caterpillar D9R Bulldozers and associated tool sets, storage chests, diagnostic equipment, and spare parts. Israel procured these bulldozers under a contract awarded on December 15, 2010. As part of this case, the Government of Israel has the option of purchasing 12 additional bulldozers. It has not exercised that option to date.

The bulldozers were shipped to Israel beginning on April 28, 2011, and ending on August 5, 2011. The spare parts, tools, and storage kits were delivered on September 23, 2011. The purpose of the bulldozers was to support the activities of the Israeli Defense Forces. The Israeli Ministry of Defense is the stated end user in this case.

There are a number of general military applications for bulldozers including earthworks, digging moats, mounting sand barriers, building and demolishing fortifications and structures, recovering overturned or damaged armored fighting vehicles, clearing landmines, detonating IEDs and explosives, clearing terrain obstacles and opening routes for armored fighting vehicles and infantry.

At this time, there are no open requests for bulldozers from Israel. The U.S. Government decided as a matter of policy in 2007 that due to earlier incidents of concern, if Israel wants to purchase bulldozers using FMF, Israel must use FMS chan-

nels and authorities. Israel can, however, use its national funds to purchase bulldozers from commercial sources worldwide.

The sale of Caterpillar spare parts is done through FMS channels against a blanket open ended spare parts case on an as-needed basis. This ensures economies of scale based on high volume procurements for certain parts in DOD inventory.

Although we are in contact with several Israeli NGOs and organizations like United Nations Office for the Coordination of Humanitarian Affairs that track Palestinian home demolitions, they do not appear to keep records of what type of bulldozer is used for each demolition, nor do we track individual bulldozers for each demolition, nor do we track individual bulldozers within the Israeli fleet. Therefore, we have no information as to whether bulldozers purchased with United States funds were used in home demolitions. We do note that the Road Map calls for Israel not to demolish homes or property as a punitive measure.

Question. The Inter-American Commission on Human Rights and other human rights groups have denounced recent human rights violations in Bajo Aguan, Honduras. Has the United States Ambassador to Honduras made any public statements regarding such violations?

The United States has provided training and support to the Honduran army's 15th Battalion in the past. Please describe the role of the 15th Battalion's role, if any, in the Bajo Aguan region. Are there any plans to provide assistance to this Battalion in fiscal year 2012 or fiscal year 2013?

To which units of the Honduran army is the administration planning to provide assistance in fiscal year 2013, and for what purposes?

Have any members of the Honduran police forces been arrested, charged, or punished for human rights violations in the Aguan region?

Answer. The Department of State closely follows the land conflict in the Bajo Aguan region of Honduras. United States Ambassador to Honduras Lisa Kubiske has expressed concerns about the violence both publicly and in meetings with Honduran officials. In February, Deputy Assistant Secretary for Democracy, Human Rights, and Labor Kathleen Fitzpatrick visited Honduras, where she referenced the conflict in a public statement and raised the issue in private meetings with Honduran officials. In November 2011, the Department of State sent officials to the Bajo Aguan to meet with leaders of farm worker collectives, representatives of security forces, and landowners. The following month, Under Secretary for Civilian Security, Democracy, and Human Rights Maria Otero visited Honduras, where she met with Honduras' Secretary of State for Justice and Human Rights. The United States Government was pleased to see the February 2012 agreement, brokered by Honduran officials, to sell cultivated land to farm workers and address the root causes of the conflict.

Contrary to reports from several human rights groups, the Honduran Army's 15th Battalion is not participating in the Xatruch II operation in the Bajo Aguan, designed to prevent confrontations between farm workers and private security guards. A DOD-funded U.S. Special Forces detachment assists in training members of the 15th Battalion in areas including medical care and marksmanship. All training activities emphasize the importance of protecting human rights.

The United States Government provides security assistance to the Honduran armed forces to support its efforts to more effectively control its national territory, participate in peacekeeping operations, respond to natural disasters, and conduct search-and-rescue operations. In addition to the 15th Battalion, the United States Government provides training to the Honduran Army's 1st Special Forces Battalion, among other units. Consistent with the Leahy amendment and department policy, the Department of State conducts background investigations of potential recipients of security training from the Department of State, as well as from certain Department of Defense training programs, to ensure that they have not committed gross human rights abuses.

Honduran authorities are investigating 11 police officers for alleged human rights abuses in the Bajo Aguan and the surrounding region. Four of those officers have been arrested, and an additional four are suspended pending completion of the police investigations.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

Question. Madam Secretary, I appreciate the focus you have always given to Asia and the Pacific during your tenure. I commend the administration for its announcement earlier this year to shift the focus of United States foreign policy to Asia. Given this interest could you please elaborate on the strategy that the Department would like to pursue engaging our Pacific partners?

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. 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 Pacific Island countries remain vital to U.S. interests due to our shared history, defense partnerships, commercial links, people-to-people connections, and consistent alignment on key UN issues. I have met with Pacific Island leaders the last 2 years on the margins of the UN General Assembly to discuss issues of mutual concern and highlight our shared interests in working together.

Our strong strategic position in the Pacific is the foothold for our pivot to the broader Asia-Pacific region. Increasingly, outside powers compete for regional influence. Our challenge in 2012 is to maintain our historical pre-eminence through increased high-level engagement, leveraging whole-of-government capabilities, and regional partnerships to deliver mutual benefits.

Specifically, we look to implement a Pacific component to President Obama's strategic pivot that will promote democracy and good governance, sustainable economic development, regional trade and investment, and U.S. commercial interests, help with regional concerns, including climate change, energy, and health, and advance our security engagement in the Pacific. I look forward to working closely with you to secure congressional passage of the pending legislation to implement the results of the mandated 15-year Compact Review. Provisions of this legislation will help ensure that Palau achieves budgetary self-sufficiency over time as it continues to stand with us as a staunch, dependable, and democratic ally.

We look to underscore our commitment to the region and its institutional architecture through active engagement at the upcoming 6th Pacific Leaders Meeting, the 50th anniversary of Samoan independence, the Pacific Island Forum, WWII 70th anniversary commemorations, and the second annual interagency Pacific island visit. We will continue working collaboratively to expand educational and health services, empower Pacific island women, build regional capacities, and strengthen trade and investment, including with the leaders of the Freely Associated States. In addition, we will build upon United States Agency for International Development (USAID) programs for climate change adaptation and health, seek ways to mitigate high-energy costs, and explore partnerships for addressing noncommunicable diseases in the region.

Question. Madam Secretary, I was very impressed with the Asia Pacific Economic Cooperation (APEC) meeting last November in Hawaii. I wish to commend you and your Department for the hard work put into making it a tremendous success. I believe the meetings served as a wonderful opportunity to showcase the United States as a Pacific power. Since the success of APEC, I understand efforts are moving forward with the Trans-Pacific Partnership trade agreement. Would you please elaborate on other economic related initiatives the administration is undertaking to move forward in a complimentary manner to our security efforts?

Answer. The United States has positioned itself to maintain its global leadership role in the 21st century. The world is changing, and security is increasingly shaped in financial markets, in agricultural trade, on factory floors, and in diplomatic negotiations. When people have food to eat, when their children have schools to attend, and when they live in a prosperous economy, people feel secure. This security extends beyond borders when stable economies engage, integrate, and cooperate to each others' mutual advantage. With this understanding, American power in the 21st century will also depend on our economy and on our trade. By promoting the development of next-generation economic rules of the road, we are working with our global partners toward the emergence of a stable, competitive, transparent, and balanced global economy.

This work not only seeks to establish an open, free, transparent, and fair economic system in which American enterprise can prosper, but also promotes positive interactions between parties that might otherwise be suspicious of one another. By building a 21st century trade system based on competition, this process works against the development of conflicts rooted in economic inequity. The trust and interdependence that develop through economic engagement help secure the peace that is required for prosperity in the United States of America, and abroad.

In 2011, APEC leaders committed to reduce significantly barriers to trade in environmental goods; adopt market-driven innovation policies; improve the regulatory environment; and launch the Policy Partnership on Women in the Economy as well as the Travel Facilitation Initiative. These measures represent progress on an agenda to improve sustainable economic growth and regional stability. By promoting an

active and outcomes-focused APEC, the United States is working with partners to establish rules of the road for 21st century trade based on free-market principles and open competition. Through working with our neighbors in APEC, we are bringing our economies toward a harmonized system where American businesses can compete on a level field of play. This work is conducted through APEC in a non-binding, consensus-based fashion that builds mutual understanding and interconnectivity between members and promotes positive interactions and signaling between economies as they develop increased ties and interconnectivity.

Furthermore, we and our Trans-Pacific Partnership (TPP) partners are working hard to establish a high-standard regional free trade agreement that will similarly increase regional economic integration and reduce barriers to trade and economic growth. TPP negotiators made substantial headway during the 11th round of negotiations held in Melbourne, Australia in March. In April, a number of the issue working groups are holding intersessional meetings.

We have also increased our economic engagement with Association of Southeast Asian Nations (ASEAN). President Obama was the first U.S. President to attend the East Asian Summit last year, and our first resident ambassador to ASEAN, David Carden, is now in place in Jakarta, Indonesia. ASEAN's goal to establish a fully integrated economic community by 2015 complements both our other economic initiatives as well as our security work: the link between the two is growing in Asia, where states increasingly view economic strength, rather than just military might, as a measure of power.

We are increasing the role of the private sector in our engagements. The APEC Business Advisory Council and APEC CEO Summit are two such initiatives that are bringing businesses into the fold of trade policy. We are also meeting the President's goal to attract greater foreign direct investment as part of the SelectUSA initiative, with our missions overseas engaging directly with foreign companies looking to invest in U.S. cities.

The Department has established a new "Direct Line" program to increase U.S. private sector access to our Embassies and consulates overseas in a way that will improve the Department of State's and the U.S. Government's responsiveness to stakeholder interests. The Direct Line program complements the President's National Export Initiative (NEI), which directs the State Department to use every asset available to expand American exports and, in turn, to create jobs.

The President's NEI is leveraging our diplomacy to promote American jobs. As productivity rises, companies need fewer employees to meet their goals. Thus, in order to create more jobs, we have to expand our existing trade relationships and create new ones. That is why a broad cross-section of businesses, from high-tech companies to heavy equipment manufacturers to Montana grain growers, supported passage by the United States Congress of the trade promotion agreements with Colombia and Panama. They know that securing more favorable market access is essential to increasing our exports, jobs, and competitiveness. We're also building a 21st century smart border with Mexico that supports security and competitiveness on both sides. The bottom line is that geography matters. It is a comparative advantage to be embraced, and we neglect it at our own peril.

Latin America is home to dynamic companies, entrepreneurs, and innovators who purchase technology and equipment and help drive competitiveness and innovation in American businesses. This is good news for the people of Latin America as well as for the United States. Our energy security depends on this hemisphere. Latin America alone accounts for approximately one-third of our imported oil, with Mexico our second-biggest supplier. So as we move toward a clean-energy economy, Latin America's role will have to grow. And already, we are working on renewable energy technology and resources with Mexico, Brazil, the Caribbean, and across the region, thanks in part to President Obama's leadership in launching the Energy and Climate Partnership of the Americas.

Seven of the 10 fastest-growing economies in the world will be in sub-Saharan Africa, making sub-Saharan Africa the world's last economic frontier. We have a number of programs and initiatives in place to counter the perception that Africa remains a risky place for United States business, despite record rates of return over the past 5 years. The African Growth and Opportunity Act (AGOA) provides our best tariff treatment to goods coming from eligible African countries, and we use the annual AGOA Forum to discuss decreasing barriers to trade, increasing transparency, and fostering intra-regional trade. We are ramping up our work with Africa's regional economic communities in an effort to duplicate some of APEC's success in promoting regional trade and increasing the role of the private sector. This year's AGOA Forum will focus on energy and infrastructure, two key components of increasing economic growth. The State Department will also lead an interagency U.S.-Africa Business Conference to help United States and African companies in the en-

ergy, transportation, and water/sewage industries connect and form partnerships. With African companies providing local expertise and United States companies providing access to United States technology and capital, these partnerships help Africa realize desperately needed infrastructure improvements to sustain economic growth.

The Partnership for Growth (PfG) program is a partnership between the United States and a select group of countries to accelerate and sustain broad-based economic growth. PfG involves rigorous joint analysis of constraints to growth, the development of joint action plans to address these constraints, and high-level mutual accountability for implementation. Two countries in sub-Saharan Africa—Tanzania and Ghana—have been identified as PfG countries. These are just a few of the initiatives in Africa we have dedicated to the pursuit of economic integration, food security, healthcare, and development, through which we will see economies grow and stability increase.

In Europe, as tariffs have fallen in recent decades, nontariff measures or “behind the border” barriers to trade and investment have come to pose the most significant obstacles to our trade. Regulators in both the European Union (EU) and the United States aim for the same strong protections for the health and safety of our citizens, for our environment, and for our financial systems. But differing approaches to regulation and to the development of standards can create barriers and slow the growth of trade and investment. Reducing unnecessary differences can create opportunities. One way we are seeking to minimize the impact of unnecessary regulatory divergences on trade and investment is to examine closely our respective regulatory processes and to try to identify ways to make them more compatible and accessible. The Transatlantic Economic Council and the U.S.-EU High Level Regulatory Cooperation Forum have spurred new discussion on our respective approaches to risk analysis, cost-benefit analysis, and the assessment of the impact of regulation on trade.

These initiatives represent the focus on economics, trade, and economic security that the Department of State has implemented across a large and diverse portfolio. This work positively enhances economic growth and security of the United States by building a sustainable, balanced, free, and fair global economic environment.

Question. Secretary Clinton, the East-West Center was established by the Congress to promote education and cultural understanding between the United States and our neighbors in the Pacific. It puzzles me as to why the President’s request once again results in a cut given the renewed focus on the Asia-Pacific region. The Center works to promote people-to-people connections and building the relationships that are so important to regional peace and stability. Other important programs promoting public diplomacy and exchanges, like the Mansfield Foundation and U.S.-Asia Institute were cut. I am interested in the reasoning behind this action and in light of the shift in strategic focus, and how the Department intends to achieve some of the same interactions these two institutions promote.

Answer. Fostering strong relationships with the Asia-Pacific region in a wide variety of spheres is a very high priority for the Department of State. We continue to view the East-West Center as a key national resource for education and dialogue on critical issues of common concern and to foster people-to-people connections to promote regional peace and stability. The State Department has supported the work of the Mansfield Center for many years as well.

During my tenure as Secretary of State, I have visited and spoken at the East-West Center and have met the Center’s leaders as well as participants in its educational programs. I can personally attest to the Center’s effectiveness and am committed to sustaining its work. Last year, I was pleased to appoint an exceptionally strong group of new U.S. members to the Center’s Board of Governors. These five new appointees participated in the March 2012 meeting of the Board in Honolulu and are actively engaged in overseeing and supporting the Center’s work. I am very optimistic about the knowledge, energy, and ideas that these distinguished individuals will bring to the Center in areas such as program development, alumni activities, financial administration, and fundraising.

As you are well aware, the stringencies of the current budget environment have affected Federal agencies as well as nongovernmental organizations (NGOs), universities, and other institutions. We recognize that reductions in appropriated funding have required the East-West Center to make painful choices. The Center has been strategic and responsible in implementing spending reductions. The Center has also shown creativity and resourcefulness in competing for other funding, including from U.S. Government sources. A long-time recipient of cooperative agreement awards from State’s Bureau of Educational and Cultural Affairs (ECA) for the U.S. South Pacific and U.S. Timor Leste Scholarship programs, the Center has also been selected through competition to receive awards for Student Leader Institutes and Citizen Exchanges projects from the ECA Bureau. The State Department also recently

identified the Center as the appropriate U.S. institutional partner for a major new project focused on English language teaching in ASEAN countries, funded by the Government of Brunei, and has been coordinating closely with the Center on that activity. The Center has also received funding from our Embassy in Pakistan for journalism exchanges, reflecting its expansion of activity with South Asia. Recently, the Center won a grant from the National Endowment for the Humanities for Asian studies programs at U.S. community colleges, an important sector of U.S. higher education.

Based on its sustained work in the area of outreach, development and alumni engagement, I understand that the Center is also seeing increases in private sector contributions. I am hopeful that the members of the Board of the Governors, together with the Center's management and staff, will be successful in continuing to diversify the Center's sources of financial support while maintaining robust and effective programming in its key areas of endeavor.

With respect to the Mansfield Fellowship Program, funding has not been reduced for fiscal year 2013. The State Department continues to support the spirit of the Mansfield Program and is working to develop a more robust and higher impact exchange through more effective implementation of the allotted funding. We want to work with the Mansfield Foundation to explore new ways to promote two-way exchanges with Japan that support capacity building and the bilateral relationship.

The State Department appreciates the work of the U.S.-Asia Institute to strengthen U.S.-Asia/Pacific relationships. The Institute has not been a recent recipient of funding from the Bureau of Educational and Cultural Affairs or the Bureau of East Asian and Pacific Affairs.

Question. Our national security interests in the Pacific continue to grow, and the rise of China as a regional power concerns many people. The sea lanes and open waterways are increasingly important. I am interested to learn how the administration intends to engage with our partners in Southeast Asia, and in particular the Philippines?

Answer. Our national security and economic interests in the Pacific continue to grow as the Asia-Pacific region increasingly becomes a key driver of global politics and commerce. As a Pacific nation and resident power, the United States has a national interest in freedom of navigation, the maintenance of peace and stability, respect for international law, and unimpeded lawful commerce in the region's maritime spaces. We share these interests with countries in the region and the broader international community.

We engage closely with our allies and partners to reinforce these interests via the region's multilateral institutions. We believe by engaging with and strengthening Asia's architecture, the region's multilateral forums can more effectively reinforce the system of rules and responsibilities, including freedom of navigation, that form the basis of an effective international order. Since 2010, the United States has used the ASEAN Regional Forum in particular to advance a concerted, region-wide diplomatic effort to protect navigational rights and freedoms within the South China Sea. As half the world's merchant tonnage flows through this body of water, this was a consequential undertaking.

Additionally, we are building our bilateral relationships with Asia-Pacific partners to help address areas of common interest, including enhancing our humanitarian and disaster relief capabilities and countering transnational maritime threats like piracy, illegal fishing, and environmental degradation. With the Philippines, a long-time treaty ally, we are stepping up our bilateral engagement on a wide range of issues, particularly with regard to maritime security. Last summer, we provided a decommissioned United States Coast Guard cutter to the Philippines and intend to provide a second cutter in the coming months. We also conduct a wide range of joint training activities, including our 28th annual "Balikatan" ("Shoulder-to-Shoulder") exercise taking place during April 2012, which will focus on disaster preparedness. As we move forward in our consultations with our Philippine allies, including the upcoming visit of their Foreign and Defense secretaries to Washington, we will discuss ways of further enhancing our robust cooperation through expanded joint trainings, increased United States ship and aircraft visits, and support for Philippine defense modernization.

Question. Japan is one of our closest allies in the region, and last year the United States Government responded as a whole to the March 11, 2011, earthquake, tsunami, and subsequent nuclear emergency. I believe these efforts have reaffirmed the importance of our relationship with the Japanese. It is regrettable that our special relationship with Japan is now focused on the planned relocation of United States marines from Okinawa to Guam, and the challenges facing this agreement. In February, both governments announced in a joint statement the de-linking of the relocation being contingent on the construction of the Futenma Replacement Facility.

In addition, the number of marines relocating to Guam was reduced and the balance of marines will be rotating throughout the region. I am interested in what your thoughts are about both governments moving forward on the relocation of United States forces, as well as the security cooperation between the United States and Japan.

Answer. The United States-Japan Alliance remains indispensable to the security of Japan and the United States and to the peace, stability, and economic prosperity of the Asia-Pacific region in the 21st century.

The close and effective cooperation between Japan and the United States in response to the March 11, 2011, disasters demonstrated the special bond enjoyed by our two countries and contributed to the deepening of the Alliance.

The United States conducted a strategic review of its defense posture in Asia in order to achieve a more geographically distributed, operationally resilient, and politically sustainable force structure in the region. Japan welcomes this initiative.

As part of this effort our two governments are engaged in ongoing official discussions to adjust current United States posture plans set forth in the Realignment Roadmap, including the unit composition and numbers of marines moving from Okinawa to Guam. We are also discussing the delinking of both the movement of marines to Guam and resulting land returns south of Kadena from progress on the Futenma Replacement Facility.

As our February 8, 2012 statement noted, the discussions between our two governments will continue over the weeks and months ahead. It is our hope to reach mutual understanding on these issues quickly to enable more focus on larger Alliance goals and objectives.

We recognize the importance of the presence of United States forces in Japan, including in Okinawa, to maintain deterrence and strengthen Alliance capabilities in view of the current evolving regional security environment. We also are committed to reducing the impact of U.S. forces on local communities, including in Okinawa, to help ensure a sustainable United States military presence in Japan.

We remain committed to the construction of the Futenma Replacement Facility at the Camp Schwab Henoko-saki area and adjacent waters. We believe that the current Futenma Replacement Facility plan is the only viable way forward.

Both the United States and Japan agree that the development of Guam as a strategic hub, with an operational Marine Corps presence including marines relocated from Okinawa, remains an essential part of the Alliance's Asia-Pacific Strategy.

We have made progress in a number of significant areas since the 2006 Realignment Roadmap and are resolved to continue making progress toward realizing its objectives.

The essential role of the Alliance is to maintain regional security and stability. To meet existing and emerging challenges, we continue to work to strengthen Alliance capabilities by adapting our cooperation, modernizing our forces, enhancing interoperability, and cooperating in the development of new technologies. As our two nations work to deepen and broaden cooperation, our shared values, democratic ideals, common interests, and respect for human rights and the rule of law remain the foundation of the Alliance.

Our Alliance has never been more important or been faced with more significant challenges. Accordingly, both sides are committed to continuing to take steps to deepen the intensity of consultations and coordination on the full range of security, strategic, and political issues that face the region and the world.

Question. The South and Western Pacific are also very important areas to the United States. The Department is engaged in diplomatic negotiations with Pacific Island countries on many levels including important fisheries-related treaties. Could you please provide an update on the status of those negotiations?

Answer. The United States is currently engaged in negotiations to extend and amend the 1987 Multilateral Treaty on Fisheries with the 16 Pacific Island Parties to the Treaty. After slow progress initially, recent sessions of the negotiations have been generally more positive. However, more work remains before an agreement is reached.

An earlier sticking point was the Government of Papua New Guinea's May 2011 decision to withdraw from the Treaty. Had the Government of Papua New Guinea maintained that position, the Treaty would have ceased to have effect by its own terms in May 2012. However, the Government of Papua New Guinea announced in January 2012 that it would revoke its instrument of withdrawal from the Treaty, providing an additional year, until May 2013, to conclude the negotiations. This was a positive step, and concurrently negotiators made progress in narrowing differences between the two sides. Even so, much work remains and at the most recent negotiating round in February in Honolulu, the parties agreed on an accelerated timetable of meetings, with four negotiating sessions scheduled before the end 2012.

At the February round the United States was able to further advance our understanding of the parties to the Nauru Agreement (PNA) Vessel Days Scheme. However, negotiators were not able to further narrow differences over the level of fishing opportunities afforded to the U.S. purse-seine fleet and the overall financial package due to linkages to the March 26–30 annual meeting of the Western and Central Pacific Fisheries Commission (WCPFC8) where regional levels of fishing effort and other conservation measures were to be discussed.

At the WCPFC8 meeting, the members agreed to a new baseline for purse-seine fishing effort in waters under the national jurisdiction of the PNA. This outcome should allow the PNA to make more vessel days available to the U.S. fleet, which up to this point has been one of the major constraints to progress in these negotiations.

The United States is looking ahead to the next session in June in Auckland, New Zealand, where, based on the outcomes of the WCPFC8 meeting, we expect to be able to make more progress on the central issues.

Question. The Pacific nations have seen an increased interest by China and others in “big dollar” diplomacy. Last summer you were very gracious to meet with me about the Compact of Free Association (COFA) and discuss the impacts of migrants on the State of Hawaii. I would appreciate learning about the Department’s plan for diplomatic engagement with COFA countries, and how resources provided through the Compacts may be better directed to address some of their pressing needs. Additionally, in Public Law 112–74, the subcommittee included report language regarding COFA countries. Specifically, the Department was directed to work with through the U.S. Government’s interagency process to help reduce the burden on affected jurisdiction. Could you please provide an update on this process?

Answer. The Department of State is responsible for U.S. foreign relations with the Freely Associated States (FAS) and continues to coordinate closely with other Federal agencies, especially the Departments of the Interior, Defense, and Health and Human Services, on addressing pressing needs. The considerable financial assistance that we provide the FAS through our respective Compacts helps enable these countries to achieve budgetary self-sufficiency over time and continue to stand with us as staunch, dependable, and democratic allies. Through the Joint Economic Management Committee (JEMCO) meetings with the Government of the Federated States of Micronesia and the Joint Economic Management and Financial Accountability Committee (JEMFAC) meetings with the Government of the Republic of the Marshall Islands, the United States works collaboratively with the island governments to improve program and economic performance, specifically in the priority sectors of health and education. Similarly, with congressional enactment, the legislation approving the Palau Compact Review Agreement will require Palau to commit to economic, legislative, financial, and management reforms, such as the elimination and prevention of operating deficits and reductions in the national operating budget.

We recognize the complexity of the impacts of the Compact and their cross-cutting implications for U.S. domestic programs and international relations. Both the FSM and RMI governments recognize the costs that a small percentage of their emigrating citizens place on the limited resources of U.S. jurisdictions where the migrants have settled in large numbers. The intent of the Compacts’ immigrations provisions is to allow FAS citizens to work, study, and live in the United States as contributing members of the American community, as well as to bring their education and work skills back to the FAS to improve their economies. Many—if not most—migrants follow the intent of these provisions.

We continue to work collectively through the interagency, including with the Departments of the Interior, Defense, Homeland Security, and Health and Human Services to encourage the FAS governments to proactively address this complex problem. On March 14, an inaugural Pacific Island Leaders Addressing Compact Impact (PILACI) meeting was convened by the United States Government in Guam, with representatives from the Departments of the Interior and State, including FAS Presidents, Governors of Micronesia and the affected jurisdictions, Federal agency representatives, and the three FAS ambassadors to the United States. Participants agreed on the need to respond to the Government Accountability Office’s (GAO) call for better impact data. Representatives from Hawaii agreed to provide its reporting template, to be shared with Guam, Saipan and American Samoa, to see if the parties could agree on appropriate metrics to address the GAO’s needs. Moreover, all FAS presidents expressed a willingness to assist the United States by collecting the data and helping to identify those with highly contagious diseases for “no-fly” listings.

We will work together with the Department of the Interior to identify U.S.-based NGOs and organizations that have contributed or are currently contributing to the

education and health fields in the FAS. Representatives from Guam noted the significant burden FAS citizens place on the criminal justice system—approximately 30 percent of prisoners serving time in Guam are FAS citizens. The Governor of Guam expressed an interest in repatriating “minor” offenders back to the FAS—the FAS presidents agreed to take a closer look at this issue. The next PILACI will convene in 6 months.

My staff, the interagency, and our ambassadors in the FSM and RMI continue to urge both governments to direct human and financial resources to address the Compact impact challenges.

Question. China’s military rise in the region is both welcomed and watched with caution by many of our Asian partners. Over the last few years, we have grown more concerned by its assertive nature with regard to sea control and territorial disputes. Furthermore, it is North Korea’s major trading partner and benefactor. China is also asserting itself around the globe, in particular, in Africa. In the United States, many people are concerned about the issue of currency manipulation and unfair trade practices. The administration should receive credit for its work to bring trade disputes before the World Trade Organization. Would you please provide your perspective on United States engagement with China on security, economic, and human rights issues?

Answer. Developing positive and stable United States-China relations is in the interests of both countries, the Asia-Pacific region, and the world. We seek a positive, cooperative, and comprehensive relationship with China that brings concrete benefits to the American people and have said repeatedly that we welcome the rise of a strong, prosperous, and successful China that plays a greater role in world affairs. To these ends, the Obama administration is pursuing a three-pronged strategy for engagement with China.

The first element of our approach to China begins with robust engagement across the Asia-Pacific region. A peaceful and prosperous region provides the best foundation to support strong and stable United States-China relations. We are therefore reinforcing our enduring alliances, reaching out to forge new partnerships with emerging powers, and strengthening the region’s multilateral institutions.

America has renewed and strengthened our bonds with our allies—Japan, Republic of Korea, Thailand, Australia, and the Philippines—and we have deepened our partnerships with India, Indonesia, Vietnam, Malaysia, Singapore, and New Zealand. Meanwhile, we have passed the Korea-U.S. Free Trade Agreement and we continue to make progress in negotiating the Trans-Pacific Partnership to help create new opportunities for American companies and new jobs for American workers. We have also pursued unprecedented engagement in the East Asia Summit, the ASEAN Regional Forum, and other multilateral regional institutions. Taken together, America’s renewed commitment to Asia provides a context and avenues for our engagement with China.

The second element of our engagement strategy with China is to focus on building bilateral trust. We seek to build habits of cooperation that help us build mutual trust, manage disagreements, and prevent crises that might result from misunderstanding or miscalculation. We have established a historic level of high-level engagement with Beijing, including a record number of meetings between our presidents, and sustained interactions across our governments. A notable example of our efforts is the Strategic and Economic Dialogue. We have also launched a Strategic Security Dialogue with China to bring together senior civilian and military officials to address those issues that most threaten to undermine mutual trust and confidence in the relationship. We have continued the U.S.-China Legal Experts Dialogue to broaden and deepen understanding on issues related to the rule of law between our two governments.

In addition, we have established a number of other functional and regional sub-dialogues, and we are looking to make progress this year on improving our military-to-military relations. Both President Obama and President Hu have stressed that a healthy, stable, and reliable military-to-military relationship is an important component of our overall bilateral relationship.

Building trust, however, is not just a project for our governments. Our peoples must continue to forge new and deeper bonds as well. This is why we have launched the U.S.-China Consultation on People-to-People Exchange and public-private programs such as the 100,000 Strong Initiative that is sending more American students to China.

The third element of the administration’s engagement strategy is our commitment to expanding economic, political, and security cooperation with China. Our countries share a number of common goals and face a number of common challenges. We will continue seeking opportunities to work together across the array of international

and regional issues, including the global financial crisis, international development, nuclear proliferation, piracy, climate change, and terrorism.

On the economic front, we will continue to be assertive in securing the win-win economic relationship we can and should have with China. We want to engage in more trade and investment with China because we believe in the benefits that come with greater economic activity and healthy competition. But for it to be healthy, it has to be fair, rules-based, and transparent. So we will continue to urge China to make reforms, including allowing its currency to appreciate more rapidly; providing greater market access for American companies, goods and services; increasing intellectual property protection; and ending policies that discriminate against United States firms while unfairly favoring their Chinese competitors (particularly state-owned enterprises). We are also working to increase Chinese investment in the United States, which will generate more jobs for American workers.

Finally, and crucially, the issue of human rights remains at the heart of American diplomacy and central to our engagement with China. In our discussions with Chinese officials, we reiterate our calls for the release of political activists imprisoned for exercising their universal human rights. We frequently urge China to address policies that have caused tensions in Tibetan and Uighur areas, resume substantive dialogue with the Dalai Lama or his representatives, protect the fundamental freedoms of expression, assembly, and religion, and uphold the rights of civil society actors to exist in a framework of the rule of law. We believe that when China fulfills its international obligations of respecting and protecting universal human rights, it will benefit the Chinese people, advance the long-term peace, stability, and prosperity of China, and ultimately enhance the United States-China relationship and China's role in the world.

China today represents one of the most challenging and consequential bilateral relationships the United States has ever had to manage. The relationship does not fit neatly into black-and-white categories like friend or foe, and instead has elements of both cooperation and competition. United States engagement with China is therefore grounded in reality, focused on results, and true to our principles and interests.

QUESTION SUBMITTED BY SENATOR TOM HARKIN

Question. I very much applaud your efforts to strengthen independent civil society and nongovernmental organizations (NGO) around the world. Can you outline how the President's request will support the strengthening of democracy, human rights groups, and labor unions around the world both through funding by the State Department and U.S. Agency for International Development (USAID)? How are State and USAID strengthening worker rights in Arab Spring countries that have seen trade unions leading efforts for democratization?

Answer. The President's request for fiscal year 2013 includes \$2.84 billion for State Department and USAID programs to strengthen democracy, human rights, and governance worldwide. Under this broad rubric, both the State Department and USAID plan programs to strengthen labor unions and worker rights.

The State Department's programs focus on administration priorities to:

- build trade unions' capacity to advocate for internationally recognized worker rights and engage in collective bargaining;
- enable trade unions to participate as informed, effective partners in national policy decisions;
- promote the institutions of social dialogue and the development of modern industrial relations systems;
- organize vulnerable workers, with particular emphasis on informal sector workers, women, and youth.

The State Department locates programs in priority countries chosen on the basis of:

- the level of working conditions;
- opportunity to drive sustainable change; and
- alignment with broader U.S. policy priorities.

The State Department encourages labor laws and practice to reflect internationally recognized standards, especially on freedom of association and the right to collective bargaining. Worldwide, the State Department's labor officers work across a range of issues to shape policies related to international labor affairs and support overall U.S. foreign policy. Among other things, they research and report on key labor issues, including worker rights and labor relations.

The State Department supports worker rights in Arab Spring countries through a variety of programs. In Egypt and Tunisia, in particular, we are helping to:

- increase awareness of fundamental labor rights;
 - organize vulnerable workers; and
 - strengthen the independence and representativeness of established and new trade unions and their efforts to advocate for increased freedom of association.
- Region-wide, we are helping build worker organizations' economic and legal literacy to enhance their ability to engage constructively in public policy debates.

USAID supports administration priorities through its Global Labor Program (GLP), implemented by the Solidarity Center, which promotes international core labor standards, works to improve workers' access to justice, and supports independent, democratic labor unions and NGOs. The program has several innovative components including:

- a global program for technical leadership with special focus on rule of law:
 - gender equity;
 - global organizing;
 - the informal sector;
 - migration; and
 - trafficking in persons; and
- regional programs to promote core labor standards in Africa, Asia, Eastern Europe, and Latin America;
- focused 5-year country programs in Ukraine, Georgia, Bangladesh, Cambodia, South Africa, Liberia, Mexico, Honduras, and Brazil; and
- state-of-the-art monitoring and evaluation, including impact evaluations of labor programming in three countries.

USAID coordinates regularly on the GLP with the Department of State and Department of Labor.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. Madam Secretary: I want to express my gratitude for your work as First Lady, Senator, and now as Secretary of State on behalf of children living outside of family care. The mission of finding permanent families for children who have been orphaned, abandoned, or otherwise irrevocably separated from their parents, both domestically and internationally, has been dear to both of our hearts for some time now. I appreciate your presence at last year's the Way Forward Event and for Dr. Rajiv Shah's opening remarks (and your letter of support) at the first ever U.S. Government Evidence Summit on Protecting Children Living Outside of Family Care.

While we all know instinctively that family care for children is an essential part of healthy development, the research truly indicates that young children, age 2 and younger, are best raised in families rather than in institutional care. The family is the basic unit necessary for a child's proper growth and development, and I believe that our country's aid to developing countries will be ineffective if it does not incorporate initiatives to strengthen child welfare systems to ensure bright futures for all children. For this reason, I am concerned that the President's fiscal year 2013 budget rarely addresses international assistance to strengthen child welfare systems in developing countries. It seems to me that United States Agency for International Development (USAID) and the Department of State have invested in strengthening health systems internationally, but there is little mention of programs specifically aimed at strengthening child welfare systems and their workforces.

Do you believe that the fiscal year 2013 budget includes a sufficient emphasis on vulnerable children's issues and child welfare systems strengthening? Which Department of State and USAID programs provide technical assistance to developing governments so that they might do a better job of reuniting children with birth families or connecting orphaned children with foster or adoptive families?

Answer. Thank you, Senator. You have been one of the Senate's greatest champions for vulnerable children, particularly children outside of family care. I appreciate your dedication to these children and your efforts to ensure that the U.S. Government is doing the most it can to improve the lives of children facing adversity globally.

U.S. Government departments and agencies are doing good work on behalf of the world's most vulnerable children. More than 30 offices within seven departments—which include the Departments of Agriculture, Defense, Health and Human Services, Labor, State, the Peace Corps, and USAID—provided approximately \$2.8 billion to implementing partners in fiscal year 2010 for 1,710 projects to assist vulnerable children and their families in 107 countries. USAID manages more than 65 percent of the U.S. Government's investment in programs for vulnerable children overseas.

The largest single investment for orphans and vulnerable children is channeled through the President's Emergency Plan for AIDS Relief (PEPFAR), which includes a 10-percent earmark for orphans and vulnerable children—currently more than \$300 million per year. Implemented primarily by USAID, this funding supports a range of child welfare and protection services, including prevention of and response to child abuse, exploitation, neglect and family separation, as well as poverty reduction, family strengthening, and efforts to ensure access to basic services, such as health, education, shelter, and legal protection. In fiscal year 2010, PEPFAR programs reached more than 3.75 million orphans and vulnerable children.

USAID's Displaced Children and Orphans Fund (DCOF) also plays a critical role in our efforts to help other nations to do more themselves to take care of their vulnerable children. With \$13 million per year, DCOF provides technical assistance to benefit vulnerable children, especially children without or at risk of losing family care. In fiscal year 2011, DCOF programs reached 130,000 children and families. For example, DCOF support strengthened national child protection systems in Cambodia, Liberia, Ethiopia, and Guatemala. Programs in Moldova and Armenia enabled children to remain with their families by preventing children from being placed unnecessarily in institutional care. In Sri Lanka, 483 children from 64 targeted institutions (55 private children's homes and nine States' homes) in the three provinces were reunified with their families.

Programs assisting highly vulnerable children are managed and implemented per legislation and agency mandates. However, regardless of the causes and consequences of their vulnerability, our programs must strive to build and strengthen sustainable child protection systems that effectively address the needs of all vulnerable children.

Following the U.S. Government Evidence Summit on Protecting Children Outside of Family Care last December, U.S. Government interagency partners committed to developing whole-of-government guidance and strategy to better protect children in adversity, particularly those without family care. This strategy is in process and will be completed by July 2012. Our interagency strategy development team has my fullest support.

I am also extraordinarily pleased that USAID has assigned a renowned expert in international child protection, Dr. Neil Boothby, as the U.S. Government Special Advisor and Senior Coordinator to the Administrator on Children in Adversity under Public Law 109-95: The Assistance for Orphans and Other Vulnerable Children in Developing Countries Act of 2005. I know that Dr. Boothby is fully committed to promoting comprehensive, coordinated and effective U.S. Government efforts on behalf of vulnerable children and their families.

Question. The administration has said that it wants to make foreign aid more effective and efficient and has made some progress on this, particularly through the USAID Forward agenda. For example, I've been a supporter of procurement reform and was pleased to see that just this past month, USAID simplified its regulations so that the agency can support smaller businesses in the United States and abroad—supporting economic growth in areas that really need it—when buying goods and services.

On procurement reform, what steps have been taken to help both small U.S. and developing country businesses know about and take advantage of these recent regulatory changes?

Answer. On January 10, 2012, USAID published in the Federal Register (77 FR 1396) a revised, final regulation concerning source and nationality requirements for procurements. It became effective February 6, 2012. The revised regulation:

- authorizes procurements in the recipient and other developing countries along with the United States, as the Congress directed in the Foreign Assistance Act, via a new default geographic code of 937;
- eliminates the requirement to determine the “origin” of a commodity—a difficult task in today's globalized economy—and simplifying and clarifying source and nationality requirements to restrict procurements from foreign government controlled vendors; and
- streamlines procedures, including those necessary to obtain a waiver in the event goods or services are needed from any other country or region.

USAID provided a 45-day public comment period on the proposed rule. USAID received 16 external comments, including comments from USAID partners that have received USAID funding, trade associations that represent them, and other interested parties. Comments received were discussed and reflected in the publication of the proposed rule. USAID believes that input from small U.S. businesses were reflected in these comments.

The revised regulation is a far-reaching step toward simplification of USAID's procurement procedures and toward achieving Agency Implementation and Procure-

ment Reform Objective 2, Strengthening Local Civil Society and Private Sector Capacity, and Objective 4, use U.S. Government resources more efficiently and effectively. As part of our outreach to traditional USAID implementing partners, USAID held an informational briefing on the new regulation at Inside NGO in early February, and will be holding additional briefings on IPR Objective 2 related reforms with InterAction and the Professional Services Council over the next few months. As the new regulation does not specifically target U.S. small businesses, USAID does not have outreach sessions specific to the regulation targeting that group.

The USAID Office of Small and Disadvantaged Business Utilization (OSDBU), which spearheads IPR Objective 3, Increase Competition and Broaden USAID's partner base, provides various services to promote maximum practicable opportunities to U.S. small businesses. These include outreach sessions, counseling, monitoring planned procurements to identify potential small business opportunities, and a mentor/protégé program to aid in the development of small businesses to serve as potential prime or subcontractors. OSDBU also provides small business programs training to USAID acquisition personnel both in Washington, DC and at several overseas missions. Similarly, the Office of Acquisition and Assistance, which spearheads IPR Objective 4, has developed a USAID Partner Community Outreach Plan to improve our business communications and enhance access to information for new and existing partners.

In the field, USAID has held a series of training/workshops on Local Capacity Development at the USAID missions in Senegal, Ghana, Haiti, Mozambique, Ukraine, Kenya, El Salvador, Thailand, Egypt, and South Africa, where USAID has trained U.S. Direct Hire and Foreign Service National (FSN) staff from more than 55 USAID missions on best practices for working directly with local organizations. The field-trainings included information on the changes to source and nationality regulation, and how to hold industry and business days and other outreach events with local civil society and private sector entities to inform them about USAID programs and opportunities to participate in solicitations.

Question. What else is the administration doing to ensure that more U.S. aid goes directly to or is channeled through foreign government and local civil society and private sector partners? What benchmarks or measures are employed to ensure that these aid recipients are using U.S. funds appropriately?

Answer. On a global basis, USAID has established a target to obligate 30 percent of its USAID-managed assistance through local mechanisms—governments, NGOs and private firms—by 2015. This is a global target, and we recognize that each country situation is unique. USAID will track progress toward achieving this goal on an annual basis.

USAID's policy for use of government-to government mechanisms (G2G) is prudent, reasonable, measured, phased, and based on a sincere desire to achieve sustainable development, to create a world in which governments chosen through their democratic means, deliver adequate goods and services to their people through transparent and accountable financial management systems. In order to do this in a responsible manner, USAID has developed a rigorous due diligence process called the Public Financial Management Risk Assessment Framework.

The Framework involves a multi-stage process. The first stage is called the Rapid Appraisal. It covers issues affecting country-level fiduciary risk, such as country commitment to development, transparency, and accountability of public funds. The Rapid Appraisal also examines political or security factors that exacerbate fiduciary risk such as existence and quality of policies, legal and institutional framework, and systems. This appraisal provides USAID with a high-level snapshot of fiduciary risks associated with use of the country's public financial management (PFM) systems and helps inform the decision whether USAID should move forward and undertake a more rigorous, formal Stage 2 Risk Assessment. In Stage 2, USAID identifies, and where appropriate, proposes measures to mitigate fiduciary risks at the country, sector, or subnational government level. The identification process, usually outsourced to an international consulting or auditing firm, or a Regional Inspector General-certified local audit firm, includes professional examination of the actual PFM, including procurement and inventory management, systems. Such investigation includes limited testing at the transaction level and other investigatory techniques such as tightly focused interviews and documentation reviews to ensure that a comprehensive and detailed examination is completed. Mitigation measures resulting from this risk identification and investigation process can include requirements that government institutions meet specific operational standards prior to receiving fund advances or are subject to close program monitoring for viability and realistic planning.

USAID is devoting significant management resources to implementation of the Framework. Professional full-time staff has been hired in several bureaus and in the

Chief Financial Officer's office for quality assurance and technical support to the field. Implementation teams have been assigned by several regional and technical bureaus to manage the effort. USAID is conducting specific PFM and risk management training for implementation staff.

In addition, USAID's new Country Development Cooperation Strategy and Project Design processes specifically incorporate consideration, but do not mandate use, of G2G mechanisms and direct implementation through local civil society and private sector organizations. Both the Framework and the new country strategy and project design guidance have been addressed in a coordinated and disciplined manner in recent meetings of Mission Directors, Mission Controllers, and Mission Contracting Officers in an effort to reach all levels with the message of risk management and sustainable development. USAID is developing specific guidance for evaluating G2G and direct implementation through local civil society and private sector organizations.

For direct awards with local civil society and private sector organizations, USAID has held a series of field-trainings on Local Capacity Development at the USAID missions in Senegal, Ghana, Haiti, Mozambique, Ukraine, Kenya, El Salvador, Thailand, Nepal, Egypt, and South Africa, where USAID has trained US Direct Hire and Foreign Service National staff from more than 55 USAID missions on best practices for working directly with local organizations. USAID also has established a Washington-based Technical Assistance and Field Support Working Group to respond to field requests for local capacity development support.

To ensure that more U.S. aid goes directly to local civil society and private sector partners, USAID has revised agency policy on the use of fixed obligation grants in order to provide field missions with a more flexible grant model to use with local civil society organizations. USAID also has sought and received legislative authority to limit competition for contracts with local organizations up to \$5 million provided that doing so would result in cost savings, develop local capacity, or enable USAID to initiate a program or activity in appreciably less time than if competition were not so limited. Finally, USAID has issued a revision to Assistance Exceptions to Competition Policy to reduce the documentation requirements for limited competition for assistance awards to local organizations, and to establish a new exception to competition for transition awards to local organizations that have been sub-recipients in the past.

USAID is devoting significant management resources to ensure that U.S. aid that goes directly to local civil society and private sector partners is used appropriately. To that end, USAID has established Local Capacity Development Pilot Teams in Egypt, Kenya, South Africa, Peru, and the Philippines comprised of senior Foreign Service National staff and Junior Officers under the Development Leadership Initiative and led by experienced U.S. Direct Hire Foreign Service Officers in order to discern and disseminate best practices in working with local organizations. USAID also has been working closely with auditors from USAID Inspector General Office to develop a pre-award survey for use with local organizations and to revise the standard provisions for awards to local organizations to ensure that our requirements are clear and understandable.

Question. Since 2004, the U.S. Government has disbursed close to \$2 billion to help children affected by HIV/AIDS fight the epidemic in 26 countries through PEPFAR. In 2011, the State Department's Office of the Global AIDS Coordinator released results of an external review of PEPFAR's Orphans and Vulnerable Children (OVC) portfolio, and I was happy to read about the successes of these programs. For example, the report documents PEPFAR's intentions to empower more indigenous partners, moving away from the use of large international NGOs, universities, and private foundations as prime implementers (or prime partners) of programs, in order to ensure country ownership and ultimately, sustainability.

Answer. PEPFAR continues to prioritize facilitating country ownership and sustainability through increasing use of local organizations as partners. PEPFAR prioritizes capacity-building of partner governments to strengthen the institutional response to the needs of children affected by AIDS. These are key elements of the transition toward a more locally led response.

Significant efforts are under way through both international and local NGOs and partner governments to build local capacities through various activities, such as social welfare workforce strengthening (SWWS). Such systems strengthening efforts are best facilitated through government-to-government work and through international NGOs, Schools of Social Work and professional organizations that can facilitate cross-fertilization and learning among social welfare workforces across the world.

Smaller indigenous organizations and the individuals who lead them have benefited significantly from the broader experience that these partnerships bring. In

many PEPFAR countries, for example, opportunities for staff and volunteers to receive training (at certificate and degree level) in child and family welfare practice has dramatically increased due to such cross-border partnerships. Organizational capacity building, including mentorship and skills building in financial management and resource development, have also featured prominently in NGO-to-NGO partnerships aimed at ensuring civil society's long-term role in the response to children.

Question. Can you give us a progress update on this transition from the use of larger, international organizations to more indigenous, local organizations as partners?

Answer. A review of the current portfolio shows that 14 percent of all HKID funding in fiscal year 2011 went directly to local organizations as prime partners, and nearly one-third (51 out of 161) of all prime partners were local, as shown in the accompanying list. The awards listed include partner government ministries, as well as local NGOs, as both are essential to ensuring country ownership and sustainability. In addition, a large majority of awards to other partners include significant and strategic sub-awards to community and local organizations. To make it possible for more direct awards to such organizations going forward, PEPFAR is working to increase the number of organizations capable of handling U.S. Government funding directly, as described in the previous answer. It is essential for this transition to ensure that local organizations have the capacity to manage and utilize funds. Thus, awards to international NGOs include mandatory, significant work with local organizations to intensively build technical and management capacity, so they can successfully transition to managing larger awards.

Question. What percentage of PEPFAR funds through the OVC portfolio (also known as HKID programs) are currently awarded to large international NGOs, universities, and private foundations versus smaller indigenous organizations?

Answer. PEPFAR-implementing agencies hold partner contacts and, therefore, conduct all potential audits. The implementing agencies conduct audits per internal policies and procedures. Below are responses from the major PEPFAR-implementing agencies, per their protocols and the public availability of their audits:

- Department of Defense (DOD) adheres to the single audit requirements as stated in Office of Management and Budget (OMB) Circular A-133, which governs audit requirements of grant recipients. In a single audit, an independent auditor reviews the programs and management practices. Audits are made public via the Federal Audit Clearinghouse Web site.
- U.S. Department of Health and Human Services (HHS)/Centers for Disease Control and Prevention (CDC) requires all of its grantees who expend \$500,000 or more during their fiscal year to provide an audit that is in accordance with Government Auditing Standards, as specified in 45 CFR 74.26(d), as part of the terms and conditions of the notice of grant award.
- CDC actively tracks, monitors, and follows-up on the status of PEPFAR audit submissions. CDC does not currently make public the result of audit findings, but can provide copies of the audit reports submitted by PEPFAR grantees.

Question. Does PEPFAR audit all of the organizations that receive PEPFAR funds, including all sub-partners, and are these results made publicly available?

Answer. USAID's Office of Inspector General (OIG) is responsible for conducting and supervising audits related to USAID's programs and operations, which includes activities funded by PEPFAR. USAID ADS Chapters 590-595 (available on USAID's public Web site) cover in detail the Agency's policy directives and required procedures for audits performed by USAID OIG. USAID OIG also has its own public Web site that contains a general overview of its operations (<http://www.usaid.gov/oig/index.html>). Audit activities include performance audits of programs and management systems, financial statement audits required under the Chief Financial Officers Act, and financial-related audits of grantees and contractors.

USAID conducts pre-award and postaward audits of activities conducted by our prime partners. Although USAID does not conduct direct audits of sub-partners, the Agency holds its prime partners responsible for all activities of their sub-partners. Pursuant to the PEPFAR Leadership Act, as amended, each year, USAID OIG participates in a coordinated interagency audit plan that covers PEPFAR. Here is the fiscal year 2012 plan: http://www.usaid.gov/oig/public/plans/2012_Coordinated_Audit_Plan.pdf

In accordance with the Inspector General Act, USAID OIG also submits a Semi-annual Report to Congress (SARC): http://www.usaid.gov/oig/public/semiann/semiannual_recent.htm.

In addition, USAID OIG generally makes its program audit reports, including those related to the Agency's HIV/AIDS programs, available on its Web site at: <http://www.usaid.gov/oig/public/public1.htm>.

PEPFAR activities conducted by USAID are also subject to reviews and audits by the Government Accountability Office (GAO). USAID's policy directives and required procedures for GAO audits are set forth in ADS 593. GAO's audit reports are also available to the public on the GAO Web site: www.gao.gov.

Question. According to UNICEF, 64 percent of people in developing countries who are living with HIV/AIDS are female. How many of these smaller PEPFAR partner organizations are women-led and women-focused?

Answer. It is not possible to provide a figure as to the share of PEPFAR OVC prime partners that are women-led and women-focused, since we do not collect that level of data. PEPFAR does work to ensure that its OVC programs are fully responsive to the special needs of the girl-child. Efforts in this area include protection from violence and coercion, support for education and income generation, and addressing harmful male norms.

Question. Within Central America, the deteriorating security situation threatens citizen safety. Narcotics traffickers continue to establish trafficking routes to and through the region. The continued expansion of national and transnational gangs creates communities of fear where illicit organizations are effectively in control. At a time when many of our regional partners are fighting a brutal battle in their countries against organized crime, the President's fiscal year 2013 request recommends that the State Department make a \$5 million cut from enacted fiscal year 2012 levels to the Central America Regional Security Initiative (CARSI). The President recommends that the International Narcotics Control and Law Enforcement Account appropriation to the Western Hemisphere be reduced by \$92 million for fiscal year 2013. Can you please explain the President's logic in making such a sizeable reduction to this appropriation for the Western Hemisphere, when drug-related violence and narcotics trafficking is at an all-time high?

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, as well as other donor nations and institutions, to support the region's efforts to reverse the deteriorating state of citizen security.

Through its programming and policy advocacy, CARSI seeks to reduce the region's levels of crime and violence, support prevention efforts for at-risk youth and those living in marginalized communities, and strengthen rule of law institutions. The Bureau of International Narcotics and Law Enforcement Affairs (INL) and USAID are implementing CARSI programs capable of being replicated or "nationalized" by host nations. Examples of this are Model Police Precincts, the opening of youth outreach centers and vocational training centers, and the development of "Municipal Crime Prevention Strategies" in communities at-risk. CARSI also supports border security professionalization, assistance for judicially authorized wire intercept programs, seized asset programs, and the training and vetting of specialized investigative units.

Since fiscal year 2008, the United States has committed \$361.5 million to these efforts. The administration requested \$100 million for CARSI for fiscal year 2012; however, we plan on allocating \$105 million for CARSI (INCLE: \$60 million; ESF: \$45 million), pending final congressional approval. The administration's fiscal year 2013 request of \$107.5 million will represent a 2.3-percent increase more than the fiscal year 2012 actual allocation for CARSI (INCLE: \$60 million—no change; ESF: \$47.6 million—5.7-percent increase).

Citizen security is a priority for the people of Central America and the hemisphere. The administration's proposed fiscal year 2013 \$91.8 million reduction in Western Hemisphere INCLE funding largely accounts for the continuing transition of counternarcotics and rule of law programs to the Government of Colombia as it continues to build and strengthen its capacities, which reflects the success of United States assistance investments. In fact, Colombian capacity has reached the point where they are providing law enforcement training and assistance, in cooperation with the United States, in both Mexico and Central America. In Mexico, the fiscal year 2013 INCLE request decrease reflects a reorientation of efforts in Mexico from the acquisition of equipment to training, mentoring and capacity building, all of which are lower cost and provide long-term sustainability.

Given the proximity of Central America to our own border, and the efforts of transnational trafficking organizations in Central America, Colombia and Mexico, we will continue our commitment to Central American and in the hemisphere to sustain our efforts and support our partners in addressing their most pressing citizen security, rule of law and prevention challenges.

Question. The U.S. Congress voted to ban military aid to Guatemala in 1990 due to concerns regarding human rights abuses committed by the Guatemalan army.

Today, the ban remains in place as a partial restriction that limits Foreign Military Financing (FMF) and International Military Education and Training (IMET) funding to the Army Corps of Engineers, the Navy and the Air Force, allowing only expanded IMET to the Guatemalan army. The fiscal year 2012 omnibus appropriations bill which passed through the Congress last December states that funding to the army will only be considered in fiscal year 2013 if the army complies with a series of stipulations, including “a narrowly defined mission focused on border security and external threats, cooperation with civilian investigations and prosecutions of cases involving current and retired officers and with the CICIG, and . . . publicly disclosing all military archives pertaining to the internal armed conflict.” Does the Department of State concur with these requirements and do you believe that the Guatemalan army is ready to receive regular IMET funding?

Answer. In 2011, then-Guatemalan President Alvaro Colom formally requested the U.S. Congress eliminate restrictions it has placed on FMF and IMET funding for the Guatemala army. Newly inaugurated President Pérez Molina has also expressed interest in having the current restrictions lifted, citing the need to increase the capacity of the Army in order to combat current security threats, including narco-trafficking. The Department of State has indicated to the Guatemalan Government that we are willing to discuss the restrictions on IMET and FMF funding. It is very early in the Pérez Molina administration. We will need to thoroughly assess the military’s commitment and progress with regard to human rights, internal reform, and other key issues, including the criteria identified in the conference report accompanying this year’s appropriations act. The Department will continue to work with other U.S. Government agencies and the U.S. Congress to determine the way forward on this important issue.

Question. We’re witnessing one of the coldest winters on record across Europe and Central Asia, leading to a humanitarian crisis for already vulnerable populations such as women and children in Afghanistan and Pakistan. Tragically, the New York Times recently reported the deaths of at least 22 young children in Kabul’s informal settlements and estimates that 144 per 1,000 children die due to poor conditions and cold weather in both formal and informal camps. The State Department estimates that there are close to 3 million Afghan refugees in Pakistan and Amnesty International reported that there are now 400 new Afghans internally displaced (IDP) as a result of conflict and natural disaster every single day, adding to a total population of half a million IDPs. Though your fiscal year 2013 budget increases funding to strengthen diplomatic capacity in the frontline states, funding is reduced for the humanitarian assistance programs that are critical when responding to crises of this nature and when driving longer-term, strategic development.

Will you please clarify whether increased funding for frontline states, including the modest growth in foreign assistance funding for Afghanistan, will help make up for the 13-percent cut to programs funded through the Migration and Refugee Account? How will this affect the refugee response in Afghanistan and Pakistan? What specific programs funded through the Migration and Refugee Account will account for the cut?

Answer. Maintaining support for humanitarian programs in South Asia is a priority for the Department. The President’s fiscal year 2013 request for the Migration and Refugee Assistance (MRA) account includes \$107.8 million for humanitarian activities in South Asia, including those assisting Afghan refugees throughout the region. While this does reflect a decrease from what the Department expects to provide from the MRA account for programs in South Asia in fiscal year 2012, the fiscal year 2013 MRA request for South Asia actually reflects a slight increase from the President’s fiscal year 2012 MRA request for South Asia of \$106 million and what the Department programmed in fiscal year 2011 (also \$106 million).

As the programs that the MRA account supports respond to ever-changing humanitarian needs and are ongoing in areas that are often unstable and difficult to access, Department programming through the MRA account must remain as flexible as possible from year-to-year to meet humanitarian needs worldwide. As such, while needs for Afghan refugees will remain high in fiscal year 2013, it is yet unclear what particular programs within South Asia might receive reduced support as a result of decreased available funding. It is important to note that in addition to funds included in the fiscal year 2013 MRA request, the Department also expects to utilize some of the 2-year fiscal year 2012 Overseas Contingency Operations (OCO) MRA funds to help meet gaps in assistance for Afghan refugees in fiscal year 2013.

A significant portion of USAID’s humanitarian assistance in Afghanistan is assisting people displaced in both formal and informal settlements. Providing assistance to IDPs has been a central component of USAID/OFDA’s strategy since 2001. USAID/OFDA has funded programs that have specifically targeted IDPs and returnees, as well as programs that have targeted vulnerable populations. In response to

the severe winter this year, USAID/OFDA mobilized partners Save the Children/ U.S. and the International Organization for Migration (IOM) to provide cold weather-related emergency relief supplies, included blankets, winter clothing, shoes and shelter materials, to approximately 28,000 of the estimated 30,000 residents of the Kabul Informal Settlements (KIS). To quickly address humanitarian needs of newly displaced people, USAID/OFDA supports the pre-positioning of emergency relief supplies in strategic locations throughout Afghanistan, which relief agencies draw upon when population displacement or other emergency needs occur, such as recent avalanches. USAID/OFDA's active programs addressing humanitarian needs in Afghanistan total more than \$36 million, with \$17.7 million already programmed in fiscal year 2012.

Other nonhumanitarian funding for Frontline States included in the fiscal year 2013 request, while not directly targeted at immediate humanitarian assistance efforts, does continue to lay the groundwork for long-term sustainable economic development, improved governance as well as increased access to healthcare and education which will help the people, government, and regional partners resolve some of the issues driving the refugee crisis.

Question. Can you also clarify whether the Middle East and North Africa Incentive Fund (MENA), created and designed in the fiscal year 2013 President's budget request as "incentivizing long-term economic, political, and trade reforms to countries in transition and to countries prepared to make reforms proactively", will provide humanitarian aid in the region? Will monies allocated to the International Disaster Assistance and Migration and Refugee Assistance accounts now prioritize regions other than the Middle East and North Africa?

Answer. The MENA-IF represents a new approach to the Middle East and North Africa through 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 United States Government 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.

The MENA-IF will address three types of needs:

- Longer-term transition incentives;
- Immediate transition/stabilization contingencies; and
- Regional program platforms.

The MENA-IF could potentially be used to fund humanitarian assistance within the context of immediate transition/stabilization contingencies. However, the MENA-IF is not designed to alter the prioritization processes of specific global accounts as funding decisions will be made on a case-by-case basis.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Question. Even as we watch the events across the Middle East, we must not forget that achieving peace between Israel and the Palestinians is critical to stability in the region. How do you plan to help get the parties to resume direct negotiations to move the peace process forward?

Answer. We continue to believe that direct negotiations are the only way to make progress toward achieving the two-state solution. The Jordanians hosted several rounds of discussions in January between the Israeli and Palestinian negotiators. We were encouraged by the atmosphere of the talks, which were generally positive. We are now consulting with the Quartet, Jordan, and other international partners to find ways to continue these talks. The biggest challenge will be building trust between the parties. Last September, the Quartet put forward a framework that presents a negotiating alternative. Both sides have told us that this is their preferred path, but both sides must take steps to improve the climate. The Quartet Principals plan to meet in New York in March, to discuss Jordanian Foreign Minister Judeh's efforts to bring the parties together. The Quartet Principals will hold a meeting in April to discuss next steps toward implementing their September statement. Recent unrest in East Jerusalem and the West Bank, and Gaza rocket attacks underscores the importance of the parties continuing their dialogue; a political vacuum only increases the risk of heightened tension and instability on the ground, which both parties want to avoid.

Question. In 1989, I wrote a law—known as the Lautenberg amendment—that has helped hundreds of thousands of victims of religious persecution escape and come to the United States to live in freedom. What will be the impact on persecuted

religious minorities around the world—particularly in Iran—if this law is not renewed?

Answer. If the Lautenberg amendment is not renewed, the impact on religious minorities would be limited to those from Iran and the former Soviet Union who are not otherwise able to meet the United States definition of a refugee contained in the Immigration and Nationality Act that is applied to other refugees admitted to the United States. The reduced evidentiary standard contained in the Lautenberg amendment currently benefits certain religious minorities from Iran and the former Soviet Union. Individuals who are members of religious groups, including those who are members of religious minorities, from any country who cross an international border are eligible to seek the protection of the United Nations High Commissioner for Refugees (UNHCR), which may include resettlement to a third country, including the United States, if it is determined to be the best durable solution for an individual applicant.

In addition to those Iranian religious minorities who take advantage of the direct application program that the Department of State operates in Austria, many Iranians who have suffered persecution in their home country, including religious minorities, seek protection in Turkey. For many years, the Government of Turkey has proven to be a strong partner in refugee protection, and UNHCR has referred thousands of Iranians, including religious minorities, for third country resettlement. Since 2006, the United States has admitted more than 5,500 Iranian refugees from Turkey for permanent resettlement. Non-renewal of the Lautenberg amendment would not have an impact on UNHCR's referrals of persecuted Iranian religious minority refugees in Turkey.

Question. What impact do you believe the treatment of United States-based democracy and human rights workers in Egypt will have on United States-Egypt relations moving forward? What is the State Department doing to ensure nongovernmental organizations (NGO) can continue to effectively operate in Egypt?

Answer. We continue to be deeply concerned about the operating environment for NGOs in Egypt in light of the Egyptian Government's investigation into foreign funding of these organizations and the criminal charges filed against Egyptian, American, and European NGO staff. Although some NGO staff facing these charges were able to depart Cairo, we have not shifted our attention away from this issue. We remain fully engaged and consistently press the Supreme Council of the Armed Forces (SCAF) at the highest levels to drop criminal charges and allow NGOs in Egypt to operate without undue state interference. We have also emphasized to new members of parliament the importance, as part of Egypt's democratic transition, of revising the Egyptian legal framework regulating NGOs, which does not meet international standards for respecting freedom of association. As Egyptians look toward an elected president taking power in July 2012, we plan to continue these conversations on the legal reforms necessary to ensure a thriving Egyptian civil society. In addition, we will continue to look for ways to use our assistance to support a pluralistic civil society, particularly as we begin conversations with emerging leaders in parliament about our future assistance relationship with Egypt.

Question. The 2010 State Department Quadrennial Diplomacy and Development Review (QDDR) incorporated an unprecedented emphasis on gender integration in foreign policy programs, recognizing it as a key approach for effective development. How does the fiscal year 2013 budget further this emphasis on gender integration?

Answer. As you note, the QDDR commits the Department of State and the U.S. Agency for International Development (USAID) to elevating investments in women and girls and to ensuring that gender issues are addressed throughout the program cycle and in all bureaus and missions. These are important objectives in their own right, and are also powerful catalysts for economic growth and human development. Global challenges, including transitions to peace and democracy, global health, climate change and food security, cannot be solved without explicit recognition of the different roles and contributions of women and men.

USAID has formulated a new policy on Gender Equality and Female Empowerment, updating a 30-year-old policy. In March, we intend to issue the first-ever secretarial policy directive on promoting gender equality. 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.

The fiscal year 2013 budget includes estimates by operating units that \$1.68 billion will be attributed to support gender equality in foreign assistance:

- \$301 million in activities primarily targeted at gender equality and/or women's empowerment;
- \$1.231 billion in activities in which gender equality or women's empowerment is one component of a larger set of activities; and

—\$147 million to address gender-based violence, which includes activities aimed at preventing and responding to gender-based violence that results in physical, sexual, and psychological harm to either women or men.

Detailed budget information is available in the Selected Key Interest Areas—Gender of the fiscal year 2013 Foreign Operations Budget request (<http://www.state.gov/documents/organization/185014.pdf> on page 306).

QUESTIONS SUBMITTED BY SENATOR SHERROD BROWN

Question. You are requesting \$10.9 million for Sri Lanka in Development Assistance and \$6.6 million in International Military Education and Training and \$350 million in Foreign Military Financing (FMF). Has the Sri Lankan Government proven it deserves this funding considering the lack of effort to include the innocent Tamil population in a multicultural society following the civil war. Can you provide more detail on these requests?

Answer. The Department requested \$10.9 million in Development Assistance, \$626,000 in International Military Education and Training (IMET), and \$450,000 in FMF for Sri Lanka in fiscal year 2013.

Development Assistance.—Sri Lanka is still recovering from nearly three decades of conflict. U.S. Government assistance supports that transition through development and stabilization efforts. As Sri Lanka moves beyond the conflict, the United States Government is committed to helping communities return to normalcy as quickly as possible. Programs target ethnic minorities and religious groups in the Eastern and Northern Provinces. Foreign assistance includes support for:

- counterterrorism activities and secure border trade;
- advocacy for human rights;
- strengthening of democratic institutions; and
- stabilization and revitalization of the economies of the East and North.

Although economic growth in Sri Lanka has been strong, that growth is not equitably spread across the East and North, where the majority of Tamil and Muslim communities are settled. Reintegrating these communities into the economic fabric of Sri Lanka is a necessary component of reconciliation, and a key goal of United States Agency for International Development's (USAID) economic assistance to Sri Lanka. Likewise, good governance programs focus on the sub-national level to create responsive democratic structures in communities of formerly displaced residents in the East and North.

Foreign Military Financing and International Military Education and Training.—The United States has focused its military engagement on activities that support our security interests, impart professionalism, and promote respect for human rights. Sri Lanka is a capable and willing partner in maritime security and peacekeeping. It is strategically located along the busiest shipping lanes in the Indian Ocean; actively combats violent extremism, trafficking, and piracy; and is one of the largest contributors to United Nations peacekeeping in the world. The United States' modest FMF program in Sri Lanka will support our shared security interests by increasing Sri Lanka's ability to patrol and monitor its waters. Through the IMET program, Sri Lankan officers will be able to participate in professional military education courses in the United States, where they will learn alongside American officers and be exposed to United States military norms and practices.

The United States has engaged only cautiously with the Sri Lankan military since the end of the civil war in May 2009 because of our expectation that the Government of Sri Lanka must first hold accountable those individuals who violated international humanitarian law and international human rights law during the conflict. The administration has carefully calibrated the U.S. military engagement strategy to reflect security objectives as well as progress in advancing human rights, reconciliation and accountability. Before we deepen our engagement, the Government of Sri Lanka must make meaningful progress on promoting human rights, revitalizing democratic institutions and practices, respecting international humanitarian law, and ensuring accountability for past and ongoing abuses.

Question. The budget request will allow the United States to meet its \$4 billion pledge to the Global Fund for tuberculosis (TB). That is great. However round 11 funding will be limited to existing countries in the programs and no new until as late as 2014.

Do we need a "new pledge"?

Answer. For continued progress on AIDS, TB, and malaria, the world needs a robust, functioning Global Fund. This year's request of \$1.65 billion will allow the administration to fulfill its historic pledge to seek \$4 billion (fiscal years 2011–2013) for contribution to the Global Fund. The U.S. Government remains committed to

this pledge and to the Fund. One important reason is because each \$1 the U.S. 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 our shared responsibility.

Question. Do we need to revisit how we approach the Global Fund in light of these developments?

Answer. The November 2011 changes in the Global Fund's financial situation prompted its board to focus available resources on the continuation of ongoing programs while the Fund transitions to a new, more flexible, and sustainable approach. In accordance with its new 5-year strategy, the Global Fund will move away from project-based, rounds-based funding to a more predictable funding model. It will work with partner countries to identify and finance high-impact, evidence-based interventions grounded in countries' national disease strategies.

The Global Fund has the necessary resources and remains on track to support more than \$8 billion in grant renewals and new grant commitments between now and the end of 2013. These commitments will allow countries to continue and, in many cases, continue to scale up, successful and ambitious programs to fight AIDS, TB, and malaria. The Global Fund will remain a major financing mechanism for the fight against the three diseases. Efficiencies that have been achieved in the past three funding rounds and in other areas will allow several countries to increase the number of patients receiving AIDS or tuberculosis treatment. Thus more people—not fewer—will receive access to these services in the coming 2 years. The board took several steps to make resources available to support grant renewals, outstanding round 10 grant commitments, and the continuation of essential prevention, treatment, and care services. The Global Fund has instituted eligibility and prioritization policies that better target resources to countries with the greatest need and least ability to pay. In addition, new counterpart financing requirements ensure that recipient countries contribute a significant and growing share of resources to their disease response. The Strategy 2012–2016 and Consolidated Transformation Plan, both strongly supported by the United States, will both facilitate this transition to greater country ownership and increase the impact of Global Fund grants.

Question. Which investments will do the most over the long term to promote and achieve our global health objectives? Are we reaching the right balance?

Answer. We believe the fiscal year 2013 budget request strikes the right balance between bilateral and multilateral investments—both have critical roles to play. To fight AIDS, the U.S. bilateral program cannot meet the challenge alone, and is most effective with a robust Global Fund. This year we have a unique opportunity to ensure the bilateral program continues to meet the President's goals while also strengthening our most critical donor partner in the global AIDS response—the Global Fund.

President's Emergency Plan for AIDS Relief (PEPFAR) and the Global Fund have developed and expanded over the past several years, at the country level, they have become interdependent in terms of implementation and achieving success. If either the Fund or PEPFAR bilateral are under-resourced, there will be negative repercussions for both programs that will threaten our ability to achieve a sustainable response. The United States 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.

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

Question. What programs are being conducted by the State Department and the United States Agency for International Development (USAID) to encourage United States businesses to invest in Libya?

Answer. Promotion of United States economic interest is a key priority for the State Department, and given that the Libyan Government has stated their country is "open for business", particularly for those countries that supported the revolution, the Department—in coordination with the interagency—has focused on identifying opportunities to encourage United States businesses to invest in Libya and aligning United States Government resources to support these potential investments.

State Department Economic Bureau Assistant Secretary Fernandez and United States Ambassador to Libya Gene Cretz hold monthly conference calls with United States businesses to discuss opportunities and share advice for investment and trade in Libya. Each call discusses a different sector for potential United States investment. The last two calls were devoted to the security and healthcare sectors,

respectively. Assistant Secretary Fernandez is also leading a United States trade delegation to Libya in late April, which is being organized by the U.S.-Libyan Business Association. In January, Libyan business leaders visited the United States. Reverse trade delegations from Libya to the United States are also being planned by both U.S. Trade and Development Agency (USTDA) and Embark, which will focus on sectors ranging from transportation to energy. The monthly conference calls with U.S. business and the trade missions have been met with great enthusiasm by both American business and the Libyans and will continue for the foreseeable future.

Recognizing early on the immense potential for United States trade and investment in Libya, the Department prioritized posting a commercial officer to Tripoli. He is funded by the Department's Bureau of Conflict and Stabilization Operations but is an employee of the Department of Commerce. His responsibilities include:

- meeting regularly with U.S. businesses;
- facilitating meetings between United States business representatives and the Libyan Government and private-sector leaders; and
- reporting on the general investment and trade climate in Libya.

As part of the \$25.6 million in fiscal year 2011 Middle East Response Fund (MERF) assistance to Libya, the Department has allocated approximately \$3 million to USTDA for an economic growth and trade facilitation program. More specifically, USTDA will partner with Libyan leaders to identify vital reconstruction and human capacity building projects for Libya, which will provide strategic opportunities for the implementation of United States goods, services, and technologies. The program will fund various activities including feasibility studies, pilot projects of United States technology and technical assistance, reverse trade missions, and training symposia.

Promoting joint United States-Libya public-private partnerships will be integral to United States Government assistance programs, particularly in public health and higher education. USAID is providing \$2 million to assist the Libyans in building the capacity of their medical rehabilitation centers to better treat the war wounded. USAID will use this project to leverage much larger investments from the Government of Libya which should create opportunities for the Government of Libya private sector to sell medical equipment and technology to Libya. During his visit to Washington in early March, Libyan Prime Minister el-Keib specifically requested the Secretary's support in facilitating linkages between United States and Libyan higher education institutions. The Government of Libya is interested in funding scholarships for young Libyans to pursue university education and vocational training in the Government of Libya. Since the Prime Minister's visit, the Department in coordination with Embassy Tripoli has begun developing a joint Libyan-U.S. Higher Education Task Force that will identify opportunities for scholarship programs with United States institutions of higher education and promote partnerships with United States academia and job-training centers and Libyan institutions. The Department is also funding the Aspen Institute to bring a delegation of U.S. university and community college officials to Tripoli to discuss partnership opportunities. The commercial officer at Embassy Tripoli is facilitating a similar trip in April for two United States vocational training consortia, MUCIA and TEEX, to meet with Libyan officials on possible educational exchanges.

The Libyan diaspora is a deeply committed, yet largely untapped, source of innovative, entrepreneurial solutions to poverty and economic development in Libya. USAID is working with the African Diaspora Marketplace, a public private partnership with Western Union, which seeks to boost economic opportunity in Africa by providing United States-based diaspora entrepreneurs seed capital (\$50,000) and technical assistance through a business plan competition that will help start or expand businesses in all regions of Africa. These businesses will help create jobs, generate income, and provide needed services in the countries where they work.

Question. What steps are the State Department and Department of Defense (DOD) taking to recover Libyan Man-Portable Air Defense Systems (MANPADS)? What is being done to ensure weapons don't find their way into Gaza or other conflict areas?

Answer. The Department of State has allocated \$40 million to date to assist Libya in securing and disabling weapons stockpiles, particularly MANPADS. To date this support has underwritten surveys of more than 1,500 bunkers at 134 Ammunition Storage Areas (ASAs) by Libyan-led inspection teams. Thus far these teams have helped to identify, recover, and secure approximately 5,000 MANPADS and components.

The work to secure and recover Libya's weapons stockpiles is a long-term effort. Now that we have completed our initial rapid sweep across the country, we are entering what we call phase 2. This involves helping the new Libyan Government con-

duct a full inventory of all weapons stockpiles, as well as assisting them to improve border security to help detect and interdict illicit activity.

The Department continues to engage with countries in the region to provide information on the potential proliferation dangers, offer assistance with border security, and advise on potential steps to improve aviation security. We are supporting Libya's neighbors to take steps to prevent illicit arms flows, particularly to interdict the transport of MANPADS across borders. The MANPADS Interagency Task Force—which includes representatives from the Departments of State, Defense, and Homeland Security, among others—has visited Algeria, Mali, Niger, Chad, Mauritania, Egypt, Morocco, Tunisia, Israel, and the headquarters of the African Union. These visits have facilitated the exchange of ideas and the coordination of action on the situation in Libya, and have assisted efforts to strengthen border and airport security and reduce proliferation across the region. Additionally, the Departments of Defense and State are working with many partner countries in the region to build capacity in critical areas such as counterterrorism and border security.

The participation of key U.S. Government agencies on the Interagency MANPADS Task Force allows for close internal coordination in developing approaches, implementing assistance, and engaging governments through appropriate channels. This has resulted in both policy and programs that are synchronized and that ensure our resources have a targeted and efficient impact to confront the MANPADS threat.

The U.S. Government is also working closely with a group of allies and partner countries that are committed to mitigating the MANPADS threat. We greatly appreciate the pledge from the United Kingdom for at least £1.33 million pounds sterling (\$2.1 million USD) along with a team of technical experts to support and coordinate MANPADS-specific activities. We also commend Canada for their pledge of \$1.6 million Canadian (\$1.61 million USD); the Netherlands for their contribution of 900,000 Euros (\$1.2 million USD); Germany for their contribution of 750,000 Euros (\$980,000 USD); France and Italy for their significant contributions, and other allies and partners who have contributed to this effort.

Question. What programs are being considered to support training of Libyan militias into regular military and police forces, and which countries will be involved in providing such training?

Answer. In support of the transitional Government of Libya we are exploring targeted training programs to consolidate Libya's revolutionary fighters into regular military and police forces in coordination with the UN Support Mission in Libya (UNSMIL) and international partners. There were an estimated 200,000 revolutionary fighters during the revolution. The Government of Libya and UNSMIL report that Libya's Warrior Affairs Committee has registered 148,000 fighters to date. Assisted by the international community, the Government of Libya has announced a 3-year plan to integrate 25,000 revolutionaries into their regular military and 25,000 into their police forces. The remaining revolutionary forces will be re-integrated into civilian life through initiatives to develop small and medium enterprises, or through new educational and training opportunities.

Police Forces.—The international community has taken significant strides in leading the training efforts for the new Libyan police forces. We anticipate Jordan will sign a memorandum of understanding (MOU) with the Ministry of Interior (MOI) to train 10,000 new police cadets in basic police curriculum. Turkey has signed an MOU to train for 750 Libyan officers. In addition to the 750, Turkey has agreed to provide courses in VIP protection, document verification, incident response, and hostage recovery. Italy has offered courses in crowd/riot control, investigation techniques, human rights training for police managers, and maritime security. Kuwait has delivered fire-fighting vehicles and ambulances to the MOI and Ministry of Health. The United Kingdom and Germany are working together on forensic training and the EU is conducting a border management assessment to redevelop Libya's border management capacity.

Military Forces.—The Libyan Ministry of Defense (MOD) has launched an assistance coordination mechanism to keep track of assistance to the armed forces, avoid duplication, and identify gaps. The French have conducted joint maritime training with the Libyan Navy. Qatar has committed to MOD assistance, most recently by building a Joint Crisis Management Coordination Center for the Government of Libya and international community as a resource for police, the armed forces, or border security. The United Arab Emirates (UAE) military has presented several assistance proposals to the Government of Libya, including rebuilding training facilities in Libya, but has not received any real engagement or response to date.

We are preparing to implement targeted training programs to augment the Government of Libya and international efforts. In chronological order, beginning in late March we will deploy a security sector transition coordinator to U.S. Embassy Tripoli who will coordinate our border security and MOI training efforts. In April, we

will deploy a team from the Bureau of International Security and Nonproliferation, Office of Export Control Cooperation, to conduct a 1-week training of Libyan MOI, MOD, and customs officials who will be leading the efforts to develop and integrate Libya's border security forces. We are planning to offer the Defense Institution Reform Initiative (DIRI) program to Libyan Prime Minister el-Keib during his March 2012 visit. If accepted by the Government of Libya, DIRI will provide a team of experts, to advise the MOD on rightsizing their security forces and integrate rebel fighters into the Libyan armed forces. Over the summer we will send an assessment team from our Bureau of Counterterrorism to scope training programs on Anti-Terror Assistance.

Question. Last year, the Congress directed the State Department to assist American victims of Libyan terrorism regarding the use of the frozen assets of former Libyan dictator Muammar Gaddafi 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 efforts the Department is undertaking to:

- establish contingency plans in the event of a shortfall;
- 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
- use assets belonging to Muammar Gaddafi, the Gaddafi 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 Gaddafi 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 Gaddafi 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.

In any event, we are not aware of any Gaddafi 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 Gaddafi family member is nonliquid property regarding which valuation would be difficult to ascertain and that may have no significant value.

Question. How is the administration preparing for the potential influx of refugees from Syria to neighboring countries, and what funding is contained in the fiscal year 2013 budget request to address this potentially significant humanitarian crisis? Do you have an estimate of the number of Syrians that may seek refuge in Jordan, and what impact might these refugees have on Jordan's economic and political stability?

Answer. The United States is providing more than \$10 million in humanitarian assistance to support those affected by the violence in Syria, including those who have fled to neighboring countries. This assistance includes \$3.5 million to the United Nations High Commissioner for Refugees (UNHCR); \$3 million to the Inter-

national Committee of the Red Cross (ICRC); \$3 million to the World Food Program (WFP); and support for other international nongovernmental partners (NGOs).

Assistance through UNHCR, ICRC, and NGOs is delivering critical medical services and supplies, food, water, blankets, hygiene kits, heaters, and winter clothing to displaced and conflict-affected Syrians. This funding will also provide support for host families who are sheltering displaced Syrians within Syria and in neighboring countries.

United States efforts also include bolstering existing regional stockpiles of humanitarian supplies and equipment to be delivered to those Syrian communities in greatest need. These stockpiles of food and other emergency relief supplies are a result of the growing international effort to rush humanitarian aid into Syria to alleviate the suffering of vulnerable communities as access and conditions allow.

U.S. Government humanitarian assistance has been provided from the Migration and Refugee Assistance and International Disaster Assistance accounts. In coordination with other donors, the Department of State and USAID will continue to ensure our partners have the support they need in fiscal year 2012 and fiscal year 2013 to maintain these critical humanitarian operations from these and other accounts, as needed.

The Government of Jordan has stated that up to 80,000 Syrians have entered Jordan since the unrest in Syria began in March 2011, though the vast majority have not requested or required humanitarian assistance. The Government of Jordan, in partnership with a range of United Nations agencies, is providing protection and assistance to about 10,000 displaced Syrians (4,205 of whom are currently registered with UNHCR) in the form of food, shelter, healthcare, and education. While the State Department does not have an estimated number of Syrians that may seek refuge in Jordan, we expect that the numbers will continue to climb while the violence in Syria is ongoing.

The Government of Jordan has engaged in contingency planning for increased outflows of Syrians, and is coordinating with the United Nations and other international humanitarian partners to prepare for increased needs. United States Government officials meet regularly with Jordanian Government officials, humanitarian partners, and beneficiaries to assess the effectiveness of the international community's humanitarian response, as well as to plan for a range of contingencies as the situation in Syria continues to evolve.

Jordan has been a generous host to a number of refugee communities, including Palestinian and Iraqi refugees. That said, it is important to note that Jordan could face a serious domestic political challenge if large numbers of Palestinian refugees from Syria begin to cross the border. The international community will support Jordan's efforts to manage the influx of displaced persons from Syria by providing adequate protection and assistance to this vulnerable population in order to minimize the impact on Jordan's political and economic stability.

Question. The fiscal year 2013 budget request includes \$250 million in economic assistance and \$1.3 billion in military aid for Egypt. Given the Minister of International Cooperation's complicity in the crackdown on civil society, will the State Department continue to coordinate U.S. assistance through that ministry? What other options exist for the delivery of United States economic assistance for Egypt that excludes the Ministry of International Cooperation?

Answer. The Supreme Council of the Armed Forces has pledged to hand over power to an elected president by July 1, who will govern alongside the two houses of parliament elected earlier this year. We will discuss fiscal year 2012 and future Economic Support Funds with this new government in order to support Egypt's democratic transition. Our diplomacy, public messaging, and assistance are all designed to support the aspirations of the Egyptian people for a democratic future and promote respect for human rights.

Question. Would you support enlarging the authority of the Special Inspector General for Iraq to examine how United States economic assistance for Egypt has been used over the past 5 years by the Ministry of International Cooperation?

Answer. We believe that the USAID Inspector General is fully capable of evaluating past and future United States assistance to Egypt.

Question. What are the administration's plans for future democracy and governance programs for Egypt?

Answer. We continue to view a robust and pluralistic civil society, credible elections, broad-based participation in political life, protection of universal human rights, and the development of representative institutions as central to a successful democratic transition in Egypt. We believe our democracy and governance programs in these areas can make a positive difference for Egyptians.

TUNISIA'S BUDGET SHORTFALL

Question. Does the Government of Tunisia seek budget support from the United States, and for what purposes? What level of funding for such support is being contemplated?

Answer. While the January 2011 revolution favorably reset Tunisia's political calculus, the abrupt change of power, followed by domestic and regional security and labor-related unrest, shook investor confidence, caused tourism revenues to plummet and truncated remittances from Libya, dealing the Tunisian economy a significant blow. The fiscal deficit has widened, particularly as tourism revenues have plummeted and tax revenues have been impaired by disruptions to production in Tunisia's interior due to strikes and civil disturbances. Tunisia's Government passed a 2012 budget on December 31, which reflected the priorities of the previous interim government. The current government will incorporate its own priorities by enacting a 2012 budget supplement, which has been approved within cabinet and went to the Constituent Assembly in early April. As a result of this budget supplement, the Tunisian Government is now projecting a budget deficit of 6.6 percent of gross domestic product (GDP) (approximately \$3.1 billion). The government faces \$1.6 billion in external debt service in 2012 (\$1.2 billion in principal and \$0.4 billion in interest) or about 3.4 percent of GDP.

The Tunisian Government has officially requested a budget support loan from the African Development Bank (AfDB), but must negotiate conditions on the loan. AfDB staff do not envision any projects in the next several months. If it were to agree to provide a budget support loan and design a reform matrix (with the World Bank and European donors, as in 2011), the AfDB would not disburse any monies until late 2012. In addition, Qatar, the World Bank, and Agence France Development (AFD) pledged to provide budgetary support to Tunisia in 2012.

Tunisia's economic challenges are peaking at the same time that the Tunisian people are more empowered to demand more from their government. Tunisia has fewer resources with which to increase spending temporarily to stimulate economic growth and support the social programs upon which the Tunisian public relies. Without short-term intervention, Tunisia's economic recovery may be impaired by continued domestic instability and further loss of investor confidence. A strong U.S. commitment of immediate bilateral support—particularly if it unlocks additional financial support from other sources—will help Tunisia fill this void.

Tunisia's successful democratic transition is critical for U.S. interests in the region, and will send a signal to others undergoing their own transitions. The Government of Tunisia has made clear to several senior United States officials, including congressional delegations, the need for immediate financial assistance to address Tunisia's critical budgetary shortfall and help them through their current difficult period of transition. Given the importance of demonstrating strong immediate United States support for Tunisia and the nature of the economic problems to be addressed in Tunisia, we propose to use the cash transfer to pay eligible external debt to international financial institutions. Our plan is to deliver this assistance by paying \$100 million worth of the debt the Tunisians owe to the World Bank and the African Development Bank. This will free up funds in their own budget for other priority activities in support of their new democracy. This will also assure accountability and transparency.

SUPPORTING TUNISIA'S FINANCIAL NEEDS—UPDATE ON LOAN GUARANTEE AGREEMENT

The United States plans to provide some relief for Tunisian budgetary pressures by using \$30 million legislatively authorized for a sovereign loan guarantee. A bilateral guarantee could leverage a \$400–650 million borrowing instrument, assuming a 5-year maturity and 100-percent guarantee of principal and interest, which may change based on Tunisian preferences. However, the Tunisians have indicated that they want a longer maturity, which would decrease the leveraging effect of our loan guarantee to between \$250–\$500 million. We are discussing with the Tunisians the possibility of combining with the World Bank for a hybrid guarantee that could increase the program to approximately \$750 million, assuming a 10-year maturity with 100-percent guarantee of principal and interest. Provided the Tunisian Government is ready to make the requisite decisions, we plan to sign an agreement by May, which is possible regardless of whether Tunisia prefers a bilateral or hybrid guarantee.

\$100 MILLION CASH TRANSFER OPTION

The United States Government could provide a \$100 million cash transfer to the Government of Tunisia for short-term fiscal relief as the Tunisian Government man-

ages the next phase of Tunisia's democratic transition and attempts to undertake foundational economic reforms. From a foreign policy perspective, a cash transfer for Tunisia would demonstrate the United States' support for Tunisia's democratic transition. Structured appropriately, a bilateral cash transfer agreement would permit us to align United States action squarely behind the stabilization of the Tunisia economy and provide a quick-impact cash infusion to the Government of Tunisia in the near term and allow the United States to take a leadership role and persuade other donors to provide similar assistance. Within Tunisia, a cash transfer would help the Tunisian Government weather the current fiscal storm. Tunisia aims to ameliorate postrevolution social demands through public spending until the economy recovers, despite flagging fiscal revenues. The Tunisian Government believes this approach is essential to consolidating political reforms as it battles a high rate of unemployment. We would provide the \$100 million cash transfer grant in a single tranche, with disbursement before the end of the first half of U.S. fiscal year 2012.

In general, cash transfers can be designed in different ways depending on the objectives of the program. We considered three different approaches:

- paying debt owed to international financial institutions (IFIs), such as the World Bank and African Development Bank;
- paying for commodity goods; and
- paying commercial debt.

We chose the first option because of its speed, transparency, and accountability.

Question. What steps can be taken to restore some semblance of stability and safety in the Sinai? What can be done to ensure that the Sinai doesn't become a haven for terrorists, including al Qaeda?

Answer. Improving security in the Sinai is a complex issue that calls for engagement on many fronts. We are encouraged by the fact that the Egyptian Government has undertaken counterterrorism operations in the area and announced the formation of a Sinai Development Authority to address security challenges. However, more can be done to encourage and support development for residents of the Sinai, the absence of which is the root cause of crime and unrest. We will continue to engage with the Egyptian Government at the highest levels on this issue to convey the importance of restoring security to the Sinai, while also offering our support. In addition, we look forward to working with Egypt's next elected government on solutions to this important issue.

Question. Do you believe the Multinational Force and Observer (MFO) should remain in the Sinai? Should it be expanded?

Answer. The current context of unprecedented and fast-paced regional change has shown that the MFO's role is more important than ever to promoting continued confidence between the two Treaty of Peace parties, Egypt and Israel, and to offering the parties concrete mechanisms to manage jointly and effectively their response to the new security challenges. The MFO has played an important role for decades in promoting peace and stability in the region and continues to have the strong support of the United States, Egypt, and Israel. Unprecedented Egyptian military deployments into the Sinai, as agreed upon by the parties, have resulted in significant additional verification work for the MFO and its Civilian Observer Unit. Any changes to the MFO's mission must be formally requested by the Treaty parties. With respect to civilian and military personnel levels, the MFO has indicated to the Treaty parties and to the United States that it does not at present seek any increase in present staffing.

Question. The fiscal year 2013 budget request includes \$770 million for a new Middle East and North Africa Incentive Fund (MENA-IF) to address myriad challenges arising from political transitions in those regions.

Why do we need this fund when account structures already exist to respond to crises—including fiscal year 2013 requests for the Complex Crises Fund (\$50 million); International Disaster Assistance (\$960 million); Office of Transition Initiatives (\$57.6 million); Global Contingency Fund (\$25 million); and Conflict Stabilization Operations (\$56.5 million)?

What countries do you expect to benefit from MENA-IF, and what types of programs will be supported?

Do you support the use of these funds to address economic needs in the region, including in Israel, should military action be undertaken to address the Iran nuclear issue?

Answer. The MENA-IF represents a new approach to the Middle East and North Africa through 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 U.S. Government 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.

While contingency/response funds are available for rapid responders to deploy and support new initiatives, these accounts are not structured to provide long-term funding or be used to incentivize reforms. Additionally, using global funds as a major source of response to the Arab Spring carries opportunity costs for these global programs, and risks reducing the U.S. Government's ability to respond to other needs around the globe. While these accounts have provided funding to Middle East contingencies this year, it was at a great opportunity cost to operations in other areas.

For purposes of MENA-IF planning, the following countries are included:

- Algeria;
- Bahrain;
- Egypt;
- Iran;
- Jordan;
- Kuwait;
- Lebanon;
- Libya;
- Morocco;
- Oman;
- Qatar;
- Saudi Arabia;
- Syria Tunisia;
- UAE;
- West Bank/Gaza; and
- Yemen.

Funding programs in Israel or Iraq is not contemplated except to the extent that regional initiatives may touch on these countries. Specific projects will depend on the countries involved; however, initiatives should address the following key priorities:

- Political, economic, and judicial/rule of law reforms that protect and promote human rights, political participation, democratic institutions, independent civil society, and quality under the law; that advance progress in meeting citizen demands for political participation; and that create conditions for economic growth, primarily through strengthened international trade and investment and by fostering a more vibrant private sector.
- Security sector reforms that emphasize civil-military boundaries, protection of human rights, and security that serves to protect people—not authoritarian regimes; and
- Regional integration and trade promotion reforms that would reduce trade barriers and allow implementation of the President's Trade and Investment Partnership Initiative for the Middle East.

Question. The Secretary of State's comments in the November 2011 edition of Foreign Policy outlines the administration's strategic "pivot" to the Asia-Pacific region: How is the "pivot" evidenced in the fiscal year 2013 budget request?

Answer. Looking forward to the next decade, we recognize no region will be more important to the United States than the Asia Pacific. 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 fiscal year 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 inter-agency partners to make sure our diplomatic, defense, and development efforts are targeted toward our highest priorities. Foreign assistance is but one aspect of our strategy to deepen our engagement with the region.

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, but they are not fully captured by statistics. For example, we successfully concluded our implementation review process for our free trade agreement with 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. This type of work does not have a price tag that accurately reflects its true value.

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 the Indonesia Comprehensive Partnership and Partnership for Growth in the Philippines. The budget request reflects the administration's continued support for and commitment to these important and often new initiatives.

We have also coordinated closely with our interagency partners to significantly increase assistance to the region. Substantial Millennium Challenge Corporation compacts that were recently signed will bring more than \$1 billion 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 on the homeland.

Question. What additional steps is the State Department considering to upgrade the United States presence in Burma in light of expanded engagement, and how will the appointment of a U.S. Ambassador impact the responsibilities of the Special Envoy?

Answer. In response to recent signs of political and economic opening, our "action-for-action" strategy aims to support those who pursue reform and to encourage further reforms in Burma. Following a substantial release of political prisoners in January, the President 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 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. There are several instances where the United States has diplomatic representation in country at the Ambassadorial level and Ambassadorial rank representatives who work in Washington and play a key coordinating role with the international community.

The upgrade in diplomatic ties will also advance our efforts to sustain reform, including supporting the efforts of international financial institutions to conduct assessment missions and provide limited technical assistance to assist Burma with prioritizing and sequencing its poverty alleviation and development needs. We have also taken steps to resume counternarcotics cooperation, to restart humanitarian cooperation with a World War II remains recovery program, and to invite Burma into the Lower Mekong Initiative. We also continue to seek ways to expand United States assistance for microfinance and health activities in Burma. In response to increased desire to develop civil society, we are renovating our American Center in Rangoon to increase its capacity for outreach and identifying ways to enhance our education and exchange programs to increase our people to people activities. We will consider further actions following the April 1 by elections, which serves as the next major benchmark for measuring progress on reform in Burma.

Question. What are the anticipated costs of sustaining the Afghan army and police following the withdrawal of United States forces, and is this a cost that the State Department will be responsible for bearing?

Answer. As the lead United States agency for security matters in Afghanistan, the Department of Defense is working with the Government of Afghanistan and the international community to analyze Afghanistan's post-2014 security needs, including the size and estimated cost of an effective Afghan National Security Force (ANSF). We understand that analysts are predicting some decline following the current build-up to a "surge" force of 352,000 army and police, but the precise size of Afghan forces will ultimately be conditions-based, responsive to the needs of the Afghan people, and sustainable. The United States Government has not yet decided whether to recommend changing the current model of the Department of Defense leading the training and funding of the ANSF. As transition progresses, we will continue to assess whether and at what point the Department of State would take on a role in funding the ANSF and will be sure to closely coordinate with the Congress on any request.

Question. The Afghan Government has made a request that the United States turnover all detainees currently at Parwan prison by March 7. In your assessment,

does the Afghan Government have the capability to process the 3,088 prisoners currently at Parwan prison?

Answer. In partnership with President Karzai and the Afghan Government, the United States completed a crucial milestone in our transition to Afghan lead when General Allen co-signed a memorandum of understanding on detention operations with Afghan Defense Minister Wardak on March 9. This agreement will transfer detention facilities in Afghanistan to Afghan control over the next 6 months, under guidelines designed to ensure an orderly, secure, and humane hand over of responsibility. We refer you to the Department of Defense on specific questions related to the Detention Facility in Parwan.

Question. What is the status of the funds allocated for the Afghanistan Rule of Law Coordinator? Has it made a difference in streamlining the process and, if so, how?

Answer. The Interagency Rule of Law (IROL) team has been actively engaged in the programming of \$25 million of fiscal year 2011 funding dedicated to the Embassy's Ambassador-level Coordinating Director for Rule of Law/Law Enforcement (CDROLLE) programs. Working with USAID and INL, they set objectives, and identified potential programs where these funds could further key policy goals. This approach capitalizes on the strengths and flexibility, and management oversight of teams in place. The Embassy's Ambassador-level CDROLLE is shaping programs to meet our U.S. Government rule of law objectives and the \$25 million has proven to be a manageable sum to further our efforts.

The CDROLLE at Embassy Kabul, currently Ambassador Stephen McFarland, has policy direction over all State rule of law funding and sets guidance for these programs. The CDROLLE signs off on all new rules of law programming efforts, and frequently conducts site visits to provide oversight. The legislation has helped make clear that all rule of law programming must be coordinated under Ambassador McFarland's authority.

USAID reprogrammed \$7 million to launch a grants solicitation for rule of law and anti-corruption proposals. In addition, \$2 million was set aside—\$1 million each from USAID and INL—for a new quick-impact "Access to Justice" grants program. This new small grants program will provide CDROLLE with a flexible, quick-impact grants capability, responsive to immediate and longer-term needs in support of improving access to justice, building judicial capacity, addressing gender-specific legal problems, and empowering civil society. INL is working with the IROL and the Provincial Reconstruction Team (PRT) rule of law advisors to identify rule of law needs at the sub-national level and will develop programs for its \$16 million allocation.

CDROLLE has managed to tap into the talent within the Embassy in open discussions, and to go out to the field where rule of law advisors from State, USAID, and the military can provide direct inputs on project ideas, priorities, and field needs. Even though the answers varied considerably from province to province, USAID and State's INL bureau working together with CDROLLE have been able to modify and to adjust their programming to take those inputs into consideration. Moreover, this process is strengthening the interagency, whole-of-government approach and is providing the CDROLLE with greater insight and involvement into INL and USAID programs.

Rule-of-law priorities under discussion include support for legal education (with priority to students—the next generation—over existing justice sector personnel); building civil society capacity in anti-corruption (shifting the focus of funding from prosecutions to oversight); pilot projects for alternatives to incarceration; improvements to access to justice, particularly for women; increasing legislative reform efforts to include a multitiered approach to addressing deficiencies in penal and commercial laws; broadening legal awareness; increased funding to the CDROLLE "Access to Justice" grants program; and ensuring adequate monitoring and evaluation of all efforts.

Question. Additionally, what is the State Department's assessment of the IROL training that is currently being offered by the Rule of Law Collaborative at the University of South Carolina under contract with the Judge Advocate General office?

Answer. The training offered by the Rule of Law Collaborative provides several advantages to the United States Government. First, it provides a forum for rule of law program officers to network with each other, share programming ideas, and reflect on lessons learned. Second, it provides basic legal familiarity courses particularly for program officers who may have a generalist background in foreign affairs, but not in rule of law programming. Third, it introduces ideas and people from the wider legal development community to government program officers, ensuring that they are familiar with current standards, ideas, and practices.

Question. The DOD contract with the Rule of Law Collaborative runs out in August 2013.

Given the scheduled draw-down of United States forces in Iraq and Afghanistan and regime changes occurring in the Middle East and North Africa, does the State Department appreciate the value and utility of continuing interagency rule of law training and programming currently being supported by DOD, and is the State Department capable of leading such effort in the future? What would be the most effective funding mechanism to support interagency rule of law coordination and training programs under the auspices of the State Department?

Answer. The Department of State greatly appreciates the value of the Rule of Law Collaborative and the role it plays in fostering interagency cooperation and education. The Department looks forward to continuing current discussions with the subcommittee on the best mechanism for engagement with the Collaborative upon the completion of the DOD contract.

SOUTH AFRICA

Question. The fiscal year 2013 budget request includes \$459 million for HIV/AIDS programs in South Africa.

What is the plan for graduating South Africa from this assistance, and who will pick up the costs (the South African Government or multilateral institutions, such as the Global Fund)?

What other countries receiving U.S. assistance to combat HIV/AIDS are expected to graduate within the next 5 years?

What communications strategy exists to highlight the success of U.S. foreign assistance in these countries?

Answer. Progress in South Africa exemplifies the second phase of President's Emergency Plan for AIDS Relief (PEPFAR), with its emphasis on sustainability and country ownership. The South African Government has provided significant support for the HIV response exemplified by the fact that they have always purchased the antiretroviral drugs for their HIV treatment programs. However, in recent years, the South African Government further ramped up its investment in its national HIV/AIDS response to \$1.1 billion in 2011, with a commitment to increase its funding to \$1.3 billion in 2012. Along with this increase in funding, the South African Government will also assume increased direct responsibility for implementation of the national HIV response. As South Africa steps up its financial and political commitment to the HIV/AIDS response, PEPFAR's role will shift from directly funding treatment of patients to primarily supporting health systems and providing technical assistance. Over the next 5 years, we anticipate a gradual step-down in United States funding as care and treatment programs are transitioned into the primary healthcare system and managed and funded by South Africa. Successful management of this transition will mean more comprehensive and efficient healthcare for all South Africans. The South African Government and United States Government will work together to communicate the benefits of these shifts, highlight the continued rapid scale-up of the national HIV and tuberculosis (TB) response, maintain a high-quality continuum of care, and ensure that all patients continue to receive care and treatment services without interruption. The two governments are now in negotiations around a Partnership Framework Implementation Plan (PFIP), which will define opportunities and timeframe to decrease PEPFAR investments in care and treatment programs where the South African Government is able to take on a greater financial burden, as well as specific capacity-building activities necessary to support this transition.

Global Fund resources also contribute to the transition. PEPFAR provided a one-time \$120 million investment for antiretroviral (ARV) commodity/procurement assistance over fiscal year 2009 and fiscal year 2010 to help supplement the national supply in the face of drug shortages and planned scale-up. This bridge funding was structured to allow South Africa time to strengthen national procurement systems and the pharmaceutical supply chain. The South African Government's new tender to procure drugs resulted in more than a 50-percent reduction in the cost of ARV drugs. Contributions from the Global Fund will help to ensure that financial resources are available to capitalize on these cost savings and allow the South African Government to put more South Africans on treatment. Two-thirds of the \$303 million Round 10 Global Fund grant is dedicated to the purchase of pharmaceuticals, and it will supply about 10 percent of the total expenditure for ARV drugs.

Our transition plan in South Africa will be linked to the South African Government increasing management of the prevention and treatment of HIV/AIDS and will include close collaboration with other donors and institutions like the Global Fund to continue to reduce costs and increase the impact of financial commitments. While United States Government funding will gradually step-down, the overall funding for HIV in South Africa will be stable or increasing, primarily through South African

Government resources. This will be an important success story in the development of country-led responses to the HIV pandemic.

BOTSWANA

Botswana and Namibia are examples of other countries that are expected to take on a greater portion of their own HIV response in the coming years, allowing the United States Government to focus resources on a more limited technical support role while continuing to meet established goals. Since PEPFAR made initial investments in Botswana in 2003, the Government of Botswana has consistently increased its political and financial commitment to addressing the HIV/AIDS epidemic. Since PEPFAR's inception, the Government of Botswana has taken over a growing share of previously PEPFAR-supported treatment activities, such as purchasing all antiretroviral drugs. The Government of Botswana is now taking on even more treatment costs with its move to treatment below a CD4 count of 350 in April 2012, while PEPFAR will provide technical assistance with provider training and lab capacity.

The PEPFAR Botswana team, together with the Government of Botswana, is developing a transition plan that focuses on reducing the U.S. Government investment in direct service delivery for care and treatment and Prevention of Mother to Child Transmission (PMTCT) and increasing investment in providing technical assistance to the Government of Botswana. The capacity of Botswana to continue services for care and treatment and PMTCT is strong, and the overall funding available for the HIV response in country will likely remain stable due to the continued commitment of the government. As the United States Government and the Government of Botswana continue to dialogue about the transition of programs to national funding, the PEPFAR Botswana team will monitor the quality of services provided to ensure that Botswana infected and affected by HIV/AIDS continue to receive high-quality services.

NAMIBIA

The Government of the Republic of Namibia currently contributes 50 percent of financing for the national HIV/AIDS response, and has committed to increasing its financial contribution to 70 percent of the costed need by 2015/2016. As articulated in the Partnership Framework between the United States Government and Government of the Republic of Namibia, over the next few years the U.S. Government will move away from direct support of service delivery to increased provision of technical assistance. Of particular importance, the Government of the Republic of Namibia has agreed to absorb many U.S. Government-funded healthcare worker positions into the public health system. In addition, the Government of the Republic of Namibia will fully fund the purchase of commodities for HIV services. Discussions continue around the rate at which overall U.S. Government financial investments will decrease over the next 5 years. The decline in U.S. Government spending will be carefully monitored to ensure the quality of services remains high.

PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF COMMUNICATIONS STRATEGY

PEPFAR is a major asset to U.S. public diplomacy efforts worldwide and specifically in countries where PEPFAR invests. In the majority of PEPFAR countries, an interagency PEPFAR communications working group composed of implementing U.S. agencies convenes to strategically publicize and promote PEPFAR programs under one U.S. Government umbrella. PEPFAR communications strategies vary at the country level, but overall seek to highlight key programmatic messages to inform partner governments, the development community in that country, and foreign publics on HIV/AIDS services supported by the U.S. Government and their successes. As shifts in available PEPFAR funds are made, U.S. Government communicators will convey them. Yet most importantly, communicators will have an opportunity to showcase the strides made and the lives saved.

FOOD SECURITY

Question. The fiscal year 2013 budget request includes \$1 billion for the Feed the Future Initiative, which seeks to improve agriculture productivity through research, innovation and development, and to improve farmer access to markets and nutrition.

What portion of the budget request will support the use of genetically modified seed, and what impact would the use of such seed have on food productivity in Africa?

Answer. The fiscal year 2013 budget request for agricultural research under Feed the Future (FTF) does not explicitly delineate planned activities based on the use of genetic engineering. However, historical (pre-FTF) obligations for agricultural research and development activities using genetic engineering are \$13.8 million, \$16.5 million, and \$14.9 million in fiscal year 2011, fiscal year 2010, and fiscal year 2009, respectively. These amounts represent 16, 26, and 24 percent of the total agriculture and development budget in fiscal year 2011, fiscal year 2010, and fiscal year 2009, respectively.

Genetic engineering specifically, and more broadly biotechnologies, have significant roles in increasing agricultural productivity and resilience, particularly in light of climate change and the need to improve the nutritional value of staple foods. It is one tool among many that we must deploy to improve productivity in a time of declining resources. Consequently, U.S. agencies are working with countries to develop genetically engineered plant varieties that address agricultural challenges for which conventional approaches have been unsuccessful, partnering with both the public and private sector to ensure equitable access to technologies developed using biotechnology, and helping partner countries develop science-based biotechnology regulations to ensure product safety and efficacy.

U.S. Government-funded research to unlock the potential of biotechnology, both through genetic engineering and other biotechnology techniques, is underway in several countries, including the development of:

- Disease-resistant bananas in Uganda;
- Virus-resistant cassava in Kenya and Uganda;
- Insect-resistant cowpeas in Nigeria and Ghana; and
- Nitrogen-efficient maize and rice, and salt-and drought-tolerant rice in sub-Saharan Africa.

On the regulatory side, USAID supports the Program for Biosafety Systems (PBS), which is managed by the International Food Policy Research Institute. PBS has contributed to the passage of biosafety laws in Kenya, Nigeria, and Ghana, along with the first-ever field evaluations of genetically engineered crops in Uganda and Nigeria, all of which pave the way for the adoption and commercialization of biotech crops in those countries.

The Department of State and USAID will continue the support highlighted above through the fiscal year 2013 Feed the Future budget request of \$142 million for agriculture research and development. Of the requested amount, USAID plans to provide more than \$10 million to promote the role of biotechnology in increasing agriculture productivity.

Question. What are the major obstacles to the use of genetically modified seed and what incentives can the U.S. develop for encouraging the use of such seed in Africa?

Answer. Misinformation about biotechnology—the claim that it is inherently harmful—is a key obstacle. There continue to be misperceptions about the safety of products derived from modern biotechnology. This has led some policy makers in Africa to be hesitant in adopting the technology. Overcoming the reservations of policy makers about the potential risks of biotechnology, including concerns about the impact on trade, is perhaps our greatest challenge. Inadequate public awareness about the potential benefits of biotechnology in enhancing food security, improving livelihoods, and mitigating climate change is another barrier.

Going forward, the absence of enabling environments, such as biotechnology laws and regulatory systems that would allow needed investments in the technology, will likely be the most significant barriers. With the enactment of biotechnology laws and establishment of regulatory systems, a significant amount of capacity building and resources would also be needed in Africa to conduct science-based risk assessments for biotech products and crops in the pipeline. Without such systems in place to either adopt the technology or to authorize the importation of biotech products in an expeditious fashion, trade disruptions occur and farmers and industry are not incentivized to produce biotech crops.

Ultimately, individual African governments will have to make the decision to accept and adopt biotechnology for the good of their people; we are seeing some signs that biotechnology is slowly gaining acceptance in Africa. Prior to the 2008 food price crisis, many African countries were reluctant to consider biotech crops for fear of losing access to important international markets, particularly in Europe where opposition to biotechnology is strong. Increasingly, however, African countries are making decisions based on their own domestic needs. In addition, scientists are developing more staple crops, such as cassava and sorghum, which meet African needs but do not raise trade concerns.

The United States Government aids African governments interested in developing biotechnology to develop science-based, transparent regulatory systems and to build research capacity, while conducting outreach programs to increase awareness about

the use of biotechnology as a tool to achieving greater food security. In fiscal year 2012, the Department of State, in consultation with other agencies, has identified seven African countries—Ghana, Nigeria, Kenya, Tanzania, Malawi, Mozambique, and Uganda—to focus its biotech outreach efforts where we believe the necessary local policy conditions exist for the adoption of biotechnology. We will utilize the Department’s Biotech Outreach Funds to advance this effort, in coordination with and in support of ongoing USAID and USDA biotech-related activities.

Question. How is the Feed the Future Initiative coordinated with the work conducted by other organizations, specifically the Gates Foundation?

Answer. Central to Feed the Future efforts is a partner country-driven approach to addressing the root causes of hunger and poverty. Recognizing that agriculture depends on the strength of a range of institutions working and investing together, building new markets and supply chains, sustainably taking new initiatives to scale and improving global economic potential, we are leveraging the private sector, philanthropic and NGOs, and diaspora communities as we work with host-country partners in a comprehensive way to address global food security needs.

Specifically, USAID works closely with the Gates foundation through both joint funding and complementary programs in agricultural research. Some examples include jointly supported efforts in developing cassava varieties resistant to devastating viruses in Africa through biotechnology, promoting and adapting conservation agriculture for climate resilience in South Asia under the Cereal Systems Initiative for South Asia, and training the next generation of female agricultural scientists under the Agricultural Women in Agricultural Research and Development program. In addition, USAID and the Gates foundation are two of the largest donors to the Consultative Group on International Agricultural Research centers and actively participate in the governance of the system. Our investments to support the African-led Partnership for Aflatoxin Control in Africa are also complemented by support for aflatoxin control in Africa through the Gates Foundation and the UK’s Department for International Development. These investments fall in line with the Comprehensive Africa Agriculture Development Program’s priority of making aflatoxin control central to improved food security in Africa.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

Question. In your view, should United States policy allow Iran to become a nuclear threshold state?

Do you consider “containment” to be a viable United States policy with regard to the Iran and its nuclear program?

How would you define failure in the administration’s current Iran policy?

In your view, can the United States allow Iran to acquire a nuclear weapons capability?

Answer. The administration has been unequivocal about its policy toward Iran. A nuclear-armed Iran would be counter to the national security interests of the United States, and we are determined to prevent Iran from acquiring a nuclear weapon. This is a top national security priority for the Obama administration, and our dual track strategy of pressure and engagement is aimed at preventing such a destabilizing development. We must also counter Iran’s destabilizing actions in the region and beyond, including Iran’s sponsorship of terrorist organizations. We must also spare no effort to advance America’s broader interests in democracy, human rights, peace, and economic development throughout the region. Containment would not allow us to achieve these broad goals.

Question. On December 31, 2011, President Obama signed the fiscal year 2012 National Defense Authorization Act (NDAA) into law, including the Menendez-Kirk amendment (section 1245) imposing sanctions against the Central Bank of Iran (CBI). In its implementing rule, the administration gave you broad discretion to define a country’s “significant reduction” in crude oil purchases from Iran and to grant exceptions to sanctions related to petroleum transactions.

Can you provide a detailed description of the State Department’s efforts in working with our international partners—particularly China, India, and Turkey—to ensure their compliance with CBI sanctions? What has been their response thus far?

Answer. This administration has applied unprecedented economic pressure on Iran through a whole-of-government effort, to force its government to return to the negotiating table, and prove the exclusive peaceful nature of its nuclear program.

Since the enactment of the NDAA for fiscal year 2012, the State Department has engaged in an extensive diplomatic campaign, and numerous administration officials have travel led across the globe, to urge states to reduce their imports of oil from

Iran and end their transactions with CBI, as well as to implement their own national measures against Iran.

Our efforts have had significant success. In fact, we worked closely with the European Union and welcome their January 23 decision to ban all new contracts for, among other things, the import, purchase, or transport of Iranian crude oil by its member states, and to impose sanctions on Bank Tejarat and CBI. We have also engaged Japan in constructive discussions on the implementation of these sanctions, in a spirit of very strong cooperation. We have had productive discussions with many other countries, including Turkey and India, to explain the law, urge them to reduce their oil imports, and underscore the importance of diversifying their energy supplies.

Furthermore, we have engaged China, at every opportunity, to discuss the implementation of the NDAA sanctions, urge its government to significantly reduce its imports of Iranian crude, and press its companies not to “backfill” the business of other firms that have taken the responsible course and departed Iran’s energy sector.

Question. Section 7041(a) of the fiscal year 2012 Consolidated Appropriations Act (Public Law 112–74) stipulated that no aid shall be provided to the Government of Egypt unless that government is committed to “holding free and fair elections; implementing policies to protect freedom of expression, association, and religion, and due process of law.”

In light of the recent actions by the Egyptian Government with regard to the trial of foreign nongovernmental organization (NGO) employees, including American citizens, do you believe that Egypt currently meets the requirements under Public Law 112–74?

Do you believe the United States should provide assistance to an Egyptian Government that does not comply with the Camp David Peace Accords?

What is the administration’s policy toward the Muslim Brotherhood and the Salafists now positioned to control Egypt’s parliament? What can we do to ensure the current round of elections will not be Egypt’s last?

Answer. Egypt has made important progress in its transition by holding credible parliamentary elections and preparing for presidential elections in advance of the commitment by the Supreme Council of the Armed Forces to hand over power to a civilian president by the end of June. We remain deeply concerned about ongoing human rights abuses and restrictions on civil society, and we continue to urge the Egyptian Government to drop its charges against Egyptian and international NGO staff and revise laws on association to meet international standards and to respect the right of all people to associate freely.

With regard to freedom of expression, we are encouraged by the proliferation of Egyptian media outlets and the use of social media over the last year, but we remain concerned about the government’s detentions of bloggers and journalists by military prosecutors. Although the military lifted the emergency law except in cases of “thuggery”, this exception is so broadly defined that the law has the potential to limit full freedom of association and expression.

With respect to freedom of religion, we remain concerned about the continuing lack of accountability for many incidents of sectarian violence that have occurred before and after the revolution. Egypt has made some strides, notably through the passage of anti-discrimination amendments to the penal code, but more needs to be done to protect religious freedom.

The Egyptian Government has reaffirmed its intent to uphold the 1979 Egypt-Israel Peace Treaty, and both sides have a profound interest in maintaining it. In the event that circumstances change, we retain the flexibility to make adjustments to our assistance program at any time. We will continue to emphasize in our discussions with Egypt’s new and emerging leaders that it is in Egypt’s strategic interest to continue to abide by the treaty obligations.

Egyptians have elected new representatives to both houses of parliament. We are committed to engaging with the full spectrum of Egypt’s parliamentarians, whether they are Islamists or secularists, and building a partnership with Egypt’s next government. In doing so, we will continue to stress our support for democratic principles, including the rights of women and religious minorities, and a commitment to nonviolence and regional peace and security.

Our diplomatic outreach and assistance to Egypt during this critical period is designed to facilitate Egypt’s successful transition to a civilian, democratic government that meets the aspirations of Egyptians. We will continue to engage with the Egyptian Government, members of civil society, the business community, and our international partners to support a truly democratic and lasting system of government in Egypt.

Question. Japanese media reported that the United States Government administration would grant Japan an exception to petroleum-related sanctions based on an 11-percent reduction in Japanese crude oil purchases from Iran—is this correct? If not, what threshold will you define as qualifying for the “significant reduction” requirement?

Answer. The Departments of Energy, State, and the Treasury have sent teams of senior-level officials all over the world for frank discussions on the sanctions provisions in the NDAA for fiscal year 2012.

While we cannot detail here our specific discussions for reasons of confidentiality and regard for proprietary information, we’ve had positive responses from a number of countries. Japan, despite hardships and the loss of energy capacity after Fukushima, reduced significantly its imports of crude oil from Iran in the second half of 2011. Japan’s oil industry has aggressively sought out new suppliers as an alternative to Iran. In a different set of circumstances, the European Union took legally binding action to reduce its crude oil imports from Iran to zero. That helps illustrate why it is in our best interest to engage each country on actions it can take, and not present a level that could understate what is possible.

Decisions on what constitutes having “significantly reduced” in terms Iranian crude oil purchases will require renewal every 180 days.

Question. From a diplomatic perspective, how do you set one threshold of “significant reduction” for one country and set another threshold for a second country?

Answer. We look at a number of sources of information in considering whether a country has “significantly reduced” its volume of crude oil purchases from Iran.

For example, we may take into account for how much crude oil a country consumes in the aggregate and how much comes from sources other than Iran. By way of illustration, a country which consumes 100,000 barrels per day of oil from Iran out of a total crude consumption of 1 million barrels per day has more scope for quick reductions than a country for which Iran is a more significant—or even the sole—supplier. Our goal is for countries to demonstrate significant and sustainable reductions in crude oil imports from Iran, recognizing that the means used to achieve this outcome may vary based on individual circumstances.

Question. Section 7041(e) of Public Law 112–74 prohibits aid to the Lebanese Armed Forces (LAF) if the LAF “is controlled by a foreign terrorist organization” and stipulates that fiscal year 2012 funds only be available “to professionalize the LAF and to strengthen border security and combat terrorism.”

In your view, what influence does Hezbollah have on the LAF?

How would you assess the progress of the LAF’s training and performance?

Answer. While we continue to have concerns about Hezbollah’s influence within the body politic, we do not believe this government to be “Hezbollah-run”, nor do we assess that Hezbollah wields any meaningful influence over the LAF. Currently, Hezbollah holds 2 out of 30 cabinet seats—the same number it held in the previous government of Saad Hariri. 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.

We carefully watch for any attempt by Hezbollah, Syria, or Iran to establish influence over the LAF. To date, the LAF has resisted these efforts and prioritizes its relationship with the United States. The LAF’s Commander, General Jean Khawagi, reports to the Lebanese Cabinet and to the Prime Minister and is independent of any specific political faction in Lebanon.

United States security assistance in Lebanon is targeted at building the LAF’s professionalism and capacity as it relates to three specific goals:

- implementing UN Security Council Resolution 1701 to ensure stability south of the Litani river;
- maintaining internal security and preventing a violent spillover from Syria; and
- combating terrorism.

With the support of United States 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 UN Security Council Resolution 1701).

Recent examples of successful LAF operations include effective counter-rocket patrols south of the Litani, which led to the arrest of rocket-firing perpetrators in December 2011; the dismantling of a large narco-terrorism ring in late February 2012; and a series of low-scale, pre-emptive counterterrorism operations since last year which have prevented al Qaeda from gaining a foothold in Lebanon. On February 12, 2012, the LAF mounted a major operation to intervene and stop a sectarian clash in the Northern Lebanese city of Tripoli. LAF units were able to interpose themselves between combatants, stop the fighting, and made a number of arrests and seizures of weapons.

Furthermore, the LAF continues to cooperate with United Nations Interim Force In Lebanon to maintain stability along the blue line between Lebanon and Israel. The LAF's commitment to maintain stability was on display when it prevented violence by Palestinian groups during the June 5, 2011 "Naksa day" protests.

As we have briefed in the past, the LAF maintains an impeccable end-use record; there is no evidence that any U.S. assistance has been transferred to Hezbollah or other unauthorized users. The Department of State will continue to implement end use monitoring, vetting, and other existing safeguards designed to minimize the risk that Hezbollah or other terrorist organizations will benefit from U.S. assistance activities.

NEXT STEPS

Question. What are the next steps in United States policy toward Syria?

Would you support providing direct United States assistance to Syrian opposition groups, including self-defense aid to the Free Syrian Army?

Answer. The United States is taking concrete action along three lines:

- providing emergency humanitarian relief to the Syrian people;
- ratcheting up economic and diplomatic pressure on the regime; and
- encouraging the opposition to unite around a platform of outreach to Syria's minorities and peaceful, orderly political transition.

We are continuously consulting with the like-minded partners on ways to pressure the regime to end violence and enable a political process to move forward. Moreover, we have built an international coalition dedicated to the same goals and methods, one that has been on display in the United Nations (UN) General Assembly and the recent Friends of the Syrian People conference.

On February 24, the United States along with 60-plus members of the Friends of the Syrian People made commitments to get humanitarian aid to the suffering Syrian people, to increase diplomatic pressure and tighten sanctions on Asad and his regime, to strengthen the transition planning of the opposition, and to support the efforts of United Nations envoy Kofi Annan and the Arab League (AL) to end the violence and begin a true dialogue that will lead to the change the Syrian people deserve. Since the inaugural meeting, the European Union announced its 12th round of sanctions against the Asad regime, which were expanded on February 27 to include Syria's central bank and trade in precious metals and diamonds. Joint UN/AL Special Envoy Kofi Annan announced plans to travel to Damascus to meet with the Asad regime and will present a proposal to end violence and unrest in Syria, increase access for humanitarian agencies, release detainees, and start an inclusive political dialogue. It is not clear that he will be able to make progress. Russian Foreign Minister Lavrov intends to meet with the AL's Syria Committee on March 10. We look forward to advancing these goals at the next Friends of the Syrian People meeting in Turkey.

On the humanitarian front, the Friends of the Syria People meeting resulted in pledges of tens of millions of dollars in humanitarian assistance for the Syrian people. Although United Nations Undersecretary General for Humanitarian Affairs and Emergency Response Coordinator Valerie Amos was not granted authorization to travel to Syria in late February, we have urged Syrian authorities to grant immediate and unfettered access as soon as possible. As part of its ongoing emergency food operation targeting 100,000 conflict-affected individuals in Syria, since February 20, the World Food Program has delivered 16,850 family food rations—sufficient to feed approximately 84,000 people for 1 month—to Syrian Arab Red Crescent (SARC) warehouses in 11 governorates. The SARC had distributed more than 7,000 WFP food rations to beneficiaries in 11 designated governorates, although several of the worst-affected areas within the governorates remain inaccessible due to insecurity. The Organization of Islamic Cooperation also announced that Syrian authorities had granted the group permission to send humanitarian aid to Syria.

ARMING OPPOSITION

We have not seen our role to date as one of injecting arms and munitions into Syria or encouraging others to do so. As I have said, "There is every possibility of a civil war. Outside intervention would not prevent that—it would probably expedite it. As you try to play out every possible scenario, there are a lot of bad ones that we are trying to assess."

We have been very resistant to the idea of pouring fuel onto the fire ignited by the Asad regime. Rather, we have defined our role largely in terms of encouraging a peaceful transition by working to isolate this outlaw regime diplomatically, crimping its cash flow, and encouraging 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 UN General Assembly and the recent Friends of the Syrian People conference.

For now, we assess that a negotiated political solution is still possible and is the best way to end the bloodshed and achieve a peaceful transition to democracy, but as the Secretary recently said in London, "There will be increasingly capable opposition forces. They will, from somewhere, somehow, find the means to defend themselves as well as begin offensive measures."

Question. Do you find it inconsistent that as Russia continues to supply the Assad regime with weapons, the United States Government continues to do business with Russian state arms company Rosoboronexport?

Answer. We have voiced our concerns about Russian weapons sales to Syria repeatedly, both publicly and through diplomatic channels with senior Russian officials. Last August, Secretary Clinton 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.

The Mi-17 helicopter purchase effort, conducted directly through Rosoboronexport, is critical to building the capacity of the Afghanistan security forces. This in no way excuses Rosoboronexport for its activities with Syria, but our acquisition of these helicopters is part of our ongoing strategy to hand over the security of Afghanistan to its people. For additional specific questions regarding U.S. contracts with Rosoboronexport, I must refer you to the Department of Defense.

Question. Given Russian support for Assad's brutal attacks against the Syrian people, would you now agree that the administration's push to provide Russia access to sensitive United States missile defense data and technology was misguided?

Answer. The administration is extremely disappointed that the Russian Federation vetoed our attempts to pass a United Nations Security Council resolution condemning the situation in Syria. We have voiced our concerns about Russian weapons sales to Syria repeatedly, both publicly and through diplomatic channels with senior Russian officials. Nevertheless, cooperation between the United States of America and the Russian Federation is necessary for many security-related issues.

Like previous Republican and Democratic administrations, this administration is committed to missile defense cooperation with Russia. The United States continues to assess what information it would be in our interest to share with Russia and others regarding the capabilities of United States missile defense systems. This assessment will affect information shared directly, during tests, and in any future cooperation. It is administration policy that the United States will only provide information to Russia that will facilitate enhance the effectiveness of our missile defenses.

We will not provide Russia with information about our missile defense systems and capabilities that would in any way compromise our national security. We will, however, continue to press Russia on any activities that contribute to the Syrian regime's violent crackdown or threaten regional stability.

Question. The conference report to Public Law 112-74 mandates that the Government Accountability Office (GAO) produce a report to the Appropriations Committees of the House of Representatives and the Senate outlining the steps that would be required to transition services currently provided in the West Bank by the United Nations Works and Relief Agency (UNRWA) to the Palestinian Authority (PA).

Answer. The State Department regularly cooperates with GAO in its efforts to respond to congressionally mandated reporting requirements, and we will offer our complete cooperation in response to the conference report request for the GAO to conduct an assessment of the ability of the PA to assume responsibility for any of the programs and activities conducted by UNRWA in the West Bank and the actions that would be required by the PA to assume such responsibility. The U.S. Government has extensive oversight of UNRWA and uses every mechanism possible to enhance due diligence on U.S. funds provided through the organization. United States Agency for International Development (USAID) is currently working with GAO on its audits concerning fiscal year 2010 and fiscal year 2011.

UNRWA has the sole United Nations mandate to assist Palestinian refugees until there is a resolution to the Israeli-Palestinian conflict. UNRWA's mandate is governed by the UN General Assembly. UNRWA provides essential humanitarian and education support to refugees in the PA-controlled West Bank that is beyond the financial and organizational capacity of the PA at present. We look forward to the day that UNRWA is no longer needed, but this need will continue until there is a resolution to the Palestinian refugee question in the context of a negotiated peace.

Question. Will you commit to providing the GAO complete cooperation and access to information needed to fulfill this mandate, including information related to the PA's accounting and payment systems?

The State Department has posted copies of its 2010, 2011, and 2012 Framework for Cooperation between UNRWA and the Government of the United States of America on the State Department's Web site. The Frameworks can be accessed at <http://www.state.gov/j/prm/releases/frameworknew/index.htm>. Upon request, we would be happy to brief the Senator or interested staff in additional detail on other relevant agreements or documents between UNRWA and the Government of the United States of America.

Question. Can you provide my office with copies of all frameworks, agreements, understandings, or contracts signed and/or agreed to between UNRWA and the Government of the United States of America for all years since 1950?

Who was responsible for negotiating the Framework for Cooperation between UNRWA and the Government of the United States of America for 2011, who will be responsible for negotiating the next framework for cooperation and when will the next framework be signed?

Answer. The Bureau of Population, Refugees, and Migration (PRM) leads the annual framework negotiations with UNRWA for the Department of State, in consultation with State Department colleagues. The 2012 Framework for Cooperation was signed on December 16, 2011, by PRM Acting Assistant Secretary David Robinson and UNRWA Commissioner General Filippo Grandi. A copy of this Framework is available on the State Department's Web site. The 2012 Framework is effective January 1, 2012 through December 31, 2012. Negotiations for the 2013 Framework will begin in August 2012.

Question. Pursuant to report language in Public Law 112-74, how does the State Department plan to prioritize the protection of vulnerable ethno-religious minorities in Iraq, specifically the Chaldo-Assyrian communities in the Nineveh Plains?

Would you support the establishment of an autonomous region in the Nineveh Plains consistent with Article 125 of the Iraqi constitution?

Answer. Security for Iraq's minority communities is a high priority for the United States Government. We continue to work with the Government of Iraq and Iraq's religious and ethnic minority communities to address the challenges faced by these communities in Iraq.

The Government of Iraq provides security for churches and has hired members from Iraq's minority communities to serve in the Government of Iraq's Facilities Protection Services (FPS), which is charged with protecting religious entities in Iraq. Hiring of minority FPS officers was a request of the minority communities and we have been pleased to see the Government of Iraq maintain its commitment to this issue as well as provide increased protection during Christian holidays. Through the Department's Iraq Police Development Program (PDP), United States trainers and advisors work with Iraq's Interior Ministry to improve internal security in a manner that is consistent with international policing and human rights and support efforts to build a police force that is inclusive of all Iraqis.

Article 125 of the Iraqi Constitution "guarantees the administrative, political, cultural, and educational rights of the various nationalities, such as Turkomen, Chaldeans, Assyrians, and all other constituents." Some minorities refer to "administrative" rights as the right to create an autonomous region, or province, for minorities in Iraq. The United States Government believes the creation of an autonomous region for minorities in Iraq is a sovereign issue for minority communities and the Government of Iraq to decide. The Department notes that the position within the communities on the creation of an autonomous region remains divided.

To encourage Iraq's minorities to work together on issues of common interest, the Department has supported the U.S. Institute of Peace (USIP) in the creation of a "Minorities Caucus" within Iraq's Council of Representatives to provide legislative training and capacity development to enable Caucus members to speak with one voice to the highest levels of the Iraqi Government. The Caucus has been able to promote minority rights through legislation. USIP's Rule of Law program also established the Alliance of Iraqi Minorities, a network of 10 minority NGOs and more than 30 leading activists equipped to provide input on minority concerns to local and national government officials.

Moving forward, we will continue to support Iraqi-led initiatives to help create conditions for Iraq's minorities to remain in Iraq.

Question. In response to my October 2011 letter regarding perimeter protection of United States facilities in Iraq, the State Department wrote that "with the exception of two temporary facilities, all sites in Iraq under Chief of Mission Authority . . . meet or exceed requirements established by the Overseas Security Policy Board (OSPB)."

How many temporary facilities that the State Department will operate have been (or are being) constructed in Iraq? Can you identify temporary facilities that do not meet the required OSPB standards? Have you investigated and identified why these

facilities do not meet these standards and what alternatives exist to ensure that these requirements are met?

Answer. How many temporary facilities that the State Department will operate have been (or are being) constructed in Iraq?

The Department maintains seven temporary compounds in Iraq:

- Baghdad Policy Academy Annex (BPAX, formerly Joint Security Station Shield);
- Embassy Annex Prosperity;
- Baghdad Diplomatic Support Center (BDSC, formerly Sather Airbase);
- Consulate General Basrah;
- Consulate General Erbil (Ankawa);
- Consulate General Kirkuk; and, Erbil Diplomatic Support Center (EDSC).

Can you identify temporary facilities that do not meet the required OSPB standards?

At the time of the Department's response to Senator Kirk's October 2011 letter, three¹ Department of State temporary facilities—BPAX, Embassy Annex Prosperity, and BDSC—had pending waivers to OSPB and Secure Embassy Construction and Counterterrorism Act of 1999 (SECCA) standards. Subsequently, Embassy Annex Prosperity has been granted a waiver.

In addition, we are in various stages of requesting waivers and/or exceptions for Consulates General in Erbil, Basrah, and Kirkuk, and EDSC.

Question. Have you investigated and identified why these facilities do not meet these standards and what alternatives exist to ensure that these requirements are met?

Answer. All Department facilities throughout Iraq are subject to OSPB (12 FAH-6 H-114.4) policies and SECCA requirements. The need to be mission-capable by a certain date, on a given site, and with due attention to the cost of these temporary sites meant that in some cases compliance with one or more standards was not possible. The Department, therefore, utilized exception and waiver procedures. Waivers and exception packages identify the deficiencies for each site and allow the Department to give careful consideration to operating in a facility that does not meet OSPB or SECCA standards. This is done by evaluating the risks, and deciding when security considerations permit the standards to be waived in a particular case.

Where OSPB and SECCA standards could not be met, the following mitigation strategies were utilized as temporary measures for temporary facilities:

- Overhead protective systems are in place at BPAX, BDSC, and Consulate General Basrah. These systems result from a threat-driven initiative by Post, rather than a regulatory requirement.
- T-Walls backed by Jersey barriers to meet anti-climb and anti-ram requirements are in place or being installed for perimeters at EDSC, Prosperity, BPAX, BDSC, Consulate General Basrah, and Consulate General Erbil.
- T-Walls for side-blast mitigation around offices and living spaces are used at EDSC, Prosperity, BPAX, BDSC, and Consulate General Basrah. As stated in the Department's response to Senator Kirk's October 2011 letter, T-Walls provide limited blast mitigation. The Department worked to transfer the majority of these barriers from the Department of Defense to stretch limited financial resources and be good stewards of public monies while meeting the need for expediency in a contingency operating environment.
- Robust perimeter guard towers are employed at all Department of State sites, except Consulate General Erbil and EDSC. These towers are a DS-supported initiative in response to the evaluation of potential threat rather than to a regulatory standard. The Department continually monitors the risk levels, the mitigation strategies in place, and any change in the expected length of occupancy of these temporary facilities. If additional measures are required, including full compliance with the applicable standards where possible, we will act.

Question. As required by section 7046(c) of Public Law 112-74, are you prepared to certify that Pakistan is "not supporting terrorist activities against United States or coalition forces in Afghanistan" or "cooperating with the United States in counterterrorism efforts against the Haqqani Network"?

Answer. I do not want to presuppose or prejudice the findings of any certification review, but I assure you that we will diligently and thoroughly consider the certification requirements set forth in the statute and all the relevant facts when determining whether Pakistan is cooperating with the United States against the Haqqani Network.

Question. What steps is the administration taking to press Turkey to end its blockade of Armenia and to normalize relations without preconditions?

¹The Department's previous response referred to two facilities. This was an oversight.

Answer. The Obama administration strongly supports the efforts of Turkey and Armenia to normalize their bilateral relations. The United States maintains an ongoing dialogue with Turkish and Armenian officials at all levels on these issues, and we will continue to support the courageous steps taken by individuals in Armenia and Turkey to foster a dialogue that acknowledges the history they share in common.

The U.S. Government also supports a number of track II initiatives to enhance people-to-people connections, building a foundation for reconciliation on which our foreign policy goal of peace, stability and normalization can grow. Our Embassy in Ankara supported youth leadership seminars with Armenian, Turkish, and American participants; university exchanges have focused on tourism development; and English teacher training has examined the role of language to promote cross cultural ties. The USAID mission in Armenia funded a large Armenia-Turkey project implemented by the Eurasia Partnership Foundation from 2010 to 2012, and plans to continue supporting cross-border programs in the coming fiscal year. Our Embassy in Yerevan supported a multi-national youth orchestra for cultural dialogue through music. Both Embassies provide small grants to local NGOs and alumni of U.S.-funded exchange programs to support cross-border reconciliation projects.

Question. On December 13, 2011, the House of Representatives unanimously passed a resolution calling on Turkey to return Christian churches and properties (H. Res. 306).

What efforts has the administration undertaken in this regard and what has been Turkey's response? Are you satisfied with the response?

Answer. The return of the property of minority religious communities in Turkey is an important goal of this administration, and we have repeatedly raised this issue with Turkish officials at the most senior levels. Religious minority groups continue to face challenges in Turkey, but we are encouraged by the concrete and important steps the Government of Turkey has recently taken to address historical grievances and promote religious freedom.

In August 2011, for example, Prime Minister Erdogan issued a decree allowing religious minorities to apply to reclaim churches, synagogues, and other properties confiscated 75 years ago. Several properties have already been returned to the 24 minority religious community foundations which have applied thus far. In November 2010, the Government of Turkey returned the Buyukada orphanage to the Ecumenical Patriarchate, in line with a ruling by the European Court of Human Rights. Separately, speaking to the press on the issue of the re-opening of Halki Seminary, Deputy Prime Minister Bozdog said in February the government would "support such a move." He went on to say, "The main debate is on the status of the school; it is not about permission." We will continue to urge the Government of Turkey to follow through on this commitment.

The redrafting of Turkey's constitution also represents a significant development for Turkey's minority religious communities. Parliament speaker Cemil Cicek has reached out to Orthodox, Jewish, Armenian, and Syriac leaders during this process. On February 20, the Ecumenical Patriarch was invited to address the Turkish Parliament for the first time in the history of the republic. In his address he acknowledged ongoing challenges when it comes to religious freedom in Turkey, but also noted the positive changes taking place when he remarked, "Unfortunately, there have been injustices toward minorities until now. These are slowly being corrected and changed. A new Turkey is being born."

We welcome these positive steps but also recognize that more needs to be done. This administration will continue to monitor Turkey's progress closely, in consultation with the religious communities affected, urging the Government of Turkey to return all properties confiscated from minority religious communities to their rightful owners.

Question. As you know, there have been increasing ceasefire violations in Nagorno Karabakh (NK), most recently resulting in the death of an Armenian soldier. Azerbaijani officials have continued to make aggressive statements that undermine stability in the region, including threats made in March and April 2011 to shoot down civilian aircraft over NK. Last month, President Aliyev said, "It's not a frozen conflict, and it's not going to be one." In light of these developments, is it your view that the Government of Azerbaijan continues to meet all conditions for a waiver under section 907 of the FREEDOM Support Act, including that aid to Azerbaijan "not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan"?

Answer. Armenia and Azerbaijan have expressed support for the Organization for Security and Co-operation in Europe (OSCE) Minsk Group process to achieve a peaceful resolution of the Nagorno-Karabakh conflict. In a joint statement with Russian President Medvedev in Sochi in January 2012, Presidents Aliyev and Sargsian

committed to accelerate reaching agreement on the Basic Principles, which provide a framework for a comprehensive peace settlement. As a co-chair of the OSCE Minsk Group, the United States remains committed to assisting the sides in the Nagorno-Karabakh conflict to reach a lasting and peaceful settlement. To this end, the United States calibrates its assistance to ensure that it is not usable in an offensive operation against Armenia or Azerbaijan, does not affect the military balance between Armenia and Azerbaijan, and does not undermine or hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan. The United States most recently exercised its authority to waive section 907 of the FREEDOM Support Act on February 10, 2012.

Question. On January 26, 2012, you stated that the Armenian genocide is “a matter of historical debate.” Do you believe that the administration’s current policy that fails to recognize the Armenian genocide serves to promote reconciliation in the region and speak clearly to America’s moral principles and values?

Do you stand by your 2008 statement that, “[T]he horrible events perpetrated by the Ottoman Empire against Armenians constitute a clear case of genocide,” and that “[o]ur common morality and our nation’s credibility as a voice for human rights challenge us to ensure that the Armenian genocide be recognized and remembered by the Congress and the President of the United States”?

Answer. The United States recognizes the events of 1915 as one of the worst atrocities of the 20th century. Every April 24 the President honors the victims and expresses American solidarity with the Armenian people on Remembrance Day. We mourn this terrible chapter of history and recognize that it remains a source of great pain for the people of Armenia and of Armenian descent, and for all those who believe in the dignity and value of every human life.

The President has said in his April 24 Remembrance Day statements that the achievement of a full, frank, and just acknowledgement of the facts of what occurred in 1915 is in all our interests. He also has said that the best way to advance that goal is for the Armenian and Turkish people to address the facts of the past as a part of their efforts to move forward. He strongly supports the efforts of Turkey and Armenia to normalize their bilateral relations. The President believes that together, Armenia and Turkey can forge a relationship that is peaceful, productive, and prosperous. We believe that full normalization of relations between these two neighbors is important for the future of both countries and for stability in the region.

Question. Do you support any official restrictions on communication, contacts, travel, or other interactions between United States and Nagorno Karabakh Government officials?

Answer. As a co-chair 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 leaders in order 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. Co-Chair of the Minsk Group travels 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.

KOSOVO

Question. According to USAID, “Kosovo is the youngest country in Europe with more than 50 percent of Kosovars aged 25 or younger. The growing youth population that is unemployed (estimates range from 50 to 75 percent), disengaged, and disconnected is emerging as an urgent issue for the newly independent state.” In an effort to foster stability and economic development, would you support prioritizing United States assistance for Kosovo with a focus on education? Can you please provide an update on your efforts in regard?

Answer. The U.S. Government supports a wide range of programs designed to create economic growth and long-term, sustainable opportunities, including in the fields of education and workforce capacity development. Both State and USAID recognize that professional and vocational education is key to stability and growth in Kosovo and throughout the region.

USAID has supported the basic education sector in Kosovo by engaging in activities in learning assessment, curriculum and professional development, including the introduction of technology in math and science, and management capacity, consistent with the Kosovo Ministry of Education’s reform strategy. As a result of a strong partnership USAID developed with the Government of Kosovo, United States Government funding for basic education in Kosovo was not allocated after fiscal year

2011, as the Government of Kosovo now contributing resources in order to meet program objectives in this sector.

Higher education funds support results-oriented programs to address specific issues related to human resource development and higher learning. Our assistance is aimed at supporting the development of Kosovo's educational institutions, particularly those that will have a direct impact on Kosovo's economic growth and democratic stability.

USAID and State are reviewing options to expand financial support for bilateral educational exchanges between Kosovo and United States universities and colleges. USAID is currently engaging in feasibility analysis to determine the needs of strategically selected Kosovo higher education institutions in priority development areas. The assessment will also address institutional partnerships, faculty exchanges and student scholarships, as these contribute to building and strengthening Kosovo's development institutions and societal transformation.

We anticipate that USAID will make specific recommendations to the State Department no later than summer 2012 on a plan for expanded support for higher education in Kosovo.

Question. When do you expect the joint State-USAID Partner Vetting System (PVS) pilot to become fully operational?

Answer. State and USAID will jointly deploy the five-country vetting pilot. Both organizations needed to undertake a series of regulatory actions and system modifications to begin to vet in the pilot countries, and in accordance with the fiscal year 2012 Appropriations Act language, intend to deploy the pilot prior to September 30, 2012.

Question. Would you support expanding PVS globally?

Answer. The countries selected for the pilot represent a range of risks, and are located where both State and USAID have comparable programs. The pilot program is intended to generate information so that State and USAID can "test" certain assumptions related to the use of vetting and risk assessment tools as a means to prevent funding and support of terrorist organizations. State and USAID will collect and analyze information during the pilot to determine the costs and benefits of this type of vetting. This evaluation will include analyzing whether vetting is successful in preventing the funding and support of terrorist organizations; what the level of risk is for such funding without vetting; and what impact vetting has on the efficient and effective implementation of United States foreign assistance programs. At the conclusion of the pilot program, State and USAID will determine whether it is appropriate to implement a partner vetting system more broadly, and/or make changes to the risk-based model it employs.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

EGYPT

Question. What impact would cutting all United States foreign aid to Egypt have on our relationship? Do we know if United States aid is a condition for Egypt's continued adherence to the Camp David Accords?

Answer. Cutting all United States foreign aid to Egypt would severely hamper our ability to protect vital national security interests in the region and support a successful transition to democracy in Egypt. As we begin a new chapter in our relationship with an elected Egyptian Government, our assistance demonstrates continued commitment to the United States-Egypt strategic partnership that has been a linchpin of regional peace and security for more than 30 years. In this vein, our Foreign Military Financing (FMF) supports our critical partnership with Egypt on regional security, counterterrorism, and efforts to stop arms smuggling. FMF also allows Egypt's military to maintain its readiness and interoperability with United States forces, which is essential for effective cooperation on regional threats.

Since 1975, our economic assistance has made a transformative impact on the lives of Egyptians by supporting advances in a wide range of fields, including education, healthcare, agriculture, entrepreneurship, and governance. Our Economic Support Funds also play an important role in promoting economic growth and fiscal stability in Egypt, which in turn helps ensure that Egypt can establish stable democratic institutions. Ending economic assistance to Egypt would cast doubt on our support for this transition and damage our relationship with the Egyptian people.

Although much of our bilateral assistance has been provided since the Treaty of Peace between Egypt and Israel, the United States is not a party to the treaty and is not obligated to provide continued assistance to Egypt. Our security and economic

assistance is designed to promote stability, democracy, and economic prosperity—interests the United States shares with Egypt.

Question. Now that United States nongovernmental organizations (NGO) are no longer operating in Egypt, what kinds of channels does the United States have to positively impact Egypt's democratic transition?

Answer. Despite the Egyptian Government's investigation into foreign funding of NGOs, NGOs continue to operate in Egypt in a variety of roles supported by donors from around the world, including the United States. Many Egyptian NGOs continue to perform work that promotes human rights and holds the Egyptian Government accountable; for example, throughout Egypt's parliamentary elections, dozens of Egyptian NGOs organized networks of election "witnesses" who were deployed to make sure the vote was fair and transparent.

However, we remain deeply concerned that the Egyptian Government continues to pursue criminal charges against the staff of National Democratic Institute, International Republican Institute, Freedom House, the International Center for Journalists, and the Konrad Adenauer Foundation; Egypt's laws on associations and their implementation appear contrary to Egypt's international obligations and commitments regarding human rights and fundamental freedoms. We will continue to register these concerns and defend publicly and privately the critical role civil society plays in any successful democracy.

We will also continue to employ all the tools at our disposal to support Egypt's democratic transition. Our diplomacy, public messaging, and assistance are all designed to support the aspirations of the Egyptian people for a democratic future and promote respect for human rights, and we will seek to support the voices of those Egyptians who are pressing for positive change. The Supreme Council of the Armed Forces has pledged to hand over power to an elected president by July 1, and we expect a democratically elected civilian to take power on that date.

In anticipation of this new government, we have also begun engaging extensively with Egypt's newly elected parliamentarians, presidential candidates, and other rising political leaders. In all of these conversations, we have emphasized the importance of respecting democratic institutions and the universal human rights of all Egyptian citizens, including freedoms of expression, association, and religion.

Question. Given the increasingly chaotic situation on the Sinai Peninsula, it appears the Egyptian Government is incapable for the moment of guaranteeing the stability of that region. What kinds of things can the United States be doing to positively impact the Sinai area, and can that be accomplished with directed security assistance?

Answer. Improving security in the Sinai is a complex issue that calls for engagement on many fronts. We are encouraged by the fact that the Egyptian Government has undertaken counterterrorism operations in the area and announced the formation of a Sinai Development Authority to address security challenges. However, more can be done to encourage and support development for residents of the Sinai, which is the root cause of crime and unrest. We will continue to engage with the Egyptian Government at the highest levels on this issue to convey the importance of restoring security to the Sinai. In addition, we look forward to working with Egypt's next elected government on solutions to this important issue.

IRAN

Question. Is containment of Iran's future nuclear threat a real option for U.S. national security? If not, is there any real option outside of prevention?

Answer. The administration has been unequivocal about its policy toward Iran: A nuclear-armed Iran would be counter to the national security interests of the United States, and we are determined to prevent Iran from acquiring a nuclear weapon. This is a top national security priority for the Obama administration, and our dual-track strategy of pressure and engagement is aimed at preventing such a destabilizing development. As we have said, however, no options are off the table.

Question. During this hearing last year, we discussed the option of using funds from the Middle East Partnership Initiative (MEPI) to assist groups looking to make Iran a more pluralistic society. Has the State Department begun using MEPI funds for this purpose?

Answer. The State Department is not using MEPI funding to support Iran projects.

However, since 2004, the State Department has used a different appropriation to help Iranian civil society make its voice heard in calling for greater freedoms, accountability, transparency, and rule of law from its government.

Additional information about Iran programming is available to you and your staff in a classified briefing.

Question. What kinds of diplomatic initiatives is the administration taking with regard to some of our more reluctant international partners on sanctions? Russia, China, India?

Answer. The administration has held very candid conversations about implementing sanctions with a number of countries, including China, India, and Russia. As I have testified, countries in a number of cases, both in government and business, are taking actions that go further and deeper than their public statements might indicate.

In the cases of China, India and Russia, all three share our goal of preventing Iran from acquiring a nuclear weapon and we have worked with each on this objective, both bilaterally and in multilateral fora.

PAKISTAN

Question. What overall direction is the United States relationship with Pakistan heading right now? How does ongoing United States foreign assistance contribute to that trend?

Answer. Despite challenges in the bilateral relationship, the United States and Pakistan recognize that it is in both of our strategic interests to continue a meaningful engagement. At this time, Pakistan's Parliamentary Committee on National Security is conducting a review of the bilateral relationship. The completion of the Parliamentary Review will offer an important opportunity to refocus our engagement to ensure that it is enduring, strategic and defined more clearly. The United States respects Pakistan's sovereignty and desires to achieve a more balanced relationship, in part through this Review.

Both Pakistan and the United States share an interest in ensuring a stable, tolerant, democratic and prosperous Pakistan. Our civilian assistance programs, focused primarily on five priority sectors of energy, economic growth (including agriculture), stabilization of the tribal border areas, education, and health, with a cross-cutting focus on helping Pakistan strengthen civilian governance, help support that objective. As such, civilian assistance has continued uninterrupted throughout recent challenges in the relationship. By working with the Pakistani Government and non-governmental institutions to strengthen the country's economy, governance, and capacity to deliver public services, we make Pakistan a stronger partner for bilateral cooperation. In the long-term, we seek to support Pakistan's economy with an emphasis on trade over aid.

Counterterrorism and counterinsurgency remain primary United States national security interests in Pakistan. Our security assistance programs continue to focus on strengthening Pakistan's capabilities in counterterrorism and counterinsurgency, and on promoting closer security ties with the United States. Since May 2011, the administration has slowed some of our security and military assistance, reflecting the reality that some of these programs are tied to the level of cooperation in our overall relationship. We continue to calibrate and review the delivery of security assistance to ensure that it is in line with our shared objectives and based upon Pakistan's cooperation. We are looking at ways to adjust our programs to ensure they continue to meet our national security objectives.

RUSSIA

Question. The U.S. Congress may face a critical decision this year as it considers the idea of allowing Russia Permanent Normal Trade Relations to comply with commitments under the World Trade Organization (WTO). Because the United States already consented to Russia's joining the WTO before the Congress could act, this decision is now just about whether or not United States companies can take advantage of WTO rules in Russia. Why did the United States consent to allow Russia to join the WTO before the Congress could properly consider this important issue, especially during a time when so many of Russia's other actions are challenging to basic tenets of U.S. policy?

Answer. Today, the United States has few effective tools to resolve issues with Russia when United States exporters of goods and services are adversely affected by actions of the Russian Government. When Russia is a member of the WTO, Russia will be subject to the same rules that other WTO members must comply with, as well as additional commitments that we negotiated over nearly two decades to address United States trade concerns. WTO members, including the United States if Permanent Normal Trade Relations are extended to Russia, will have recourse to WTO dispute settlement procedures to address any noncompliance on Russia's part. The United States made no new commitments or concessions to Russia to achieve this situation.

During the negotiations, State, United States Trade Representative (USTR), and other agencies consulted closely with several congressional committees on the terms and timing for Russia's accession to the WTO. Before joining the consensus among WTO members to invite Russia to join the WTO, we discussed the terms for accession and the need to invoke the provisions of the WTO agreement that prevent application of the Agreement between the United States and Russia until we withdraw our invocation of that provision. One of the strengths of the WTO is that members have taken a pragmatic approach and avoided taking actions for nontrade reasons.

We are sensitive to the need for the Congress to consider all aspects of our relationship with Russia and are willing to discuss these issues with you and your colleagues as we work together on steps that will allow us to reap the benefits of an improved trade relationship with Russia and find ways to persuade Russia to change other actions and policies.

Question. After the largest default in history 11 years ago, Argentina effectively turned its back on more than \$81 billion in international bonds. Many of these bonds were issued under U.S. law. More than 100 United States court judgments have ordered Argentina to fulfill its debt obligations to United States creditors, but Argentina has not complied. Is the State Department taking any steps to protect the interests of these U.S. creditors?

Answer. On the margins of the Cannes G-20 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 resolves its longstanding obligations to creditors and arbitral award holders. Failing this, Argentina's access to United States financial markets remains sharply curtailed.

By meeting its obligations to creditors and investors, Argentina would send a strong signal that it welcomes and encourages foreign and domestic investment that is crucial for the sustained economic growth. Argentina's arrears to United States Government agencies total about \$550 million, and U.S. Government effort, including the Paris Club of official creditor nations, is appropriately focused on recovering full payment on these loans extended on behalf of American taxpayers. We also continue to use every opportunity to urge Argentina to resolve the claims of private American bondholders and investors.

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.

QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

Question. The Senate Appropriations Committee's report to accompany the fiscal year 2012 State, Foreign Operations, and Related Programs bill noted the historic flooding which occurred along the Souris River in 2011. The Committee recommended "that the Department of State request that the International Joint Commission, through the International Souris River Board, review "Annex A" of the 1989 bilateral agreement for Water Supply and Flood Control in the Souris River Basin and identify revisions to improve bilateral flood control efforts." Please provide an update about the State Department's efforts to start a process of revising "Annex A."

Answer. At the International Joint Commission's (IJC) International Souris River Board's last meeting on February 22, 2012, the Board approved establishing a Task Team to lead the review of Annex A of the 1989 agreement. The Board currently is developing a Terms of Reference for the Task Team. Once it is constituted, the Task Team will develop a proposal to the IJC's International Watersheds Initiative to support the review of the annex.

Question. What is the administration's message to the pro-democracy movement in Iran as we apply sanctions to the regime?

Answer. As we've moved to levy more extensive sanctions against Iran, we have made clear to the Iranian people that these steps emanate from our deepening frustration with the choices made by the Iranian regime. Our message to the Iranian people and the pro-democracy movement is that the regime should be held accountable for the suffering it has brought upon the country through the choice it has

made at the expense of the Iranian people. The President has continued to reiterate that Iran faces a choice (most recently in the State of the Union Address):

“Let there be no doubt: America is determined to prevent Iran from getting a nuclear weapon, and I will take no options off the table to achieve that goal. But a peaceful resolution of this issue is still possible, and far better, and if Iran changes course and meets its obligations, it can rejoin the community of nations.”

I have also expressed support for the Iranian people, noting our efforts to counter the Iranian regime’s efforts to place an electronic curtain around the Iranian people. As a part of a promise to the Iranian people that we will counter the regime’s electronic curtain, the Department of State continues to work with the Department of the Treasury to publicize clarifying guidance regarding the exportation to Iran of software and services that will empower ordinary Iranians to communicate with others outside Iran.

We will also continue to speak out against Iranian human rights abuses and work through multilateral for a to ensure that Iranian voices are heard.

As we continue to amplify this message, we hope that more and more Iranians will understand that the United States seeks deeper connections with the Iranian people that create new possibilities for mutual understanding.

Question. What does the fiscal year 2013 budget request do to support the advancement of democracy, human rights, and the rule of law in Iran?

Answer. Since 2004, the State Department and USAID have prioritized the advancement of democracy, human rights, and the rule of law in Iran by supporting projects to help Iranian civil society amplify its voice in calling for greater freedoms, accountability, transparency, and rule of law from its government.

Our fiscal year 2013 budget request seeks to continue supporting similar initiatives that promote access to new media, encourage freedom of expression, strengthen civil society capacity and advocacy, and increase awareness of and respect for human rights, the rule of law, good governance and political competition.

Additional information about Iran programming is available to you and your staff in a classified briefing.

SUBCOMMITTEE RECESS

Senator LEAHY. And we are just about on time.

Thank you, Madam Secretary.

Secretary CLINTON. Thank you very much, Mr. Chairman.

[Whereupon, at 12:02 p.m., Wednesday, February 28, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2013**

WEDNESDAY, MARCH 14, 2012

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:08 a.m., in room SD-226, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy and Graham.

UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT

STATEMENT OF RAJIV SHAH, M.D., ADMINISTRATOR

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Good morning Dr. Shah and thank you for being here. We will be discussing the U.S. Agency for International Development's (USAID) budget.

It has been a little more than 2 years since you became USAID Administrator, and I know you had to start addressing the serious cultural and programmatic problems you inherited that have plagued USAID for years. You have plenty to be proud of. USAID's programs have helped to improve agricultural productivity, rather than countries having to import food. USAID has increased the enrollment of girls in schools, which is extremely important. USAID has also saved countless lives from malaria and other diseases.

We also understand that in any bureaucracy as large as USAID change doesn't come easily, and so while you have made progress there is a long way to go.

We included several provisions in the Department of State, Foreign Operations, and Related Programs bill last year to support USAID's procurement reform.

We have asked USAID for recommendations of other ways the Congress could amend the Federal acquisition regulations. I have said to you privately and publicly that I am concerned that a few large U.S. contractors and nongovernmental organizations (NGOs) obtain the majority of USAID funding.

Eight years ago, the Congress created the Development Grants Program, a small fund to support innovative proposals including small, mostly local NGOs. But I see what happens so often, USAID

has taken a good idea and either failed to implement it or redesigned it in such a way that it thwarts our intent.

I think you have to fundamentally reform the way USAID does business. If the changes we have asked for simply end up shifting a whole lot of money to big contractors in developing countries, that is not the reform we seek.

A related concern is sustainability of USAID's programs. The World Bank recently analyzed the sustainability of nonsecurity assistance in Afghanistan. They estimated that by 2014 between \$1.3 billion and \$1.8 billion will be needed just to maintain and operate the programs that are currently underway.

The majority of our assistance programs are funded by USAID. There is just no way at all that an impoverished, corrupt government—and the Karzai government is corrupt—can come up with that kind of money, even if it wanted to. This concern is not limited to Afghanistan. Sustainable development became a popular slogan a decade or so ago, but we need more than slogans.

I think a lot of what USAID does is well-intentioned, but not sustainable. We hear of programs that are not pursued because program officers are afraid to try something new and may fail, and I understand that. But if USAID is unwilling to try new things, we simply end up continuing to fund projects that produce mediocre results.

Your budget requests include disproportionate amounts for Afghanistan and Iraq. That is wishful thinking.

Billions of people today live in conditions that would be condemned if they were animals living in the United States. Yet these are human beings. Corrupt leaders plunder their countries' natural resources as though they were their personal bank accounts while their people scavenge for food.

We are racing toward 9 billion people in the world. The demand for food, water, land, and electricity outstrips supply. We see what may be coming, and these are all things that you know as well as I, and you see them every day.

PREPARED STATEMENT

We want to hear from you, but first, of course, from Senator Graham, who I should point out has followed the tradition of this subcommittee where both the chairman and ranking member have worked very closely together, just as Senator Gregg and I did and Senator McConnell and I did when each one of us was either chairman or ranking member.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Welcome Dr. Shah and thank you for being here. This morning we will discuss the United States Agency for International Development's (USAID) budget request for fiscal year 2013.

It has been a little more than 2 years since you became USAID Administrator and began to address the serious cultural, management, and programmatic problems you inherited that have plagued USAID for years.

We appreciate your efforts. You are taking steps to improve efficiency and reduce costs, which are reflected in your budget request. USAID also has plenty to be proud of thanks to investments that have improved agricultural productivity, increased the enrollment of girls in school, and saved countless lives from malaria and other diseases—to name just a few examples.

We also recognize that, as much as we wish it were otherwise, as with any large government bureaucracy, change does not come easily at USAID. In fact, I would say that after 2 years and lots of hard work, you are at first base.

Last year we included several provisions to support USAID's procurement reform. We have also asked for recommendations of other ways the Congress could amend the Federal acquisition regulations, if they impose onerous or unnecessary requirements on USAID.

I have long voiced my concerns with the way a few large U.S. contractors and nongovernmental organizations (NGOs) obtain the vast majority of USAID funding. Years ago I created the Development Grants Program, a small fund to support innovative proposals of small, mostly local NGOs. But USAID has done what it does too often—take a good idea and either fail to implement it or redesign it in such a way as to thwart the original intent.

I hope you can tell us what you expect from the changes to USAID's procurement process, because they need to fundamentally reform the way USAID does business. If these changes just end up shifting resources to big contractors in developing countries that is not the reform we seek.

Another concern is the sustainability of USAID projects. The World Bank recently analyzed the sustainability of nonsecurity aid in Afghanistan and estimated that by 2014 between \$1.3 and \$1.8 billion will be needed just to maintain and operate the programs that are currently underway. The majority of those programs are funded by USAID.

There is no way that impoverished, corrupt government can come up with that kind of money even assuming it wanted to.

This concern is not limited to Afghanistan. "Sustainable development" became a popular slogan a decade or so ago, but slogans don't get you very far. USAID does a lot of good, but I worry that too much of what USAID does, while well-intentioned, is not sustainable.

We also hear of innovative projects that USAID has not pursued because program officers are afraid to try something new and fail. I understand that, but we need to balance accountability of taxpayer dollars with a willingness to try promising new approaches to development. It may make less fiscal sense to continue funding projects that produce mediocre results, than it does to fund new ideas even if it means taking some risk.

Your fiscal year 2013 budget request for USAID operating expenses and programs totals slightly less than what was enacted for fiscal year 2012, including disproportionate amounts for Afghanistan and Iraq which, in my view, are more a reflection of wishful thinking than what can be effectively used.

Today, we face similar fiscal challenges as we did last year. To those who think this budget is some kind of luxury or charity we can't afford, I would say take a look at the world around us.

Despite progress in many countries, billions of people live in conditions that would be condemned if they were animals living here, while corrupt leaders plunder the country's natural resources as if it were their personal bank account. As the Earth's population races toward 9 billion and the demand for food, water, land, and electricity outstrips supply, it does not take a rocket scientist to foresee what the future may hold.

We ignore these forces at our peril, and while USAID cannot possibly solve these problems alone we need to get the most for our money. I want us to work together to bring about the kind of transformative changes at USAID that this country, and the world, needs.

Senator LEAHY. Senator Graham.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman.

That is very true. I have enjoyed working with you and your staff. And you know, being the ranking Republican, talking about foreign assistance is not popular, in general, but I think very necessary. And I just want to say I think you have done a great job.

I think USAID is changing for the better, that you have thought outside the box, that your cooperation with the military in Afghanistan evolved over time to where USAID actually coordinates with it. Our civilian-military partnership in Afghanistan is as good as I

have seen it. We are making sure that the dollars we spend on the USAID side fits into the strategy to withdraw and transition.

In Iraq, I share Senator Leahy's concerns. I just—I am not so sure that the security footprint in Iraq can be maintained by a civilian contractor force, and I am very worried about the ability to get the dollars out the door into the hands of people and transform the country because of lack of security. And I couldn't agree with Senator Leahy more. We are going to have to redesign our footprint in Iraq.

But as far as Africa is concerned, I really enjoyed my visit over there a month or so ago. I met your people on the frontlines. Between President Clinton and President George W. Bush, we have done a very good job.

And I know Senator Leahy has been supportive of trying to get dollars from the American taxpayer to do three things—create a counterweight to China. China is all over the continent of Africa, and their desire to help the people, I think, is secondary to their desire to own the resources that the people have.

I do worry about safe havens for al Qaeda and other terrorist organizations developing in Africa. And the third thing is that make sure that our money is being spent to create economic growth in the future for American companies. We have a lot of efforts going on in Africa to deal with AIDS and malaria and other diseases where we have a transition plan.

I want people to understand that the foreign aid budget is about 1 percent of the total budget and that under Administrator Shah's guidance and Secretary Clinton, we are trying to find ways to transition. It is not an endless, perpetual amount of money being spent to combat AIDS and malaria. We are creating systems that can be sustained in Africa by local governments, by the national governments.

I applaud your efforts to come up with a transition plan. Some places would be quicker than others, but there is a desire to build people up so they can help themselves.

On food security and agriculture development, I really applaud your efforts to try to get the Europeans to be more reasonable when it comes to the use of hybrid seeds and other farming techniques that will allow Africa to double or triple their food production, just by using modern farming practices. Your association with ONE, the Gates Foundation, and faith-based organizations are the way to go.

There is a lot of goodwill from the American people, apart from their Government. There are a lot of churches involved in Africa, a lot of private foundations all over the continent that are delivering quality services, and I want to make sure that we partner with the private sector in an appropriate way.

As far as Afghanistan, sustainability is a question, but I think General Allen has a good military plan to withdraw. And post-2014, I do believe it is in our national security interest. The foreign assistance account is a tool to be used to protect America.

There are many ways to protect this country. Sometimes it is military force, but it doesn't have to be that way all the time. Sometimes it is just helping the population with devastating prob-

lems like AIDS and malaria, building up a relationship with younger people which is going to take more than 1 day.

And the chairman is right. The Karzai government is very difficult to deal with. Corruption is rampant. But having been there about a dozen times, I can tell you there is a new generation coming through the system that will have a different attitude about Afghanistan. This is going to take a while.

People from age 25 to 45 have been mentored by our military, by our civilians, and there are better days ahead in Afghanistan. We are just going to have to push through and get a new generation of leadership, and it does matter what happens in Afghanistan.

I worry tremendously about Pakistan. Pakistan, to me, is the place most likely to fall if we don't get it right in Afghanistan, and I look forward to hearing from Administrator Shah about what we can do in Pakistan with a deteriorating relationship.

When it comes to Egypt, I want to be involved and be helpful, but the Egyptian parliament has made some statements that I would say at best are unnerving. And they have got to decide what they want to be. If you want to be a country that tears up the treaty with Israel and brings disdain upon the Israeli people and basically go back into the darkness in terms of the way women live and minorities in Egypt, that will be a choice you will make, and the price will be heavy for the future of the Egyptian people.

You can have Islamic conservative governments. That is totally understandable to me. But those governments have to reach out not only to their neighbors, but the world at large and so that win foreign partnerships.

So I think you have done a very good job. We can always do better, but I look forward to hearing from you about what we can do to help you and all those in your care and guidance.

So, thank you and to those people who are out front in Iraq and Afghanistan and other places, I know you are accepting personal danger, but you are doing a good job for the country.

Senator GRAHAM. Thank you.

Senator LEAHY. Please go ahead, Dr. Shah.

SUMMARY STATEMENT OF RAJIV SHAH, M.D.

Dr. SHAH. Thank you, Chairman Leahy, Ranking Member Graham, members of the subcommittee.

I am honored to join you to discuss the President's fiscal year 2013 budget request for USAID. I would like to start by thanking Senator Kirk and wishing him a continued speedy recovery. He has been someone who has spent time with me and has significantly supported our efforts and our agenda and our reforms.

Chairman Leahy, Ranking Member Graham, on behalf of our agency, I really do want to thank you for the tremendous support and guidance you have offered to our agency and our efforts.

Senator Leahy, you have, as you continue to do today, challenged us to reform the way we do business, to expand the way we think about development, to be open to new partners, innovations, and new ways of solving traditional development problems. We have tried to heed that call and, I believe, have made real progress, and we will continue to stay very focused on that agenda.

Senator Graham, you have challenged us to work more effectively with our military partners, with the private sector, with the American public, including faith-based organizations. I think in all of those areas, we have taken and made real strides and will continue to stay committed to that path of engagement and cooperation.

Two years ago, President Obama and Secretary Clinton called for elevating development as part of America's national security strategy and foreign policy approach. This required us to be more effective and responsive in a broad range of priorities.

Frontline states, such as Afghanistan, Pakistan, and Iraq; quickly reacting to the political transitions in the Arab Spring; expanding our engagements in a concerted and forceful way with the private sector in order to enable them to be a counterweight to the way China and others engage in places like Africa; and to focus on delivering core results in our basic areas of business.

Avoiding food insecurity and hunger; helping to improve health, in particular helping children survive; expanding access to water and sanitation and education to kids who are vulnerable; and responding to humanitarian and complex crises. And all the while staying focused on gender issues and on expanding the access to basic democratic governance and human rights.

The President's fiscal year 2013 budget request enables us to implement an ambitious set of reforms we call USAID Forward. We have prioritized and focused and concentrated in many different parts of our overall portfolio.

In global health, we have reduced the number of places where we will work on maternal health from 64 to something closer to 40 and concentrated resources in the 24 countries where we think we can get the most lives saved for the dollars we invest.

In "Feed the Future", our signature food security effort, we have closed programs in Kosovo, Serbia, and Ukraine so we can reinvest resources in places like Tanzania, where we are seeing improved new seed varieties rapidly increase food production and a pathway to end child hunger and malnutrition.

With guidance from the Quadrennial Diplomacy and Development Review and Presidential Policy Directive on Global Development (PPD), our budget prioritizes this set of basic reforms. We have taken the call to be more innovative in our programs. We have launched grand challenges in development that have helped us reach thousands of new partners and seek innovative new proposals to lower the cost of saving lives at birth or come up with new ways to use technology to ensure that all children have the opportunity to read and achieve basic literacy outcomes.

In those two grant programs alone, we have literally reached more than 1,100 new partners who have sent in proposals and who we can now work with and engage with. We have launched the Development Innovation Ventures Fund, a portfolio of innovative investments, more than one-half of which use clear, randomized control methodologies, which is the gold standard to evaluate outcomes so we can study and learn from small and focused investments.

We have put in place a new evaluation approach that has been recognized by the American Evaluation Association as the gold standard across the Federal Government, and they have, in fact,

encouraged other agencies to adopt some of the principles and operational approaches we have put into practice.

But most important, we are trying aggressively to change the way we partner, to partner more directly and in a more collaborative way with institutions of faith that do incredible work around the world, to focus on exactly what Senator Leahy mentioned, reforming how we do procurement to work with local institutions, including setting specific targets across our more than 80 missions to ensure that we move resources to the most efficient opportunities we have.

This work, taken together, allows us to concentrate on some of our specific priorities, and I would like to spend a moment to just articulate what they are.

First, we continue to maintain a priority for the frontline states and to expand our work in the Arab Spring. I look forward to being able to discuss some of the efforts we are making in those areas, but they are, I believe, responsive to the guidance and dialogue we have had over the past 2 years in that respect.

Second, we are focused on global health. At \$7.9 billion, this is the single largest item in the foreign assistance budget. This budget, we believe, will allow us to make and live up to the President and Secretary's extraordinary commitments in this space: to expand the PEPFAR program to treat 6 million patients, thanks to a significant reduction in the cost of treatment; to expand our efforts to save children's lives by pulling together the incredibly effective President's Malaria Initiative with a number of other programs designed to improve nutrition and child survival, especially in the first 48 to 72 hours of life; and by focusing on seeking efficiencies in our maternal health programs so we could expand services while lowering costs.

Next, our priority is food security. This budget includes significant resources for the President's "Feed the Future" program. We continue to believe that food security is a national security priority, and we believe we saw that come together just these past 6 months in the Horn of Africa, where the worst drought in more than six decades affected more than 13 million people.

USAID led a significant humanitarian response across international partners, feeding more than 4.6 million individuals and saving countless lives in the process. But we know that it is more efficient and more effective to help countries transition from food aid to being able to grow their own food, have their own modern food systems and agricultural systems, and achieve self-sufficiency.

In the 20 Feed the Future priority countries, we have seen agricultural productivity go up at more than 8 times the rate that we see it in the rest of the world, with a 5.6-percent improvement in agricultural food production on an annual basis in those 20 countries.

We believe those kinds of results will help move hundreds of millions of kids out of poverty and hunger over time if we stay focused, we partner with the private sector, we use new, effective, and proven technologies, and we bring our capacity to measure results and ensure that progress is being made especially for women, who continue to provide most of the labor in these farm economies.

Finally, I would like to conclude with a thank you to our staff. Our teams work incredibly hard and take extraordinary risks. Those risks have been quite visible in recent weeks in Afghanistan, as our staff and our partners, many of whom work directly with counterparts in the Afghan Government and with civil society organizations, have had to take on new precautions to protect themselves.

But we also have colleagues taking risks in all parts of the world. And just this morning, I got an email from one of our Foreign Service nationals who works in Zimbabwe to support democracy and civil society organizations in that difficult environment.

He takes tremendous personal risks every day in order to just come to work, but he sent a note that said that he does this because he genuinely believes that the efforts we make are helping to make the world fairer and more just for his children and all of our children.

PREPARED STATEMENT

And it is really that spirit that motivates our staff, that motivates our teams, and that has led to a tremendous amount of commitment to this set of reforms that we have discussed and to these priorities. And I look forward to taking your questions.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF RAJIV SHAH, M.D.

Thank you Chairman Leahy, Ranking Member Graham, and members of the subcommittee. I am honored to join you to discuss the President's fiscal year 2013 budget request for the United States Agency for International Development (USAID).

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

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

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

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

EFFICIENCY, TRADE OFFS, AND U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT FORWARD

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

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

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

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

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

Our budget prioritizes our USAID Forward suite of reforms.

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

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

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

And through our procurement reform efforts, among the most far-reaching and ambitious across the Federal Government, we are aggressively seeking new ways to work with host country partners instead of through more costly consultants and contractors. This effort will make our investments more sustainable and hasten our exit from countries, while cutting costs.

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

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

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

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

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

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

SUPPORTING STRATEGIC PRIORITIES AND STRENGTHENING NATIONAL SECURITY

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

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

tinue to play a major role in helping the people of this region determine their own future.

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

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

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

THE GLOBAL HEALTH INITIATIVE

Thanks in large part to the bipartisan support we've had for investments in global health, we're on track to provide life-saving assistance to more people than ever before. Although this year's budget request of \$7.9 billion for the Global Health Initiative is lower than fiscal year 2012 levels, falling costs, increased investments by partner governments, and efficiencies we've generated by integrating efforts and strengthening health systems will empower us to reach even more people.

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

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

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

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

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

FEED THE FUTURE

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

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

That's why we are requesting \$1 billion to continue funding for Feed the Future, President Obama's landmark food security initiative. These investments will help

countries develop their own agricultural economies, helping them grow and trade their way out of hunger and poverty, rather than relying on food aid.

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

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

These investments are working.

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

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

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

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

BUILDING RESILIENCE

We all know that a changing climate will hit poor countries hardest. Our programs are aimed at building resilience among the poorest of those populations.

By investing in adaptation efforts, we can help nations cope with these drastic changes. By investing in clean energy, we can help give countries new, efficient ways to expand and grow their economies. And by investing in sustainable landscapes, we can protect and grow rainforests and landscapes that sequester carbon and stop the spread of deserts and droughts.

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

STRENGTHENING EDUCATION

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

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

CONCLUSION

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

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

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

Thank you.

Senator LEAHY. Thank you very much.

I have met many of these dedicated people in places all around the world where often times they are working under very difficult circumstances.

I noticed it was reported today that Thomas Lubanga, who is a rebel leader in Congo, had been captured, tried, and found guilty of outrageous crimes. Last week, 50 million people watched a YouTube video about Joseph Kony and the Lord's Resistance Army (LRA), who terrorized civilians in Central Africa for two decades.

About 12 years ago, Tim Rieser from my staff went to Uganda to see what kind of aid we could bring to families whose lives were destroyed by Joseph Kony. You have been providing humanitarian aid to the victims, including the families and children who were abducted.

USAID and State have expanded an early warning radio network for vulnerable communities. The Leahy War Victims Fund has been used to provide artificial limbs, wheelchairs, and so on. So we have been doing a lot for years, long before attention was brought to this, and I included up to \$10 million for these programs in the last appropriations bill.

I understand the administration supports expanding the State Department's Rewards for Justice program to cover war criminals like Joseph Kony. What do you plan to do with the 2012 funds that we provided you?

Dr. SHAH. Well, thank you, Sir, for the question. I want to thank you for your incredible leadership on this issue for a much longer period of time than well before YouTube was even in place.

And the Leahy War Victims Fund is one of the many tools that you have encouraged us to deploy over the past two decades to address this challenging issue including—the other tools include the international disaster assistance account and the development assistance account, both of which we have deployed aggressively over the last decade to try to meet needs that are created by an incredibly unjust situation.

The video to which you referred has been seen by so many people, and it does highlight the basic actions and approach of LRA. Our approach has been to focus on humanitarian relief and recovery in places like Northern Uganda, which are now cleared in some degree of the LRA.

We have seen internally displaced persons return to their communities, and we support those returns, providing people opportunities for education, employment, to re-enter their own economy, mostly by supporting agriculture, which is the primary economy in Northern Uganda.

But we also know that there are efforts that need to be made in the Central African Republic, in the Democratic Republic of Congo, in South Sudan. And in those areas, we have expanded our efforts to support recovery, offering psychosocial support for children, offer humanitarian assistance ranging from food and water and other basic necessities, but also cash for work opportunities to be en-

gaged in short-term employment, creating roads and helping their economies get back together.

We remain very, very focused on this issue, and I just want to thank you and our partners, partners like Catholic Relief Service that is reaching 24 communities in South Sudan. Partners like Vodacom that are helping to establish cell towers that will enable a greater degree of protection.

The program you mentioned around expanding radio access and programming to help warn communities ahead of time and a whole range of other activities, some of these things take some learning, as we are trying a lot of new things in order to offer protection to the population and to meet needs thereafter.

Senator LEAHY. Keep me posted on this, and please know that it is a priority and has been a priority for some time.

We watch our children playing safely at playgrounds—it used to be my children, now my grandchildren. It is hard to conceive of something like that happening.

Over the years, American taxpayers have provided tens of billions of dollars in economic aid to Egypt for programs administered by USAID. Very few Egyptians seem to know this. It has come out, in the last year especially, that apparently year after year the money was channeled through Egyptian Government ministries for programs that corrupt Egyptian officials took credit for.

Now we see anti-Americanism rampant in Egypt. I agree with the comments Senator Graham made about Egypt earlier.

We have seen the same thing in Pakistan after billions of dollars in United States aid went there. We are giving billions of dollars to these countries, but the American people who are paying for it often get no credit for it. A lot of it is siphoned off by corrupt officials. How do you respond?

Dr. SHAH. Well, I think our focus has been ensuring that the investments we make generate results. And I just want to start by saying that whether it is Egypt or Pakistan, I think when the American people see the actual results—28 percent of irrigated farmland in Egypt was created by USAID partnership, the water and sanitation system in Cairo, the number of girls in school, and a 30-year externally validated health student that showed the gains in women's health because of our partnerships. That said, it is critical that those gains are made more visible to people in the countries.

That is why we are working more directly with civil society organizations and with local organizations. That is why we recently looked at just what our USAID press presence is in Pakistan and found that every month there are about 1,000 references to USAID that are mostly positive in the news. That is often not enough to overwhelm the broader context, but—

Senator LEAHY. We should follow up on that because, as Senator Graham also said, getting foreign aid bills passed is not the most popular thing back home.

The Budget Control Act of 2011 includes automatic reductions in mandatory and discretionary spending beginning in 2013 if an additional \$1.2 trillion in deficit reduction is not enacted by January 15, 2013.

If no legislation is passed before 2013, the Congressional Budget Office estimates the fiscal year 2013 discretionary funding levels would be reduced by 7.8 percent. I understand the amount of the final reduction would be determined by the Office of Management and Budget using its own estimates.

What is going to be the impact of a 7.8 reduction in USAID's fiscal year 2013 budget for operations and programs, and what preparations are you taking in the event this mandatory reduction is implemented?

Dr. SHAH. Well, thank you for the question.

In terms of what impact a reduction like that would have is, as we have discussed previously, it would essentially shut down our ability to implement the reforms we are putting in place. USAID today has a \$70 million per full-time equivalent (FTE) contract oversight capacity. The standard across the Federal Government is \$35 million per FTE.

We have been trying to build up our staff, our contracts officers, our procurement capacities, taking in consideration the recommendations of the wartime contracting commissions and what we have learned about what it takes to implement serious accountability to hold our partners to account and to ensure that we are more directly engaged with the local institutions that you spoke about earlier, Sir. And our ability to do those types of things in an environment where we are cutting staff and presence and resources by that percentage would be severely impeded.

On the program side, the programs that would be most affected, I fear, are the ones that we all believe deliver some of the most extraordinary results. Efforts like our Global Health and our Feed the Future priorities since those have been the ones that have been the areas of most recent investment focus and growth.

And so, we are working hard to come up with contingency plans, but we are also hopeful that scenario will not come to pass and believe that it would be inefficient if it did.

Senator LEAHY. Well, I hope it doesn't come to pass. As a bumper sticker slogan, talking about these kind of cuts sounds great. It can be very popular, especially in a Presidential election year. The reality is something else, so that is why I raise it.

Senator Graham, please.

Senator GRAHAM. Well, I want to echo what you said about sequestration. It is the dumbest way in the world to achieve savings. It will decimate the military, \$600 billion on top of the \$480 billion we are trying to reduce spending by over the next decade. It is a blind hatchet approach to try to get our budget in balance.

You may not know the answer to this, but you can get it to us later. Of all the USAID programs from around the world, you know, every dollar that you are responsible for, what percentage of the Federal budget would you think that would equate to?

Dr. SHAH. Well under, I think State and USAID together—

Senator GRAHAM. No, just USAID.

Dr. SHAH [continuing]. Is right around 1 percent, and USAID is about one-half of that total budget, even less than one-half. So it would be probably less than one-half a percentage point.

Senator GRAHAM. Okay. Let us talk about that one-half a percentage point and what we get for it. In terms of China and Africa,

what is your assessment of the Chinese involvement in the continent of Africa?

Dr. SHAH. It has been—the defining trend in Africa over the last decade has been a rapid increase in Chinese investment and subsidy for Chinese companies to invest. Most of those investments appear to be focused on resource extractive industries, and not all of them have followed, as you would imagine, the international norms and standards around transparency, around anti-corruption, around ensuring that benefits accrue to local populations.

The United States continues to be tremendously popular, and it is—

Senator GRAHAM. Can I just stop you there?

Dr. SHAH [continuing]. In Africa because of our work.

Senator GRAHAM. In Ghana, I think we had an 80-something-percent approval rating. And when I went all over Africa, the Chinese presence was dominant. Would you agree they are making a play for the continent of Africa, the Chinese?

Dr. SHAH. Absolutely.

Senator GRAHAM. They are trying to basically gather up the natural resources of a continent blessed with a lot of natural resources, and they are doing it in a way, don't you think, Administrator Shah, that instead of focusing on the population, making sure they can benefit from these resources, they are using some unsavory tactics, to say the least. Do you agree with that?

Dr. SHAH. Absolutely. Absolutely.

Senator GRAHAM. Eighty-five percent of the people in Tanzania, I was told, have no access to power from a grid or running water. Is that correct?

Dr. SHAH. I believe so.

Senator GRAHAM. Okay. But all of them have cell phones. Just about everybody I met had a cell phone, but no running water, no power. The continent of Africa is underpowered. Is that fair to say?

Dr. SHAH. Absolutely.

Senator GRAHAM. So one of the benefits of our engagement in Africa, helping people and trying to make the governments more responsible, responsive to the people is that somebody is going to provide the resources to help the whole continent achieve power, right?

Dr. SHAH. And coupled with African investment itself, yes.

Senator GRAHAM. So I would like that to be the United States, not China. There is so much business to be done in Africa between a continent and the United States on the food side. What opportunities exist for American companies to be involved in agricultural development in Africa? Is that a good business opportunity?

Dr. SHAH. I personally believe it is probably the best agricultural business opportunity that exists over the course of 20 or 30 years. We have done a lot at USAID to work better with business and to let American businesses be part of partnerships that help to tap into an African common market that is—

Senator GRAHAM. Will that create jobs here at home?

Dr. SHAH. They absolutely do, including our programs, for instance, in Ethiopia with Pepsi that now are trying to reach 30,000 chickpea farmers, efforts to help United States entrepreneurs create and sell innovations like solar-powered flashlights to rural com-

munities. Many of those are the innovative business models of the future, and either U.S. firms and entrepreneurs will be part of that large common market as it evolves, or we will cede that ground to others.

Senator GRAHAM. Is it fair to say 10, 15, 20 years ago that AIDS was rampant throughout the continent about to take out an entire generation of people, women and children?

Dr. SHAH. Certainly, and I think people saw that the structure of the epidemic specifically killed people who were in their productive earning years and, therefore, had outsized and destructive effects on the economies in Africa.

Senator GRAHAM. And mother-to-child AIDS growth was phenomenal. The children would be infected at birth. Is that correct?

Dr. SHAH. Yes. It was one of the leading causes of child infection and then morbidity.

Senator GRAHAM. Well, between Presidents Clinton, Bush, and Obama, how would you rate our efforts to control mother-to-child AIDS transmission, and generally, are we turning a corner when it comes to AIDS in Africa?

Dr. SHAH. We are. And in fact, both the President and Secretary have made the commitment to ensure that our leadership continues to deliver in the future a generation free from AIDS. Today, we have a global commitment to completely eliminate mother-to-child transmission so no child is born with AIDS.

That means treating pregnant women and—

Senator GRAHAM. What kind of results are we getting?

Dr. SHAH. Extraordinary results in that program. It is called Preventing Mother-to-Child Transmission. That is a highly efficient way to eliminate transmission to children.

Senator GRAHAM. I had a chance to go and see the program in action in Ghana and Tanzania and South Africa, and I was just astounded what a little bit of money can do spent well.

On the malaria side, what kind of progress are we making to address this really devastating disease?

Dr. SHAH. Yes. I think the recent external data reviews of the malaria program have shown that it is by far the most cost-effective way to save a child's life on the planet.

Senator GRAHAM. Now the Gates Foundation and ONE and other organizations, they are doing things apart from the U.S. Government. Is that correct?

Dr. SHAH. They are, but also in partnership with us. And through a unique partnership with the Gates Foundation and others called the Global Alliance for Vaccines, we were able to lower the cost of new vaccines by 70 percent and expand access.

Senator GRAHAM. Well, I am going to invite you to Clemson University, where they have a logistics graduate degree program, and they are coming up with a way to deliver vaccines in a more-efficient way, the actual delivery of vaccines to the people who need them.

And we have a rule of law center we are developing at the University of South Carolina Law School, and I know USAID is very involved in rule of law development, particularly in developing frontline state nations. We will invite you down to look at that program.

And Don Gressett, who served as a detailee, has been really great. So thanks for his services.

Now when it comes to Iraq, I think Senator Leahy and I share a concern. How many people do you have in Iraq?

Dr. SHAH. Well, if you include our Foreign Service nationals, it is more than 100. If you look at just U.S. direct hires, it is closer to 40.

Senator GRAHAM. Okay. How much money are you intending to spend on Iraq?

Dr. SHAH. I would have to check the exact number. I think it was around \$200 or \$250 million.

Senator GRAHAM. What is the security environment like there now?

Dr. SHAH. I am sorry. The number for fiscal year 2013 is \$263 million. The security environment is challenging. It is more challenging today than it was 6 months ago, and of course, as we are having this transition, we are also seeking and have been on a path of transition of the USAID programs. Iraq, increasingly and appropriately, is taking on more of the costs of implementing these programs themselves.

Senator GRAHAM. Right. I just want to echo what Senator Leahy said. I think our footprint in Iraq is too big. Fourteen thousand contractors providing security, most of the money goes to security, not to the actual training of the police and other programs. And we are just going to have to re-evaluate that in light of the changes.

Now when it comes to Afghanistan, how many people do you have in Afghanistan?

Dr. SHAH. More than 400.

Senator GRAHAM. Okay. How would you evaluate the people that you interact with, younger people in Afghanistan? Do you have any insight to share with the subcommittee about what you see on the ground in terms of younger Afghan partners?

Dr. SHAH. Sure. Sir, I think that my interactions with our partners who fit that description are, of course, self-selected to be more creative, entrepreneurial, and capable. We have been impressed with the capacity of some of those individuals to lead efforts on behalf of their country.

Some are in ministries, ministries like the Ministry of Agriculture, that have implemented to great success a program that is funding small- and medium-sized agricultural entrepreneurs that will largely be the source of economic growth for the next 5 to 6 years.

Senator GRAHAM. Senator Leahy mentioned something I think is very true. If you are an American out there and you are spending all this money on Afghanistan, you see the cross being burned and the President being burned in effigy, that is certainly not reassuring.

But is there another side to Afghanistan? Are there things that do not make it on TV that we should know about and maybe be encouraged about?

Dr. SHAH. Well, there is that other side. There is this other side that is focused on the results that we have seen over the last decade. The largest reductions in maternal mortality anywhere on the planet, more than 7 million kids in school, 35 percent of whom are

girls, whereas there were none in school previously. Ten or so percent annualized growth rate, and more than 1,800 kilometers of road that were created to support that economic growth, more than tripling energy access to the population and the business population.

Those types of gains are critical to success, but the challenge going forward and as it has been the President's policy and what something USAID has really led on is ensuring that we make the shift to efforts that can be sustained over the long run.

Senator GRAHAM. Right. And we have a transition plan to put Afghans in control of Afghanistan. Is that correct?

Dr. SHAH. We do on the military side. We absolutely do on the development program side. I issued a sustainability guidance last year. We reviewed more than 65 programs. We found more than 20 that failed the sustainability review and restructured those programs to be more aligned.

Senator GRAHAM. I think that has been a great breakthrough, and I don't want to take too much more of your time here.

Now this Joseph Kony that Senator Leahy spoke about, who is—I don't know how you would describe him other than just the worst of humanity. Is the Taliban in the same league as this guy?

Dr. SHAH. The things we have seen Joseph Kony do are brutal. The things that we have seen at different points in history the Taliban do are also very, very challenging. The thing that we stay very focused on as a development agency is ensuring that we build the basis for a sustainable, inclusive, and stable society. And that is why when there were no girls in school, now having millions of girls in school is such an important accomplishment that absolutely needs to be sustained.

It is why, as we go forward with the President's policy to achieve a political and military strategy that allows us to bring troops home, we are very focused on protecting women's rights and protecting girls in particular and ensuring that we continue to support civil society and women leaders in Afghanistan, many of whom have done just extraordinary things in partnership with us over the last few years.

Senator GRAHAM. Well, thank you for your service and to all those under your command. You have done a great job.

Thanks.

Dr. SHAH. Thank you.

Senator LEAHY. Here in this subcommittee we have supported USAID's procurement reform. We included several provisions in the fiscal year 2012 bill, including 2-year availability for operating funds, funding increases for procurement staff and training, and authority for USAID to limit competition to local organizations for awards less than \$5 million.

We supported USAID's effort to change its internal procurement policies. Your budget request proposes additional legislative changes and funding. What would they do beyond what we have already done?

Dr. SHAH. Well, first, thank you, Senator, for your extraordinary and specific support for procurement reform and for ensuring that America has a development agency that is capable of delivering

value for every tax dollar that is spent in trying to make the world a better place.

That is really what this procurement reform is about. In this budget, we request a working capital fund to ensure that a small percentage of allocated resources go in a dedicated way to building out the contracting capacity and the capacity for oversight and accountability so that we continue to make the transition from very costly and sometimes Western-dominated implementation mechanisms to local institutions.

Because ultimately, our goal is to build capacity, not dependence. And ultimately, our goal is to identify those local leaders who have to have their own ownership of success, as opposed to doing things for them. And that takes effort. It takes doing risk assessments of local organizations to ensure we can protect taxpayer dollars.

It takes a more active on the ground presence to make sure we are combating corruption and ensuring that money is not lost. It takes extra effort to monitor and evaluate programs so that we can guarantee that every major investment will have an externally valid evaluation public within 3 months of completion.

Senator LEAHY. Let me give you an example of where I think you can look. There is a small NGO working in an impoverished country, a place where most people have no access to modern healthcare. They have a corrupt and repressive government, but this small NGO has been implementing successful programs to diagnose and control malaria for 20 years.

The Congress asked USAID to do more in this area. You solicited proposals. Somehow this local NGO was cut out of the picture, and two large U.S. NGOs were selected. One has experience in malaria but has never worked in the country. The other has worked in the country, but not on malaria.

I am just wondering why we fund big NGOs that have no track record in a country if we have a small NGO that has a good track record?

Dr. SHAH. Well, honestly, Sir, we got here over decades. The agency over two decades has experienced 60-percent staff attrition and a 300-plus-percent increase in its programmatic responsibilities, most notably in dangerous, wartime environments in Iraq and Afghanistan.

The combination of those two things led to contracting out of way too many core functions. Designing programs, searching for partners, engaging directly with local staff, learning about what is working, what is not working, using those learnings to then make changes and to insist on, document, and report on actual results. That is the basis of the USAID Forward reforms, but they are contingent upon our ability to rebuild the balance and rebuild our core staffing.

I thank you personally for the support for the development leadership initiative and for the new Foreign Service officers and procurement officers we have been able to hire. And I can assure you that we have focused those additional energies and resources on precisely this challenge.

Under the procurement reform, we will go from approximately 9 percent in 2009 to approximately 30 percent in 2015 in terms of

our total programmatic allocations to local institutions. And we are doing that in a careful, measured way.

Every one of our countries has specific targets for helping to achieve that global aspiration. And when we get there, we will be a much more nimble, much more-efficient enterprise.

Senator LEAHY. It worries me and it is symptomatic of other places, and there is not a limitless amount of money. For Afghanistan, Pakistan, and Iraq, the President's fiscal year 2013 budget request for USAID operations is \$331 million, plus \$84 million in overseas contingency operations funding.

That is a 35-percent increase from 2011. It is a larger percentage every year of your total operating budget. The operating budget in fiscal years 2011 and 2012 for these countries was 17 percent of USAID's operating budget. For fiscal year 2013, the budget request is 22 percent of the total.

We provided this administration and the one before it billions of dollars for Afghanistan. Think about what will happen when the funding tap dries up. You have issued a report on guidance and sustainability of assistance for Afghanistan, but your total request for fiscal year 2013, \$1.85 billion, is only \$87 million less than the fiscal year 2012 estimate.

How is that sustainable? I acknowledge in many areas the Afghans have moved forward, but with a corrupt, anti-American Government, but are we approaching a point where all of USAID is going to be in Afghanistan, Iraq, and Pakistan?

Dr. SHAH. No, Sir. I don't believe we are. I believe that in Afghanistan, we, as USAID, are a small part of the investment this country has made in lives and in dollars. We are very, very small in comparison to the overall military expenditure. But we are a big part of helping to create the conditions that will allow our troops to come home safely and quickly.

In order to live up to that mission, we have had to more than triple our staffing in Afghanistan to implement a program we call the A-Cubed, or Accountable Assistance for Afghanistan effort. We have had to go to 100-percent local cost accounting. We have had to do much more monitoring and evaluation and a significant number of program redesigns to ensure that we have a more-effective focus on sustainability.

In just the last few years, we have seen Afghan Government revenues from local collections, customs collections, and collecting revenue related to energy more than triple. That is a trend that we need to absolutely stay focused on in order to ensure there is some degree of sustainability for the gains that we have all seen.

Going forward, our focus will be sustainability, revenue collection, economic growth that is based in the agriculture and food sector for the next 5 to 7 years and the mining sector beyond that. And we believe we are putting forth budgets that will help lay the groundwork for that and allow the American people to save 10, 20 times the proposed expenditure because of our ability to draw down our troops.

Senator LEAHY. I supported our mission to go into Afghanistan because the mission was defined as to capture or kill Osama bin Laden. That was 10, 11 years ago. Shortly after that time, he apparently left Afghanistan and went elsewhere. We have been there

ever since, and it is almost as though we overlook the fact, and I hate to use the term, but it is “mission accomplished”. We got Osama bin Laden.

We have long since been supporting extensive nation-building. Perhaps I can be convinced it can succeed. I haven’t been yet.

Let me ask you one last question and then yield back to Senator Graham. For several years, USAID has been implementing a program, which was begun by the Congress, which funds partnerships between United States universities and NGOs with counterparts in China to strengthen the rule of law and environmental health and safety.

I have met some of the Chinese participants in this program.

They are impressive and courageous people. They are standing up for environmental health and safety in China. This is not the safest thing to do. Some Members of the House have held up this funding on the ground that the Chinese Government, not USAID, should pay for it and it somehow hurts American businesses.

Actually, I think it helps to level the playing field. American companies are contributing funds to support it. How do you feel about this program?

Dr. SHAH. Well, Senator, the fiscal year 2013 budget request does not include any funds for the Chinese Government. Our request is focused on assistance to Tibetan communities and to address the threats that may emanate from China with respect to pandemic diseases in a partnership with the Centers for Disease Control (CDC).

So that is what we believe the priority is and believe that, in fact, we have gone even farther and worked through entities like the Global Fund to try and create a situation where China is no longer necessarily a recipient of funds, but is more of a global donor to those types of mechanisms that help effectively prevent disease spread.

Senator LEAHY. So you don’t think there should be these partnerships between United States universities and NGOs in China to strengthen the rule of law in environmental health and safety?

Dr. SHAH. No, Sir. We do. I was just highlighting that those are not programs that run through in any way the Chinese Government. That they support—

Senator LEAHY. I understand that.

Dr. SHAH[continuing]. NGOs outside of the government. Sorry.

Senator LEAHY. Well, I am confused. Are you in favor of these programs or not?

Dr. SHAH. So I would have to come back to you on the specific program. I know that our efforts have supported NGOs in areas like human rights and rule of law outside of those efforts.

Senator LEAHY. Can you get back to me within 1 week?

Dr. SHAH. Absolutely.

Senator LEAHY. Sometimes when we ask these questions, they go—not just to you, but to everybody else—they go into some kind of a dark hole and with a feeling that perhaps there is a limited attention span on the part of some of us in the Congress. On this matter, I have a long attention span.

So if you could get back to me within 1 week?

Dr. SHAH. We certainly will. And let me also say we do support these efforts. I just want to come back with something more specific. But we will do that within 1 week.

[The information follows:]

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT PROGRAMS TO
STRENGTHEN RULE OF LAW AND ENVIRONMENTAL SAFETY IN CHINA

The United States pursues a long-term strategy vis-à-vis China to protect and promote U.S. national interests and values. United States Agency for International Development's (USAID) fiscal year 2013 budget request is limited to funds for activities that preserve the distinct Tibetan culture and promote sustainable development and environmental conservation in Tibetan communities through grants to U.S. organizations, and for health programs to address pandemic diseases.

With regard to your question about partnerships between United States universities and nongovernmental organizations (NGOs) to strengthen rule of law and environmental safety in China, consistent with congressional intent, USAID has operated programs since 2006 that focus on activities in environmental, administrative and criminal law, energy use and management, and regional trafficking in endangered species.

These programs address development challenges that have regional and international reverberations for U.S. communities and companies.

For example, USAID environmental law programs include:

- The U.S.-China Partnership for Environmental Law strengthens and improves China's environmental regulatory system through partnerships involving United States and Chinese universities, government agencies, and NGOs. The program works through collaborative partnerships and training for lawyers, scholars, law students, judges, regulators, and lawmakers.
- USAID works with the Institute for Sustainable Communities, a U.S. NGO, to establish environmental health and safety (EHS) academies to train factory managers (paid for by trainees or Chinese employers) to improve environmental safety practices for Chinese workers and communities. EHS academies help ensure that Chinese factories comply with international standards; they help to level the playing field for U.S. companies and reduce air pollution that reaches U.S. shores.

Mr. Chairman, partnerships do not stop with NGOs and universities. USAID programs in China have leveraged important contributions—financial and technical—from U.S. companies including General Electric, Honeywell, Wal-Mart, Alcoa, and Pfizer. GE alone has contributed more than \$2.8 million for USAID's China programs. The EHS academies program plans to become fully self-sustaining and serves as an example of initial USAID seed funding that leads to sustainable, long-lasting impact.

Senator LEAHY. Thank you.

Senator GRAHAM.

Senator GRAHAM. Thank you.

And these hearings are very informative and helpful, and I will give you my 2 cents worth about Afghanistan. I agree with Senator Leahy on a lot in this effort to craft a foreign operations account that is more focused on results, that allows us to transition to country control, no matter where we are at.

But I have always believed that we are fighting an idea, not just a person, that killing bin Laden is a great accomplishment for the United States. President Obama deserves a lot of credit for making, I think, a very tough call.

But we don't want to make him larger in death than he was in life, and the way I think we have become safe in the war on terror is not just killing the leaders of terrorist organizations, but empowering those who would fight these guys in their own backyard if they could. So I have come to conclude that about 80 percent of the people in Afghanistan have absolutely no desire to go back to Taliban control because it was a miserable life.

You couldn't do anything other than what they told you you could do, and from a woman's point of view, it was just barbaric. And from the average young person's point of view, it was a miserable existence, and they have had a taste of it, and they don't want to go back.

The problem is capacity. You have got to have capacity to meet will. That is why I think we can be successful in Afghanistan because, based on my view of the country, there is a lot of will to change Afghanistan. The problem is that their government, as Senator Leahy says, is very dysfunctional. This is trying to create a democracy out of 30 years of chaos is difficult.

But when it comes to Afghanistan, how many times have you been, Director Shah?

Dr. SHAH. Well, Senator, I believe we met for the first time out there, and I appreciated that opportunity. I don't know, four, five, six? I would have to—

Senator GRAHAM. Is it your sense that the people of Afghanistan, as a collective body, want to move forward?

Dr. SHAH. That is my sense, of course.

Senator GRAHAM. Okay. And I believe it is in our national interest that they move forward. Any place they can move forward where the Taliban used to reign is a good deal. Places going back into Taliban control after an effort to squash them is probably not the right signal to send to Iran and other places.

But let us talk about Egypt. The Arab Spring to me is a defining opportunity for change in the Arab world, and people mentioned Egypt to me, and Senator Leahy and I are very much concerned about what is going on in Egypt right now. And I had high hopes for the Arab Spring.

The fact that Islamic conservatism is on the rise when you displace secular dictatorships is of no surprise to me because religious people were pretty suppressed in Libya, Tunisia, and Egypt. But what does concern me is the attitude that is emerging in some sectors of the political space in Egypt about the way to move forward.

What advice would you give this subcommittee about how to engage Egypt and the Arab Spring in general?

Dr. SHAH. Well, thank you, Senator. Thank you for your recent efforts in Egypt to help advance our approach.

You know, USAID has played a major role in Eastern Europe during political transitions and transformations and learned that it takes both time and persistence. There will be ups and downs along the way. And it takes flexibility, flexibility to invest in creating capable political processes in engaging beyond Government-to-Government engagements, but with local civil society.

In supporting the private sector so there is a more dynamic set of opportunities—

Senator GRAHAM. Is that why we need to make sure you have democracy assistance, development programs in the USAID budget?

Dr. SHAH. That is, Sir. I think those programs have been uniquely important in this setting. This budget also has a request for a \$770 million Middle East Incentive Fund that we intend—

Senator GRAHAM. Can I just point out to the subcommittee how important that fund is? Tunisia is, I think, one of the better stories in development and progress stories. They have a budget shortfall

of about \$1 billion. This fund you just acknowledged is trying to do a loan guarantee program so they can borrow money.

Do you know the status of that? Are you familiar with that at all?

Dr. SHAH. I am. I am not sure of the immediate status of that, but we have been pursuing a number of efforts there, including helping to set up an enterprise fund. And this budget includes a request for that. And a number of other efforts we have taken to build public-private partnerships with information and communications firms to create more jobs.

Senator GRAHAM. Well, I know the subcommittee here is trying to reprogram \$100 million—I can't remember from what account—to create a fund to challenge the rest of the world to invest in it as kind of a transition to your program, where we can come up with about \$1 billion to help the Tunisians get through a budget shortfall.

They seem to be very focused on reforming their economy, privatizing industries, and making a more free market situation in Tunisia. So I just want to let you know that I think the subcommittee on both sides would be very interested in trying to create some short-term assistance for Tunisia.

What is your view of Tunisia? How does it seem to be going?

Dr. SHAH. Well, I had the opportunity to visit Tunisia and a number of the senior administration officials have. We are very optimistic about and President Obama and Secretary Clinton have directed us to really do everything we can to be helpful through this transition. They are, as you mentioned, putting in place tough, but important reforms to enable entrepreneurs to start businesses easier, to access capital more effectively.

They have the potential to provide information technology services to the region and including some of the southern European countries. And so, they have benefited from partnerships we have helped establish with Microsoft and Cisco and others that will help employ more Tunisian youth.

And we have helped their local civil society organizations create processes—

Senator GRAHAM. I think they want a free trade agreement with the United States. Is that—

Dr. SHAH. I am sure they do.

Senator GRAHAM. Yes, and I think that is encouraging. So I just want to echo what you are saying about Tunisia. I think we have a good strategy, but it is imperative that we deliver quickly when it really does matter. We have got to get these loan guarantees, agreements done so they can—people are hopeful. They are ready for change, and the government has got to deliver.

And Tunisia has got an Islamic conservative coalition, but they seem to be embracing free-market economies and tolerance for minorities. So anything we can do in Egypt, Tunisia, and Libya, let us do.

So thank you. If there is anything else the subcommittee can do to help be engaged in the Arab Spring, let us know because every 6,000 years you get a chance for democracy in Egypt. I hope it doesn't pass. I hope we don't fail, and I hope more than anything else, the Egyptian people do not fail on a chance to start over.

And one last thought about Egypt. The parliament has said some things that are very chilling. It is probably more symbolic than it is substantive. But I think Senator Leahy and I, one Republican and one Democrat from different political spectrums and perspectives, really do want to engage the world in a constructive fashion. But we are not going to throw good money after bad.

And if we are not welcome and if people don't want our assistance, we are not going to force it on them. So I hope we can find a way to make Egypt a showcase of what can happen when people have free choices to make.

So thank you very much and continue the good work.

Dr. SHAH. Thank you.

Senator LEAHY. Thank you. I concur with that, too.

The thing is we all want you to be successful everywhere you are. We also know that we only have a certain amount of money available and a certain number of people. We also realize that each country is different.

Egypt, I think, is very important to that part of the world. They will have to decide what kind of government they want. I get frustrated when I see one more government that might become a theocracy. We have to watch it carefully.

I was in Cuba a couple of weeks ago, and USAID has democracy and human rights programs there. Some have been controversial here in the Congress. Certainly they create a lot of controversy in Cuba. We all want to see a democratic Cuba where human rights are respected.

I am one who feels, and in fact I have said this to Fidel and Raul Castro personally, that in some ways our embargo has been one of the best things going for them. They can have a failed economic and political system and blame it on us. What we get out of it, of course, is looking foolish to the rest of the world that a nation as powerful as the United States maintains an embargo on a country that poses no threat to us.

I don't know what benefits there are, but we have what we have. If USAID has programs in Cuba that break Cuban laws, even though they may be laws you and I would totally disagree with, there are consequences.

I do not agree with the kind of censorship that goes on in Cuba. I do not agree at all with their restrictions on the Internet and travel. I am not suggesting otherwise. I don't agree with what they do there, but neither do I agree with what we do with the embargo.

Alan Gross, who is a USAID contractor, has served 2 years as a prisoner in Cuba for implementing a USAID program. The Cubans agree that he is not a spy, that he is not anything other than a USAID contractor. But his case has become an obstacle to progress on some issues between the United States and Cuba.

Have you reviewed the program that he was involved with? Many of us will continue to work to get him released and back to his family. Have you considered expanding into areas in Cuba like private sector development?

Dr. SHAH. Thank you, Senator.

First, thank you for mentioning Alan Gross' case and for your personal efforts to help him seek freedom and be free from his current situation.

Senator LEAHY. Senator Coons of Delaware and I met with him, and then I personally raised his case with President Raul Castro, the Foreign Minister, and the head of their National Assembly.

Dr. SHAH. Well, we very much appreciate those efforts. The State Department is leading our efforts to try to negotiate his release and has been very focused on that. We have also taken some special measures to support his family through what is a very difficult situation.

We have reviewed that case, and based on that review and a more comprehensive review of our efforts, we have presented a budget request for \$15 million this year that we believe is consistent with our law. It is consistent with basic international human rights conventions. And it is focused on those areas where we think our partners are going to be able to implement some of these programs.

With respect to expanding efforts to private sector development, we are currently restricted from pursuing broad expansions in those areas. And I am very focused on making sure that if we are putting resources into something, we are confident the conditions are in place to deliver results. And it probably goes without saying under current circumstances, it seems that is not particularly the case in this situation.

Senator LEAHY. Does that include private sector development? I met with a number of people in Cuba including, ironically enough, representatives of foreign companies. These companies were from Germany, Canada, France, Mexico, and elsewhere. They all say with unity "Please keep your embargo." They want to keep the United States out of Cuba while they get a foothold.

They say it with only a little bit of a smile. But there is some private sector development in Cuba. Certainly not what you and I would want, but it is a change from just a few years ago.

Will you look at whether that is an area we could expand into?

Dr. SHAH. We will certainly look into that and look forward to learning more about your views from your trip and who you met with and what your opinions are based on that.

Thank you.

Senator LEAHY. I also went to Haiti. I have been there a number of times. I know you have. I wanted to see the progress that was made in downtown Port-au-Prince. It was different than it was a year ago. The progress is still slow, but it is more encouraging.

I met with President Martelly. In past times when I have been there, I have heard over and over from people that they want a government that cares more about the Haitian people than it does about itself, and maybe they have that now. I hope they do. I look at all the lost opportunities after the earthquake when the government could not or would not even respond, though there was an enormous amount of aid available to make life better for so many people there.

One thing that goes way beyond even housing or any other issues is the possibility of cholera. I am told that the danger remains high, and of course, if it were to happen there, it could spread to a number of other countries. The Dominican Republic, of course, as it is on the same island, but also Jamaica, Mexico, Brazil, and so on.

Do you think the Haitians are prepared to respond to another cholera epidemic?

Dr. SHAH. Senator, I appreciate your raising Haiti. I think the progress has been extraordinary, given the circumstances, and we all want to see things move faster, but take some encouragement from what is happening in agriculture and establishment of improvements in education, improvements in access to mobile banking services and other types of innovations there, and some of the bigger private investments that are creating jobs in the industrial park in the north and hotel construction in Port-au-Prince.

You mentioned President Martelly, and we continue to work closely with him, hope he will appoint a new Prime Minister soon because that is a critical position for our partnership.

Senator LEAHY. Incidentally, we urged him to move as quickly as he could on that.

Dr. SHAH. Great. And with respect to cholera, we were the major partner in rapidly moving resources to make sure that rural communities in particular had clean water, had access to medical services, oral rehydration, and brought the cholera disease, the case fatality rate down to I believe it is now 0.4 or 0.5, which is below—or 0.04, which is below the—no, I am sorry, 0.4 or 0.5, which is below the 1 percent, which is the international target.

Of course, if there is a new expansion or epidemic of cholera, that would place a tremendous amount of strain on their already-strained health services capacity. In the last situation, it was really the United States, USAID, and the CDC working together to address and tamp down cholera.

And I suspect if it were to—if it were to go out and become an epidemic again, it would again require a significant external response in order to quickly save children's lives.

Senator LEAHY. I have talked with our ambassador there who is a very, very good ambassador, but he is about to leave and going to Dubrovnik, as I understand. It is something we may want to keep watching.

Let me add one last thing on Feed the Future, and you have given more personal attention to that than anybody has. The administration has requested \$1 billion in fiscal year 2013 as part of that initiative. The first page of the Feed the Future Web site says USAID is going to help tackle global food security. Nobody would disagree with that as a goal.

We have provided more than \$2 billion for these programs. Is this a 3-, 5-, or a 10-year initiative? How will we know that we are succeeding, and what is the timeframe that you see?

Dr. SHAH. Well—

Senator LEAHY. Incidentally, I support you on this. I just want to know how we measure success.

Dr. SHAH. Thank you, Senator.

I think success for our Feed the Future partnership with countries and governments is measured in a number of ways. First, we need to make sure that other countries are also living up to the commitments that were made in 2009 at the L'Aquila summit. The United States is living up to them, and we are holding others to account in a very transparent and public way.

Second, this initiative is in part different because we asked more of our partners. We said we will do business differently, partner with the private sector, measure results, invest in local institutions. But we want to see the kind of policy reforms that will generate extraordinarily effective results.

And so, we continue to work on that aspect of the effort, and that is a critical ingredient. But the third and most important piece is we are measuring outcomes. So I can tell you today that the agricultural productivity growth rate in the countries where we are working is I think it is 5.6 percent, which is higher than the international average, which is 0.7 percent.

That is because we are investing in new technologies. We are working with women farmers. We are measuring outcomes. We have put in place a women's empowerment index, which for the first time across all partners will measure whether women are getting benefits from these programs, report on that in a very transparent way, and allow us to program against it.

And most importantly, we measure the actual outcomes we care about, families that move out of poverty and children who are malnourished chronically, and we are starting to see reductions there. And my recent favorite example is Bangladesh, which for the first time certain parts of Bangladesh are becoming self-sufficient in rice. And that is leading to improved outcomes for children's nutrition.

Senator LEAHY. Years ago, I was chairman of the Senate Agriculture Committee, and I tended to upset some of the agriculture lobbies here in the United States because I was urging that we help countries grow their own food rather than buy it, especially when it means buying food in the United States and shipping it there. Some in the farm lobby loved that, of course, because it gave them a market.

I remember there were a couple of places in Africa that I visited where they could raise food, but the market for it was 20 miles away, and the condition of the roads was so poor it would take 2 or 3 days to travel that 10 or 20 miles. Of course, for perishable produce, this didn't work.

Why don't we spend some money—we don't have to build the George Washington Parkway—to build a road like the dirt road that I live on in Vermont, where they could actually go 25, 35 miles an hour and bring the food in an hour's time to market. That is just one example.

Keep me posted what you are doing on food security. I applaud you for it.

Dr. SHAH. May I make a comment, Senator?

Senator LEAHY. Sure.

Dr. SHAH. You know, we agree entirely. I believe it is 8 to 10 times less costly to help countries achieve food security and sustainability on their own self-sufficiency, as opposed to providing food aid during emergencies. Well, of course, we are always going to be there when people are struggling.

Senator LEAHY. Well, you have a tsunami. You have an earthquake. No country can move it as quickly and easily as we can.

Dr. SHAH. That is right.

Senator LEAHY. I want people to have the ability during normal times to be able to produce their own food.

Dr. SHAH. Absolutely. The other thing I would say, Sir, is that Feed the Future is a partnership across the entire Federal Government, and Secretary Tom Vilsack and the Department of Agriculture has been a major partner, working with us to improve phytosanitary standards in Central America so food can enter into Wal-Marts, value chains there, which is helping to move thousands of farmers out of poverty.

We have partnered to address wheat rust, which is a disease in wheat that is starting to expand in Eastern Africa and threatens the food supply there, but could easily threaten the food supply anywhere else in the world. And our partnerships are helping to create international research efforts that are very modern and very effective and, ultimately, offer very direct protections for American farmers as well.

The food supply is just much more interconnected today than it ever has been.

ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. A stable food supply will bring countries that much further toward having a stable government and democracy.

I will keep the record open for 1 week for the submission of written questions.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

AFGHANISTAN, PAKISTAN, AND IRAQ OPERATIONS

Question. The President's fiscal year 2013 budget request for United States Agency for International Development (USAID) operations in Afghanistan, Pakistan, and Iraq operations total \$331 million, including \$84 million in Overseas Contingency Operations funding. This is 35-percent higher than fiscal year 2011. Not only does the cost for USAID operations in these three countries continue to rise, it is becoming a larger percentage of USAID's total operating budget. In fiscal year 2011 and 2012 the operating cost for these countries was 17 percent of USAID's total operating budget, and in fiscal year 2013 the cost is 22 percent of the total.

How does this make sense given all the obstacles to implementing sustainable programs in these countries, and the pressing needs in so many other parts of the world?

Answer. The fiscal year 2013 budget request for the Frontline States of Afghanistan, Pakistan, and Iraq reflects the level needed to maintain current on-going operations in countries critical to our national security. The fiscal year 2013 Operating Expense (OE) request for these countries is based on the most recent projections for security and other operational conditions and is not a result of new programs or staffing increases above approved levels. Since USAID's overall fiscal year 2013 OE request is a relative straight line of the fiscal year 2012 appropriation, as security and other operating costs increase in the Frontline States it takes up a larger percentage of the USAID's total operational budget. As an agency, we have made the necessary trade-offs to fully support operational requirements in countries that are critical to our national security.

Development assistance to Afghanistan and Pakistan remains a critical component to supporting our core U.S. national security objective to disrupt, dismantle, and defeat al Qaeda, as well as to deny safe haven to it and its affiliates in the region. The fiscal year 2013 OE request for Afghanistan and Pakistan reflects the cost of implementing and providing proper oversight of the program funds appropriated in prior years. We must provide and maintain a high level of oversight in order to prevent waste, fraud, and abuse. Given a vastly improved recruiting and

hiring process it was only this fiscal year that USAID reached the full approved civilian surge level of 333 OE funded American staff on the ground in Afghanistan. As a result of reaching the full approved staffing level this year, the fiscal year 2013 budget request represents the first time USAID has fully budgeted for the civilian surge for an entire fiscal year. The full approved staff level of 333 OE-funded Americans includes a tripling of oversight staff, contract officers, comptrollers/financial management officers, and lawyers. We have also increased the number of field officers outside of Kabul, all of whom are working to improve project performance and oversight of U.S. taxpayer funds. USAID, working with State and the National Security Council-coordinated interagency process, is in the process of determining the most-effective transition of staff levels in fiscal year 2013 and 2014 ensuring that the staffing levels support the overall transition and the administration's civilian assistance objectives.

In Pakistan, the staffing levels reflect the tripling of assistance since fiscal year 2008 in support of our core objectives in the region. We have increased the number of critical oversight staff (i.e., contracting officers, financial management officers, and lawyers). The increased number of United States staff also reflects United States presence in the Consulates in Lahore, Karachi, and Peshawar in order to increase the oversight and effectiveness of assistance program implementation. As assistance levels have tripled since fiscal year 2008, we have doubled the number of United States direct hire and Pakistani staff over that same period in order to improve oversight. USAID's operational costs are increasing as the embassy and USAID address security concerns and other operational challenges.

Based on the most recent projection for operations in the current fiscal year as reported in the Congressional Budget Justification (CBJ), USAID operating requirements in fiscal year 2012 were revised downward from \$75.3 to \$53.8 million. For fiscal year 2013, the budget request for Iraq is \$66.2 million, which accounts for USAID now paying life-support costs for mission personnel through the Department of State's International Cooperative Administrative Support Services (ICASS) program, the costs of and estimates for which can vary frequently. However, USAID's actual operating costs for fiscal year 2014 are likely to continue trending downward due to both operational efficiencies and changing circumstances on the ground in Iraq.

AFGHANISTAN SUSTAINABILITY

Question. For years this administration and the one before it has provided billions of dollars in aid to Afghanistan with little thought for how the programs would be maintained once the funding tap dries up. I was encouraged that in June 2011, USAID announced its "Guidance on Sustainability of Assistance for Afghanistan". Yet your total budget request for the Economic Support Fund for Afghanistan for fiscal year 2013—\$1.85 billion—is only \$87 million less than the current fiscal year 2012 estimate. Given how Afghanistan looks today I do not consider \$1.85 billion a "sustainable" level. How has this guidance influenced USAID's programs?

Answer. The Administrator's Sustainability Guidance is reflected in the significant changes in programming that we have undertaken in Afghanistan. A major phase of the interagency sustainability review of USAID's Afghanistan program recently concluded. USAID also conducted the sustainability review in consultation with the Afghan Government and in collaboration with other donors.

While the overall level of spending in fiscal year 2013 is roughly in line with the fiscal year 2012 enacted level, that funding level is consistent with U.S. Government and expert views, including those of the World Bank, as to what is necessary to lay a foundation for an economically sustainable, post-transition Afghanistan. As a result of USAID's sustainability review, the country program is focused on fostering economic growth; enabling increasingly effective governance; and fostering a more resilient and capable population able to advocate for government services. If funding were to decline dramatically in fiscal year 2013, we believe there would be negative effects on both the transition in 2014 and on the viability of the gains in civilian development.

Consistent with the principles of sustainability, USAID will continue to increase the proportion of its on-budget assistance to the Afghan Government, contingent upon the proper oversight and requisite safeguards, while drawing down investments in less sustainable forms of assistance.

USAID will also continue the next phase of the sustainability review with the Afghan Government to ensure that programming reflects shared priorities, and that programs not addressing core objectives are phased down, eliminated, or assumed by other donors. For instance, the economy of Afghanistan lacks trained and skilled workers. Therefore, our assistance will increasingly focus on higher education and

vocational training to ensure Afghanistan has the workforce required to grow its economy over the critical transition years.

We are also focusing on strengthening government capacity to maintain roads, bridges, schools, and other infrastructure built over the last 10 years, rather than continuing to build new infrastructure. We are targeting economic growth and agriculture investments towards provinces where economic zones can generate the greatest number of private sector led business and job growth. In addition, we are reorienting our “clear/hold” stabilization programming from 17 provinces down to the 9 that are most critical for the counterinsurgency effort. Finally, we are focusing our efforts in health and basic education on consolidating and maintaining the gains that have been made in these sectors rather than on expansion.

PAKISTAN

Question. Since 9/11 we have spent billions of dollars in Pakistan. Most has been military aid, but several billions have been for humanitarian and development programs administered by USAID. Yet the Pakistani people’s view of the United States does not seem to have improved at all. In fact it may be worse.

Are the programs we are funding in Pakistan sustainable; what are you doing to strengthen civilian democracy in Pakistan and with what results; and why has all this aid had so little impact on the Pakistanis’ opinion of the United States?

Answer.

SUSTAINABILITY AND CIVILIAN DEMOCRACY

After a careful review of the Pakistan assistance portfolio during the first half of 2011, we have determined that it remains in the United States interest to continue to provide civilian assistance which addresses the priorities of the Pakistani people and their democratically elected representatives. Continuation of civilian assistance remains an important tool to furthering our objective of building more capable civilian state institutions, fostering economic growth, and building non-state institutions that can serve as checks on political and military power. It also demonstrates United States staying power in the region by empowering the middle class and other drivers of long-term change in Pakistan. Despite challenges, over the long-term, a tolerant, democratic, and economically stable Pakistan both benefits the Pakistani people and advances United States national security, as well as security in the region.

Our approach of providing a substantial percentage of the country program in the form of local direct assistance contributes to sustainability by strengthening the capacity of those ministries of the Government of Pakistan, in provincial government, and in other important entities with whom we work, such as the FATA Secretariat. Similarly, our work with Pakistani nongovernmental organizations (NGO) builds capacity and sustainability in civil society. For example, we have worked closely with the FATA Secretariat to strengthen their financial management and procurement mechanisms, but more broadly strengthen their ability to communicate with constituents and be more responsive to the people of the FATA. Another example is our work in Sindh Province. USAID will be helping the Sindh Department of Education manage resources and monitor school construction. This is essential to ensuring results can be maintained and local governments can become responsible for service delivery.

Beyond governmental capacity-building, our multi-sectoral strategy aims to build long-term sustainability within important sectors, such as the energy sector. The U.S. Signature Energy Program in Pakistan has invested in policy reform, capacity building and efficiency improvements to reduce power losses and increase revenues, as well as targeted infrastructure investments to increase electricity generation. This effort has yielded significant results. By the end of 2013, these investments will have added 900 megawatts (MW) of power to the grid, including the completion of the Gomal Zam Dam in South Waziristan, one of Pakistan’s restive tribal areas. Going forward, we will continue to support infrastructure projects but, complementing those infrastructure programs, U.S. efforts will also help GOP institutions build the capacity needed to manage the power sector effectively and implement policy reforms that will strengthen commercial performance in the short-term and increase access to power in the mid- to long-term. These efforts will be undertaken through ongoing technical assistance and implementation of improved commercial operation of power distribution companies and demand-side load management initiatives.

We will also continue important cross-cutting activities that strengthen governance, transparency, and gender equality through programs such as the Political Par-

ties Development Program, the Anti-Fraud Hotline, and the Gender Equity Program.

In addition, we are working to expand the ability of civil society to engage in government oversight and policy advocacy, combat corruption, improve the status of women, and address the pressing needs of communities. For example, the Political Parties Development Program will work to improve the democratic performance of political parties to strengthen their ability to address constituent needs and grassroots concerns by helping parties conduct their own research, analysis, and training for the formulation of increasingly responsive and informed platforms and policies, as well as implement internationally recognized standards for internal democracy and transparency. This work builds on previous USAID investment in Pakistan's democracy and governance that continues to provide long-term sustainable benefits. For example, USAID's prior work with the Election Commission of Pakistan, including improving and updating Pakistan's voter registry, will be essential to the integrity and legitimacy of upcoming general elections that are due no later than May 2013. Those elections would mark the first civilian transfer of power in Pakistan's history.

PUBLIC OPINION

Pakistani public opinion of the United States has historically been extremely low for a variety of reasons. During 2011, several events occurred—Wiki Leaks, the Raymond Davis incident, May 2, and the November cross-border incident—that have provided further challenges to the effort to improve Pakistani public opinion of the United States.

We have continued to implement a strong branding policy in Pakistan, as detailed in a briefing provided for your staff last year. In 2012, USAID will focus efforts on raising Pakistani awareness of United States assistance. A recent USAID-funded study suggests that 64 percent of Pakistanis are not aware of USAID at all and 86 percent are not aware of specific USAID projects.

While USAID does not anticipate that increased awareness of United States civilian assistance will dramatically change historic trends in Pakistani public opinion of the United States, we believe increased awareness can have a long-term impact on public opinion. Past experience shows that greater awareness of U.S. civilian assistance does help improve overall perceptions of the United States.

Accordingly, USAID is working closely with the Embassy Islamabad Public Affairs Section to positively message United States civilian assistance and increase Pakistani public awareness. The USAID mission in Pakistan has contracted with one of Pakistan's leading media groups to design and implement integrated information campaigns, primarily using television and radio as a vehicle. USAID runs a weekly Urdu language radio show that features USAID projects in Pakistan and is broadcast across 70 percent of the country. We have also created a series of documentaries about our projects, which are being broadcast on local TV stations. Additionally, USAID has engaged a local research company to conduct public opinion research that will be used to inform our strategic communications efforts and evaluate its effectiveness.

While our relationship with Pakistan is complex, Pakistan's future remains vital to our national security and regional interests. As challenging as the last year has been, we have many shared interests, and it is important we continue to find a way to act on those interests, even as we work through difficult issues.

CUTS IN GLOBAL HEALTH FUNDING

Question. The President proposes to cut funding for the neglected tropical disease program from \$89 million in fiscal year 2012 to \$67 million in fiscal year 2013. These diseases afflict the poorest people in the world. I am told that more than 532 million neglected tropical disease treatments have been distributed in 21 countries since fiscal year 2006, but this cut would cause a sharp drop in the number of people treated and in the number of countries served. The President also proposes to cut funding for maternal and child health by \$27 million, and for malaria programs by \$31 million. We have worked hard for years to build up these programs. Why do these cuts make sense?

Answer. In light of the constrained fiscal environment, USAID made difficult decisions in the development of the fiscal year 2013 budget.

For the Neglected Tropical Disease (NTD) program, USAID remains committed to the control of NTDs and the advances made by this program and will strategically plan resources to ensure the greatest outcomes of the funding provided for this purpose.

USAID's NTD program has expanded from five countries, when the program began in 2006, to 20 countries in 2012. To date, the program has delivered more than 500 million NTD treatments to 200 million people. Documentation of control and elimination of the targeted diseases on a district-level basis is now underway. In order to continue toward national level control and elimination, USAID will continue to prioritize those countries closest to elimination.

USAID's NTD program leverages billions of dollars' worth of pharmaceutical donations each year. Pharmaceutical partners have significantly increased their donations because of the demand USAID's support for treatment programs has created. USAID will continue to advocate for other partners to increase their support and commitments to NTDs so the gains made to date are not lost and we can continue to maximize the leverage from these pharmaceutical partners.

Every year in developing countries, 7.6 million children younger than age of 5 die, two-thirds of which are preventable. USAID goals are to reduce under-5 mortality by 35 percent and maternal mortality by 30 percent across assisted countries. Substantial mortality reduction for mothers and children in the developing world is the result of a strategic use of resources from donors, governments, and families themselves. Mortality reductions are achieved by USAID investments in maternal and child health (MCH), malaria, nutrition, and family planning programs. USAID's maternal and child health resources are focused in the 24 MCH priority countries under the Global Health Initiative, which account for more than 70 percent of under-5 mortality.

In fiscal year 2013, USAID will expand investment in vaccines through our contribution to the Global Alliance for Vaccines and Immunization (GAVI Alliance), where the U.S. Government will take advantage of the ability to leverage resources from other donors and increase the effectiveness of this investment. Immunization programs presently prevent approximately 2.5 million under-5 deaths each year. By expanding the coverage of existing vaccines and introducing new immunizations, we believe we can save the lives of 4 million children over just the next 5 years. To do this, we need to deliver routine vaccines in new combinations, as well as introduce new vaccines against childhood killers, which includes acute respiratory infections and diarrheal disease to all children, and especially hard to reach children who are presently not receiving any vaccinations. The impact of the new pneumococcal conjugate vaccine, which protects against acute respiratory infections, could reduce the deaths from childhood pneumonia by up to 500,000 every year. Similarly, the rotavirus vaccine that combats diarrheal disease could save 300,000 children who die every year from extreme diarrheal disease.

Fiscal year 2012 increases in funding for the President's Malaria Initiative (PMI) have allowed for the expansion of activities and geographic coverage within both Nigeria and the Democratic Republic of the Congo (DRC), which together account for almost one-half of all malaria cases in Africa, while maintaining coverage and sustaining gains in the remaining PMI countries. Further expansion of program activities in Nigeria and the DRC will be possible with the fiscal year 2013 budget request level. PMI will continue to collaborate closely with other donors and partners to seek cost savings and sustain the gains achieved in focus countries.

JOSEPH KONY AND THE LORD'S RESISTANCE ARMY

Question. Your fiscal year 2013 budget request does not mention the Lord's Resistance Army (LRA) or anything about implementing the LRA Disarmament and Recovery Act. Is that an oversight? What more could be done to help Kony's victims recover, to support the early warning network and the disarmament and reintegration of former LRA combatants, especially child soldiers?

Answer. While a specific LRA line item is not included in the fiscal year 2013 budget, USAID will continue to assist those affected by the LRA in Uganda, the Central African Republic (CAR), the Democratic Republic of the Congo (DRC), and South Sudan with humanitarian and development assistance in fiscal year 2013. USAID's fiscal year 2013 CBJ includes approximately \$82 million for reintegration, recovery and development of conflict-affected populations in Northern Uganda, including 1.8 million people who had been displaced by the LRA. USAID's fiscal year 2013 budget request also includes funding for development programs in South Sudan, a portion of which will be in LRA-affected areas (the southwestern region of the country) and could benefit individuals affected by LRA violence. USAID assistance in Western Equatoria State includes construction of feeder roads that will enable agricultural products to get to market, market electrification assistance, basic education services, primary healthcare delivery, English language instruction via radio programs, technical assistance to improve the quality of the water supply in the area, and fertilizer and seed distribution programs.

USAID will continue to utilize humanitarian assistance funds to address emergency needs in the DRC, CAR, and South Sudan related to the impact of LRA violence, including food security, economic recovery, health and protection assistance, as well as continuing reintegration assistance for children formerly abducted by the LRA. USAID, in conjunction with the Department of State's Bureau for Population, Refugees, and Migration (PRM) will continue to monitor the humanitarian needs of LRA-affected communities and deliver needs-based humanitarian assistance throughout the region. In addition, we have launched a new Counter-Trafficking in Persons policy and are elevating our focus on trafficking in and around conflict areas; we will be particularly focused on the DRC.

Question. How do you regard the potential for social media to inform the public and rally support in response to crises—whether to stop the effects of climate change, punish war criminals in Sri Lanka, or some other compelling issue?

Answer. USAID recognizes that social media is a proven catalytic force in global politics and requires timely, consistent, and relevant communication to be effective. Social media has great potential to both inform the public and rally support around a cause, and when harnessed correctly, positions USAID to be truly effective in engaging directly with myriad development stakeholders. In times of immediate crisis, like natural disaster or conflict situations, user-generated social media content often provides the world with the first glimpses of the disaster. These on-the-ground testimonials can be vital in rallying support for direct action, thus resulting in a timelier and ultimately more-effective response to distressed areas.

With longer-term crises, like famine, drought, or public health issues, a more measured and intentional approach can and should be taken. Social media provides a streamlined, yet far reaching, avenue for engaging the public in the places where they both consume and share content within their immediate circles of influence and beyond. A strong social media campaign can leverage the critical opportunity to reach not only our natural audiences, but their extended audiences as well. The primary key to that virality is providing timely and relevant content of a quality that is worth sharing.

To that end, USAID partnered with the Ad Council in September 2011 to raise awareness of the serious plight of more than 10 million people who have been at risk from the famine, war, and drought affecting the Horn of Africa. Through this partnership, USAID produced several public service announcements (PSAs), which featured celebrities, professional athletes and well-known personalities, and have aired nearly 20,000 times, reaching an audience of more than 45 million people. These same PSAs garnered more than 150 million forward actions through Facebook, Twitter, email, and YouTube, and increased attention to and support for the efforts to ameliorate the situation in the Horn of Africa.

Internationally, USAID's missions utilize various social media platforms with increasing regularity, and within the last year, USAID has seen an exponential increase specifically with engagement via Facebook and Twitter accounts. Recognizing the need to engage with development stakeholders in a meaningful way through the social media realm, USAID is actively working toward institutionalizing demonstrated successes and best practices by supporting its missions' use of these platforms. Further, the State Department (Embassy Public Affairs Sections) and USAID (Communications Offices) work together in the field to improve their communications collaboration and develop cohesive strategies that incorporate USAID outreach efforts, leverage different networks, and reach relevant target audiences. This information is also shared with the USAID Washington Social Media team to further promotion via domestic audiences.

DEVELOPMENT GRANTS PROGRAM

Question. I started the Development Grants Program (DGP) several years ago to provide a relatively small amount of money—\$45 million out of a total Development Assistance account of more than \$2 billion—to provide small NGOs with grants of less than \$2 million for innovative proposals. The purpose was to support mostly local NGOs that cannot compete for big USAID grants. Unfortunately, USAID did not implement the program as intended.

One of the key goals of your procurement reform is to be able to support more grants to smaller NGOs. But given your track record with the DGP, it is hard to be optimistic. Why can't these DGPs be made available for projects in any sector—agriculture, environment, education, democracy and governance, water and sanitation, you name it—at any USAID mission that receives a proposal that qualifies?

Answer. In its first 3 years of programming, the DGP has been successful at broadening the USAID partner base by providing direct grants to 38 small U.S. private voluntary organizations and 104 small local NGOs, the majority of which had

not received any prior direct USAID funding. In addition to providing small grants, the program continues to provide capacity building to strengthen the organizations and provide critical program support to missions.

DGP is valued by missions and has become an important way that missions directly engage with small nontraditional partners that have access to underserved communities. In many instances, DGP relationships have grown into long-term partnerships supporting core mission goals.

In Zambia for example, under the DGP, a local NGO implemented a Water and Sanitation program in schools which increased sustainable access to safe drinking water and sanitation facilities, improved hygiene, and addressed environmental issues that impacted education quality and learner performance. The structured and consistent support to the local NGO under the DGP resulted in effective planning, implementation and monitoring of activities as well as a strong collaboration and positive working relationship with government officials, schools, communities and other key stakeholders. Valuing the local NGO's reach into the most rural communities, the mission, with its own funds, more than doubled the size of the award to the organization and now considers them as a strong development partner in its Water and Sanitation program.

All of USAID's programs must address the balance between development priorities and budget realities. In the context of the DGP, USAID finds that mission capacity to program through local organizations and a greater number of smaller partners is increasing to meet the same goals. Further, unlike the first 3 years of programming in which all of the DGP funds were encumbered with sector directives, in fiscal year 2012, more than one-half of the appropriated funds will not be required to be used with specified sectors.

HAITI

Question. Some public health experts say the international response to the cholera epidemic was fraught with problems, the incidence of cholera in some parts of Haiti today remains among the highest in the world, the danger of another cholera epidemic in Haiti is high, and the country is far less prepared to respond than it was a year ago. If cholera were to spread to Jamaica, Mexico, or Brazil, it could be disastrous. How do you respond to these concerns? Do you believe the United States Government's support for cholera management in Haiti is sufficient to prevent another epidemic; and, if so, why?

Answer. Experts view the rapid spread of cholera within the region—with the high mortality rates seen during the early onset in Haiti—as highly unlikely, in large part, because sanitation systems are more advanced, and access to healthcare is greater.

As the rainy season approaches, our focus continues to be on supporting the Haitian Government in the prevention and treatment of cholera. The U.S. Government has integrated cholera response into our long-term health programming, ensuring that we are helping to combat the disease as long as it continues to threaten the country. The United States Government has also taken precautions by prepositioning cholera response commodities throughout Haiti. Though spikes in cases are possible with the onset of the rainy season, the fact that the case-fatality rate has remained less than 1 percent for several months is good indication that people understand what to do when symptoms occur and that the system itself is able to manage the cases that occur.

Since the cholera epidemic began a year-and-a-half ago, USAID has provided cholera treatment through our health service delivery sites, which provide access to care for approximately 50 percent of the Haitian population. Today, the U.S. Government continues to manage the epidemic primarily through our basic health services. All sites in USAID's network are capable of treating new cholera cases. All staff are appropriately trained, and commodities such as oral rehydration salts and IV fluids are on hand to treat patients.

In addition, the U.S. Government continues to support improvements in access to safe drinking water, improved sanitation, and hygiene for the people of Haiti, as these represent long-term solutions to the cholera epidemic and to many other public health problems that hinder the health of the Haitian people and the development of the Haitian nation. To date, the U.S. Government has spent more than \$73 million to fight cholera in Haiti.

PROTECTING FORESTS AND INDIGENOUS PEOPLE

Question. Last year, we transferred the position of Advisor for Indigenous People from the State Department to USAID. Do you know if a search is underway to fill that position? It is important because USAID gets involved in everything from

building roads to logging in tropical forests which directly impact indigenous people, and their governments often run roughshod over their rights and territories. We are seeing that today in Peru, where the Amazon is being carved up for oil, gas and logging concessions, and I want to be sure there is a person at USAID with authority who indigenous people have access to who will look out for their interests.

Answer. USAID shares your commitment to elevating the interests of indigenous peoples, which are currently integrated into many areas of programming, including land tenure and property rights, forestry and biodiversity, resource governance, rule of law, human rights, and community health programs.

With respect to the position of the Advisor for Indigenous Peoples Issues, which was transferred to USAID with the passage of the fiscal year 2012 appropriations bill, we are working at the highest levels of USAID to determine the appropriate scope of duties for this position, its optimal home within the organization, and associated resource requirements. We look forward to consulting with your staff to move this forward as expeditiously as possible.

EVALUATION POLICY

Question. USAID adopted a new evaluation policy in January 2011 which changed the requirements for evaluating the effectiveness of USAID projects and programs. I agree that the way USAID evaluates the effectiveness of its programs needs to be more credible, but I worry that the emphasis on quantitative analysis is overly-simplistic and focuses on short-term impact, rather than longer-term outcomes which can be influenced by many factors. I am not sure your results will be accurate. How do you respond?

Answer. USAID's Evaluation Policy has been recognized by the Center for Global Development for "fostering a new culture, of transparency and learning." The American Evaluation Association has also cited the policy as a model other Federal agencies should follow. USAID's Evaluation Policy was created to recommit USAID to "obtain systematic, meaningful feedback about the success and shortcomings of its endeavors", and this includes stronger quantitative and qualitative analysis. The Policy does not place an emphasis on quantitative analysis to the exclusion of other methods. Rather it requires that USAID-funded evaluations use methods that generate the highest quality and most-credible evidence that corresponds to the questions being asked, taking into consideration time, budget, and other practical considerations. Given the nature of development activities, both qualitative and quantitative methods yield valuable findings, and a combination of both is often optimal.

To ensure that USAID's evaluations address longer-term outcomes, evaluation requirements are written into the guidance for the missions' Country Development Cooperation Strategies (CDCS). Missions identify longer-term outcomes of the USAID country program in the CDCS and specify indicators to routinely track change and evaluation questions to be addressed over the period of the strategy. In addition to the CDCS, evaluation is integrated throughout the USAID Program Cycle, which includes long- and medium-term outcomes and includes developing and implementing policies and strategies, project design and implementation, performance monitoring, and learning from experience to improve development outcomes and inform resource requests.

The Evaluation Policy and USAID's efforts to build evaluation capacity, particularly in missions, to conduct high-quality evaluation will lead to increasingly accurate, unbiased, relevant, and transparent evaluations. USAID is investing in classroom training in evaluation methods for staff, creating tools, and resources to guide staff and partners, and providing direct technical assistance to staff engaged in evaluation design and management. USAID's Bureau for Policy, Planning and Learning and USAID technical and regional bureaus are working on the sectoral and multi-country learning that complements mission evaluations and tracks longer-term outcomes. For example, the new Center for Democracy, Human Rights and Governance has established the Evaluating Democracy and Governance Effectiveness initiative; a comprehensive, long-term program to measure the impact and effectiveness of various approaches to democratic development and incorporate the findings into USAID policies and programs through outreach, training, and field support.

QUESTIONS SUBMITTED BY SENATOR DANIEL K. INOUE

Question. Dr. Shah, I commend the U.S. Agency for International Development (USAID) in its efforts to improve the delivery of foreign assistance in more-efficient ways. With the President's announced shift in our national security strategy to focus more on the Asia-Pacific region, would you please elaborate on enhancements, new areas of interest, or ways USAID will strengthen its work in the region?

Answer. USAID has responded to the administration's focus on the Asia-Pacific region by enhancing existing programs, expanding into new areas of focus and strengthening our collaborative work in the region. We will work with Asian countries facing management, governance, and social challenges that impede progress and growth. USAID will enhance key bilateral relationships, such as those in the Philippines and Indonesia, where U.S. Government partnership agreements are elevating broad based, inclusive economic growth as development priorities.

In Burma, where emerging reform presents a new opening, United States Government officials have been able to travel to Burma to meet with government officials and civil society to determine the country's development needs. On April 4, 2012, following Burma's successful by-elections, USAID announced the re-establishment of an in-country USAID mission in Rangoon as part of the United States Government's commitment to support the Burmese people, reform-minded governmental officials and other Burmese leaders who are seeking constructive engagement to advance reform in the country.

USAID Forward and Procurement Reform policies are changing the way we conduct business—broadening our collaborative partner base and making it easier for small businesses, local institutions, and other donors to partner with us. As two examples:

- USAID's work with Association of Southeast Asian Nations Dialogue partners supports regional program coordination, climate change initiatives, disaster management and regional trade; and
- USAID efforts promote important multi-donor and multilateral coordination on issues such as the development of hydro-power on the Mekong River.

Question. Senate Report 112–85, the Senate's State, Foreign Operations, and Related Programs Appropriations Act for fiscal year 2012, which was referenced in the Consolidated Appropriations Act, House Report 112–331, directed the Secretary of State to follow guidance included in Senate Report 112–74 related to the Compact of Free Association (Compact) agreements with the Federated States of Micronesia, the Republic of the Marshall Islands (RMI), and the Republic of Palau. It also directed the Secretary to work within the U.S. Government interagency process to address the domestic impacts of Compact migrants on affected jurisdictions. Could you please explain what, if any, involvement and role USAID has in this process?

Answer. USAID is responsible for United States disaster assistance and reconstruction services in the RMI and the Federated States of Micronesia (FSM), which the United States Government is obligated to provide as stipulated in the Compact. While our disaster response and reconstruction program does not directly address the domestic impacts of Compact migrants, it does support these countries' ability to anticipate and mitigate the effects of natural disasters. Our efforts help reduce the number of Compact citizens who will have to migrate to the United States due to disasters.

Question. With respect to the Compact countries, currently, the Departments of the Interior and State participate in the Joint Economic Management Committee and Joint Economic Management and Fiscal Accountability Committees to strengthen the management and accountability of assistance provided to Compact countries. This involves a review of the development plans and other planning and budget documents of the governments, as well as monitoring the progress being made toward sustainable economic development and budgetary self-reliance. USAID's mission is development assistance to countries for the purpose of helping them gain stability and sustainability. I believe this is an area USAID's experience and technical expertise would be invaluable, and would be interested to learn what involvement USAID may have in this process and what it might be able to lend to the Departments of the Interior and State.

Answer. USAID has more than 50 years of experience in partnering with governments to build sustainable institutional capacity in developing countries. We have developed technical expertise in improving governments' capacity to formulate and implement economic development plans; improve fiscal stability; reinforce anticorruption measures; and strengthen rule of law. While USAID's program is limited to disaster assistance in the RMI and FSM, we welcome opportunities to share our technical expertise in other areas critical for the Compact countries' sustainable economic development.

When the Federal Emergency Management Agency (FEMA) of the Department of Homeland Security was responsible for disaster assistance under the Compact, that FEMA's role was restricted to disaster relief and reconstruction. USAID is now able to fulfill the U.S. Government's obligations under the Compact, while helping to strengthen each country's capacity for disaster mitigation, response, recovery, and reconstruction at both national and community levels. USAID will work with the

Departments of the Interior and State to ensure our programs are complementary in building sustainable institutional capacity.

Question. I am interested in learning what USAID's plans are for development assistance in the larger context of the South and Western Pacific, and what it is currently undertaking in this key strategic area.

Answer. USAID seeks to play a key role in deepening U.S. Government engagement in the Pacific region. Our programs in the Pacific are regionally focused, but target South and Western Pacific countries, including Papua New Guinea (PNG), RMI, FSM, Kiribati, Nauru, Palau, Samoa, Solomon Islands, Fiji, Vanuatu, and Tonga.

The value of U.S. Government presence is magnified by our programs' focus on issues that pose the greatest socio-economic threat to the Pacific island countries:

- Mitigating the negative impacts of global climate change in a region that is among the most vulnerable in the world to the adverse effects of climate change, but least able to respond;
- Addressing the impact of HIV/AIDS in PNG, which suffers from the highest HIV/AIDS epidemic rate in the Pacific; and,
- Strengthening democratic institutions in PNG and Fiji, where democracy is still fragile.

To further maximize the impact of our programs, USAID:

- Collaborates and leverages the funding of key donors in the region, including Australia, New Zealand, and Japan and other multilateral organizations such as the United Nations, the World Bank, and Asian Development Bank;
- Supports key regional institutions; and
- Forges greater synergy and unity of effort among the different U.S. Government agencies working in the region for a more-effective "whole-of-government" approach that makes the best use of limited resources.

The opening of USAID's satellite office in Port Moresby, Papua New Guinea in October 2011 is a recent example of increased U.S. engagement in the region. USAID's presence has contributed to expanding the U.S. Government's outreach and diplomatic capacity in the region.

Question. Would you please tell me what USAID's plan for economic/development assistance is for the country to the Philippines?

Answer. A team of economists from the United States and the Philippines analyzed and identified the country's most binding constraints to growth. To ensure the Government of the Philippines ownership of the new approach, the analysis was a collaborative effort and included development objectives outlined in the Philippines Development Plan (PDP), 2011–2016. The PDP is a document developed by the Government of the Philippines that closely aligns with the United States' 5-year strategy from 2012–2016. Under the new strategy, USAID will focus on two key areas to address economic/development assistance in the Philippines:

- regulatory reform; and
- fiscal space

areas identified as among the most critical constraints that prevent the Philippines from realizing its full economic potential.

The United States Government supports the Government of the Philippines measures to reduce the cost of doing business, improve the investment climate, ensure that import regulations are science-based, and ease restrictions on market entry. Rule of law and judiciary reforms will support these critical initiatives. The Government of the Philippines has committed to streamlining business procedures (predictability, reliability, and efficiency) at national and local levels to reduce the country's cost of doing business and they have committed to improving the overall investment climate through regulatory reforms. The Government of the Philippines is pursuing implementation of the Anti-Red Tape law and a Philippine Business Registry system to establish an on-line system for national business registration.

Improving fiscal space is the second key area on which USAID will work. Low government revenue due to a narrow tax base and ineffective expenditure management, caused in part by favoritism in government contracting, inhibit growth. Through this strategy, programs will address inefficient revenue generation, strengthen tax collection enforcement and improve expenditure management of the Government of the Philippines agencies.

Question. In your testimony, you spoke about the focus being given to North Africa and the Middle East, especially following the revolutions in the region early last year. How does USAID plan to sustain its various assistance, economic and reform oriented, while shifting focus to the Asia-Pacific region and maintaining the current operational tempo in Iraq and Afghanistan?

Answer. In North Africa and the Middle East, USAID will remain an active and sustained partner as the region transforms. As the U.S. Government shifts focus to

the Asia-Pacific, we are utilizing our resources differently. Through innovation and reinvention, USAID will expand focus to the Asia-Pacific while sustaining our current efforts elsewhere. In October 2011, USAID opened an office in Port Moresby, Papua New Guinea, to manage programs throughout the Pacific Islands. Additionally, USAID will re-open its mission in Rangoon to better serve the nascent democratic process in Burma and provide increased oversight to our on-going programs.

USAID is in the midst of finishing a comprehensive portfolio review in Afghanistan. Last June, Administrator Shah issued Sustainability Guidance that mandates all programs in Afghanistan be reviewed and adjusted to ensure they are implemented with the driving principles of accountability, sustainability, and social and gender inclusion, and that they be implemented in partnership with the Afghan government. Allocation of aid resources will increasingly be based on maximizing capacity-building initiatives and development impacts as aid budgets shrink to enable a viable Afghan transition.

USAID's projects in Iraq transitioned from stabilization assistance to development assistance beginning in 2009. The State Department, USAID, and our other U.S. Government partners continue to meet the challenge of operating successfully in a dynamic environment while still maintaining the safety of our personnel by:

- Contracting third-party monitoring and evaluation specialists who have greater access to project sites, are less limited by security concerns, and possess local knowledge.
- Employing local Iraqi professionals to provide an additional layer of oversight and greater access to project sites, beneficiaries, and counterparts.
- USAID employs more than 1,100 implementing personnel in Iraq, nearly 1,000 of whom are local Iraqi employees, or 90 percent.

Question. The American Schools and Hospitals Abroad (ASHA) program is very important to assisting our friends and partners overseas. I have been very supportive of ASHA in the past, in particular its work in Israel. Would you please explain how much an average ASHA grantee receives, and how many grantees ASHA supports? Finally, I have supported efforts by the Israel Center for Excellence in Education (ICEE) in the past, and I understand they have benefited from ASHA support many years ago. Dr. Shah, would you please explain how the grant process has changed over the years, and if ICEE submitted a grant application, I would be interested in learning about its current status.

Answer. USAID's ASHA program administers a worldwide grant program that reflects both the pioneering spirit and the generosity of citizens of the United States. USAID appreciates your past and future support of the program, including its work in Israel.

In order to ensure an equitable distribution of ASHA funds to entities whose proposals best support the program's objectives, ASHA conducts a fair and competitive process in order to allocate grant funds each year. On average, ASHA receives approximately 80–100 applications in response to the annual Request for Applications. Of that number, 25–35 new grants are awarded annually. The individual grant awards range from \$150,000 to \$2,000,000.

USAID/ASHA has recently modified the grant process in the last year by utilizing www.grants.gov as the means to post its Request for Applications. fiscal year 2012 funding requests are currently being reviewed by a USAID Technical Evaluation Committee, and it is anticipated that final agency recommendations will be made in June or July 2012.

ICEE did not submit an application for this past grant application cycle, which ended October 31, 2011. We appreciate your show of support and encourage ICEE to apply to the upcoming grant application cycle, which will be available on www.grants.gov in June or July 2012.

QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

Question. While I commend the efforts being made by the United States Agency for International Development (USAID) to cut waste in the delivery of its assistance, I wish to assure that we maintain a broad connection between democracy and labor rights groups in the United States with their counterpart partners in developing nations. This is especially important when we want to promote such groups around the world, often in countries where direct associations with the U.S. Government is problematic. Can you tell me how USAID is balancing the important role these intermediary organizations play with its efforts at greater localization of assistance contracts?

Answer. USAID will continue to offer significant support to international democracy and labor rights groups, particularly as they support local counterpart organizations.

The connection between local organizations in developing countries and democracy and labor organizations in the United States is supported through the Agency's guidance regarding incorporation of Local Capacity Development into USAID project designs. Building strong partnerships between local and American organizations that respond to similar issues, or have similar organizational missions, can facilitate the emergence of stronger promotion of democracy and labor rights. Considering the potential value of such relationships is part of appropriate project design, and is reinforced through the guidance that is shared with missions.

This is especially true in the area of international labor rights programming. USAID supports U.S. intermediary organizations, like the Solidarity Center and the International Labor Rights Fund, in order to leverage specialized expertise to strengthen unions and labor rights nongovernmental organizations (NGOs) in developing countries and connect them to the global labor movement. A good example of this is USAID's \$37.5 million Global Labor Program (GLP) Leader with Associates Award, a 5-year program with the Solidarity Center that is currently active in nine countries and four regions (Africa, Asia, Latin America, and Eastern Europe). Due to the Solidarity Center's successful capacity building of local unions and labor rights NGOs, this support helps prepare the type of local organizations that USAID seeks to strengthen through local capacity development and localized assistance contracts. USAID recognizes that support to U.S. intermediaries like the Solidarity Center and the International Labor Rights Forum, a consortium partner in USAID's Global Civil Society Strengthening Program, is important to this effort.

USAID also promotes democracy groups in developing countries by encouraging USAID missions to incorporate them into the monitoring and evaluation of USAID programs that use partner country systems, thus bringing a more-sustainable form of accountability to developing country governments. This is reflected in USAID's policy on the use of partner country systems.

Question. I very much applaud your efforts to strengthen independent civil society and NGOs around the world. Can you outline how the President's budget request will support the strengthening of democracy, human rights groups, and labor unions around the world through funding by USAID? How is USAID strengthening worker rights in Arab Spring countries that have seen trade unions leading efforts for democratization?

Answer. The President's budget request for fiscal year 2013 includes \$2.84 billion for State Department and USAID programs to strengthen democracy, human rights and governance worldwide. Under this broad rubric, both the State Department and USAID will plan programs to:

- ensure free and fair elections;
- promote freedom of association and strengthen civil society organizations;
- support human rights organizations in their monitoring and advocacy efforts; support independent media; and
- strengthen labor unions and worker rights.

USAID's programs promote freedom of association, working to ensure that NGO laws provide an enabling environment for a vibrant, independent civil society sector. USAID also builds the organizational capacity of NGOs to advocate on behalf of constituents, influence policy dialogues, and hold governments accountable for their performance. In the Middle East, USAID's programs focus on empowering new actors, including women, youth, minorities, and other communities that have been excluded from political and economic power.

USAID support for workers' rights revolves around the GLP, implemented by the Solidarity Center, which promotes international core labor standards, works to improve workers' access to justice, and supports independent, democratic labor unions and NGOs.

USAID has workers' rights programs in Ukraine, Georgia, Bangladesh, Cambodia, South Africa, Liberia, Mexico, Honduras, Brazil, Peru, Colombia, Kyrgyzstan, and Vietnam. While USAID does not have specific programs focusing on workers' rights in the Middle East and North Africa, the Department of State's Bureau for Democracy, Human Rights and Labor is supporting independent trade unions in Egypt. USAID coordinates its programming closely with the Department of State.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

VULNERABLE CHILDREN

Question. In just 9 days, the inspirational video created by the American non-governmental organization Invisible Children—which focuses on Lord’s Resistance Army (LRA) leader Joseph Kony—has attracted more than 78 million views on YouTube and generated hundreds of thousands of dollars in donations on its release day alone. Louisiana constituents, particularly younger Louisianans, have been contacting my office nonstop in support of the “Kony 2012” movement with phone calls and emails. Though the size of the LRA is dwindling and Joseph Kony is now thought to be operating from the Congo or the Central African Republic (CAR), some 440,000 Ugandans have been displaced by the conflict—most of them children.

Do you mind detailing the United States Agency for International Development’s (USAID) support for these conflict-affected children and former child soldiers in Uganda?

Could you explain USAID’s efforts to restore the livelihoods of conflict-affected children? Is there a focus on reconnecting these children with the families from which they were kidnapped?

Answer. USAID has been heavily engaged in addressing the needs of LRA-affected communities since the late 1980s, when USAID began providing humanitarian assistance in Northern Uganda. Although the threat of the LRA has shifted from terrorizing communities in Northern Uganda to CAR, the Democratic Republic of Congo and South Sudan, USAID remains committed to addressing the needs of affected populations, including children, in Uganda. In fiscal year 2011, USAID provided approximately \$102 million in assistance to Northern Uganda. The needs of children, women, and other vulnerable groups are addressed through programs that promote reconciliation, restore livelihoods and rebuild the region. USAID programs do not isolate child soldiers, but rather integrate them and their unique needs into our programs designed to promote reconciliation. By linking the specific needs of formerly abducted persons with those of their communities, USAID ensures a whole-of-community approach that addresses both the short- and long-term needs of conflict-affected children and former child soldiers. USAID programming to support conflict-affected children and their communities in Northern Uganda include:

- psychosocial support;
- vocational and leadership training;
- peace education;
- livelihoods training and agricultural extension;
- community consensus-building; and
- provision of family support social services.

As the needs in Northern Uganda have evolved from short-term, quick-impact transition initiatives to longer-term development, USAID has transitioned its work in Northern Uganda to address these long-term issues. As an example, the Supporting Access to Justice, Fostering Equity and Peace program is a new 5-year program that continues peace and reconciliation efforts in LRA-affected areas and proactively addresses emerging development issues and conflict drivers, such as land disputes and government service delivery.

USAID began transitioning from providing emergency food assistance to internally displaced persons (IDPs) in the camps to supporting the return of IDPs to their former homes. Since 2006, USAID/FFP has provided more than \$100 million in title II Development Food assistance benefiting 87,000 families in 21 districts in Northern Uganda. This assistance has included:

- support for increased agriculture production;
- HIV/AIDS awareness;
- infrastructure development;
- maternal and child health and nutrition; and
- water, sanitation, and hygiene.

PROCUREMENT REFORM

Question. The administration has said that it wants to make foreign aid more effective and efficient and has made some progress on this, particularly through the USAID Forward agenda. I’ve been a supporter of procurement reform and was pleased to see that just this past month, USAID simplified its regulations so that the agency can support smaller businesses in the United States and abroad—supporting economic growth in areas that really need it—when buying goods and services. The President’s fiscal year 2013 budget requests that \$16 million be appropriated to the USAID operating expenses account to support the USAID Forward agenda, and particularly procurement reform. The request notes that several new

civil service positions are needed to implement procurement reform to develop smaller contracts appropriate for partner country systems.

What other local procurement activities are envisioned by this \$16 million?

Answer. The \$16 million identified in the President's fiscal year 2013 budget for procurement reform includes \$13 million in fiscal year 2012 appropriated operating expenses (OE) and \$3 million in the fiscal year 2013 appropriation. Per the fiscal year 2012 statement of managers provision that at least \$25 million of the appropriation be made available for procurement reform in fiscal years 2012 and 2013, the \$13 million reflects the carryover funding for fiscal year 2013 activities. Hence, only \$3 million for 16 new civil service positions for procurement reform is requested for appropriation in fiscal year 2013.

With the additional funding, USAID will be able to field more acquisition personnel to support the increased local procurement activities and related local capacity development interventions. Additional work includes the need to complete pre-award surveys for local organizations that have never had a direct award with the U.S. Government, assess the capacity development needs of the organizations, and provide capacity-building support to ensure accountability for U.S. taxpayer funds and compliance with U.S. law and policy requirements.

Question. Additionally, what steps have been taken to help both small U.S. and developing country businesses know about and take advantage of these recent regulatory changes?

Answer. USAID has increased and focused its outreach efforts to both small U.S. and developing country businesses to inform them of the Implementation and Procurement Reform Initiative and opportunities for direct and indirect partnership implementing USAID-managed development resources. For U.S. small businesses, USAID's Office of Small and Disadvantaged Business Utilization (OSDBU) conducts on-going outreach activities at both USAID-sponsored events and external small-business conferences. These outreach efforts provide forums for OSDBU to counsel U.S. small businesses seeking contracting opportunities at USAID. In fiscal year 2012, OSDBU will take part in more than 25 small-business outreach events, including hosting the 5th Annual USAID Small Business Conference. This conference provides a forum for U.S. small businesses to hear from senior USAID leadership and program officials regarding IPRI and future contracting opportunities at USAID. Additionally, OSDBU conducts periodic Vendor Day sessions with all categories of U.S. small businesses.

For developing country business, the Agency's Partner Community Outreach Plan, available at <http://www.usaid.gov/business/USAIDPartnerCommunityOutreachPlan.pdf>, provides guidance to USAID personnel on outreach to new and existing partners. Missions have started holding "Industry Days" and "Pre-solicitation Conferences" and inviting local organizations to participate. For example, the USAID mission in Rwanda recently held a "How to Do Business with USAID" for potential local applicants for a health award solicitation. The USAID mission in Philippines held similar events for solicitations in the Economic Growth and Democracy and Governance sectors. In Egypt, the USAID mission held a series of outreach events attended by more than 1,400 people to learn about the process for submitting applications under an Annual Program Statement. As part of a series of field-based Local Capacity Development training/workshops, USAID personnel have been trained on mapping local civil-society and private-sector organizations to identify prospective local partners and assess their capacity to implement activities. Missions are encouraged to invite prospective local partners to "Partner Exchange Days", which provide opportunities for prospective implementation partners to provide feedback on project designs and identify potential partnerships, and "Pre-Proposal Conferences", which provide information on upcoming solicitations, and invite local organizations to participate.

CENTRAL AMERICA

Question. Within Central America, the deteriorating security situation threatens citizen safety. Narcotics traffickers continue to establish trafficking routes to and through the region. The continued expansion of national and transnational gangs creates communities of fear where illicit organizations are effectively in control. At a time when many of our regional partners are fighting a brutal battle in their countries against organized crime, the President's fiscal year 2013 budget request recommends that the State Department make a \$5 million cut from enacted fiscal year 2012 levels to the Central America Regional Security Initiative (CARSI). The President recommends that the International Narcotics Control and Law Enforcement Account appropriation to the Western Hemisphere be reduced by \$92 million for fiscal year 2013. Can you please explain the President's logic in making such

a sizeable reduction to this appropriation for the Western Hemisphere, when drug-related violence and narcotics trafficking is at an all-time high?

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, as well as other donor nations and institutions, to support the region's efforts to reverse the deteriorating state of citizen security.

Through its programming and policy advocacy, CARSI seeks to reduce the region's levels of crime and violence, support prevention efforts for at-risk youth and those living in marginalized communities, and strengthen rule of law institutions. The Bureau of International Narcotics and Law Enforcement Affairs (INL) and USAID are implementing CARSI programs capable of being replicated or "nationalized" by host nations. Examples of this are Model Police Precincts, the opening of youth outreach centers and vocational training centers, and the development of "Municipal Crime Prevention Strategies" in communities at-risk. CARSI also supports border security professionalization, assistance for judicially authorized wire intercept programs, seized asset programs, and the training and vetting of specialized investigative units.

Since fiscal year 2008, the United States has committed \$361.5 million to these efforts. The administration requested \$100 million for CARSI for fiscal year 2012; however, we plan on allocating \$105 million for CARSI (INCLE: \$60 million; ESF: \$45 million), pending final congressional approval. The administration's fiscal year 2013 budget request of \$107.5 million will represent a 2.3-percent increase more than the fiscal year 2012 actual allocation for CARSI (INCLE: \$60 million—no change; ESF: \$47.6 million—5.7-percent increase).

Citizen security is a priority for the people of Central America and the hemisphere. The administration's proposed fiscal year 2013 \$91.8 million reduction in Western Hemisphere INCLE funding largely accounts for the continuing transition of counternarcotics and rule of law programs to the Government of Colombia as it continues to build and strengthen its capacities, which reflects the success of United States assistance investments. In fact, Colombian capacity has reached the point where they are providing law enforcement training and assistance, in cooperation with the United States, in both Mexico and Central America. In Mexico, the fiscal year 2013 INCLE budget request decrease reflects a reorientation of efforts in Mexico from the acquisition of equipment to training, mentoring and capacity building, all of which are lower cost and provide long-term sustainability.

Given the proximity of Central America to our own border, and the efforts of transnational trafficking organizations in Central America, Colombia and Mexico, we will continue our commitment to Central American and in the hemisphere to sustain our efforts and support our partners in addressing their most pressing citizen security, rule of law and prevention challenges.

Question. The U.S. Congress voted to ban military aid to Guatemala in 1990 due to concerns regarding human rights abuses committed by the Guatemalan army. Today, the ban remains in place as a partial restriction that limits Foreign Military Financing (FMF) and International Military Education and Training (IMET) funding to the Army Corps of Engineers, Navy and Air Force, allowing only Expanded IMET to the Guatemalan army. The fiscal year 2012 omnibus appropriations bill, which passed through the Congress last December, states that funding to the Army will only be considered in fiscal year 2013 if the Army complies with a series of stipulations, including "a narrowly defined mission focused on border security and external threats, cooperation with civilian investigations and prosecutions of cases involving current and retired officers and with the CICIG, and . . . publicly disclosing all military archives pertaining to the internal armed conflict."

Does USAID concur with these requirements and do you believe that the Guatemalan army is ready to receive regular FMF and IMET funding?

Answer. The Department of State has indicated to both the current and past Guatemalan governments that we are willing to discuss the United States congressional restrictions on IMET and FMF funding for the Guatemalan army, and we have encouraged the Guatemalans to discuss the restrictions with Members of Congress. While it is early in the Pérez Molina administration, going forward we will thoroughly assess the military's commitment and progress with regard to human rights, internal reform, and other key issues, as outlined in the manager's report accompanying this year's appropriations act. The Guatemalan military is responsive to civilian political authorities, it has a human rights and international humanitarian law training program, and has provided key complementary support to law enforcement as part of Pérez Molina's strategy to improve citizen security. The Guatemalan military is also continuing to work with representatives of the Central American ar-

chives to explore the possibility of putting the conflict-era military archives online through the University of Texas. It has earned significant international and Guatemalan public respect for its work in support of peacekeeping operations, disaster response, and recovery efforts.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Question. Recent events have underscored the importance of the current United States strategy to continue withdrawing our troops from Afghanistan. What role do you see the United States Agency for International Development (USAID) playing in Afghanistan after our troops have left the country?

Answer. Afghanistan faces a critical turning point in the next few years. Insecurity, corruption, the narcotics trade, and political instability continue to pose challenges to fragile gains in development and governance. The drawdown of international combat forces and the associated economic impact will slow growth. But as the recently concluded U.S.-Afghanistan Strategic Partnership Agreement (SPA) makes clear, we will stay engaged in Afghanistan for the long-term, providing the Afghan people support so that they can pursue a future of greater stability and dignity.

The path to sustainable stability in Afghanistan requires continued commitment to civilian assistance, but increasingly through efforts that will boost Afghan self-sufficiency. The signing of the SPA is a major accomplishment and pivotal milestone on this path. The United States commitment to seek funding from the Congress for continued economic assistance is contingent on the Afghans fulfilling their commitments and obligations to strengthen accountability, transparency, oversight, and the effectiveness of government institutions. Through the SPA, we seek to cement an enduring partnership with Afghanistan that strengthens Afghan sovereignty and stability while promoting respect for the constitution, human rights, and the advancement of women.

We have prioritized our assistance portfolio to make foundational investments that will enable transition to full Afghan security responsibility, and help to ensure Afghans increasingly have the skills and resources necessary to chart their own future. USAID plans to invest in priority sectors that are critical to private sector-led economic growth:

- agriculture;
- extractive industries;
- trade; and
- human capacity development.

In addition, we are working with the Afghan authorities to ensure credible and inclusive national elections in accordance with the Afghan constitution, including by supporting and strengthening political parties and civil society coalitions to participate fully in an inclusive and representative democracy.

In one of the most food-insecure countries on Earth, our agriculture assistance will help significantly boost crop yields, farm income, access to markets, and reduce dependence on opium poppy for the 80 percent of Afghans who make their living from subsistence farming. Afghanistan's endowment of mineral wealth provides enormous opportunities to expand industry, trade corridors, and revenues, but presents significant potential pitfalls as well. USAID will work with the Afghan Government and the private sector to improve the investment climate, increase Afghan capacity to create and implement a policy and regulatory framework that meets international best practices, and transparently report and manage resource flows so that they benefit the Afghan people.

As you well know, Afghanistan remains a poor country and as such, we cannot, and should not, set unrealistic goals. USAID is making difficult choices to sharpen our focus—reducing infrastructure investments in order to support the government to maintain the infrastructure it already has. Likewise, we are cementing, rather than expanding, gains in health and education, and are reorienting stabilization efforts to more directly support the transition and a sustainable Afghanistan.

The G8, Chicago, and Tokyo conferences will be instrumental in engaging the Afghan Government and international community to advance our diplomatic and civilian efforts in the region.

Question. On the 2-year anniversary of the Haiti earthquake this year, I wrote to the State Department expressing concern about the slow distribution of aid to the region. In January, the State Department responded by noting the many challenges that State and USAID have faced in distributing this aid. Understanding that USAID faces considerable challenges, what are you doing to speed the distribution of aid?

Answer. The United States Government continues to move forward in programming our funds to meet the needs of the Haitian people. Since our response to you on January 19, 2012, we have made significant strides in accomplishing our goals set forth in our Post-Earthquake USG Haiti Strategy. As of March 1, 2012, USAID shelter solutions benefited 64,478 households—or more than 322,000 people—approximately one-fifth of the 1.5 million people estimated to have been displaced by the earthquake. Overall, internally displaced persons (IDPs) are down to 490,545 from the estimated 1.5 million after the earthquake. In addition, our efforts have removed 2.31 million cubic meters of rubble—almost one-half of all the rubble that has been removed.

We have also made progress in longer-term development solutions. Our agricultural programs are increasing farmer incomes and productivity. The 2011 harvest produced increased yields in corn (+368 percent), rice (+118 percent), beans (+85 percent), and plantains (+21 percent). The 2012 planting season will incorporate new innovations in productivity and continue the progress being made.

We have also successfully launched \$6 million in programs to benefit vulnerable populations, specifically people with disabilities. These efforts will improve access to services, and the legal and policy environment, train health personnel to better understand and attend to their needs, and strengthen advocacy groups focused on this effort. Also, a \$22 million human rights program is now underway which will protect the rights of children, women, and youth.

We have addressed several key obstacles such as staffing shortages and procurement support. As a result, our pace of programming continues to accelerate, while still adhering to the requisite environmental and seismic data assessments.

The resignation of Prime Minister Conille may unfortunately slow down development efforts. For our programs to function better and be implemented faster, we need a Haitian Government that is fully engaged and that is showing no tolerance for corruption and reaffirming its commitment to democracy and rule of law. Such engagement will also serve as a signal to other donors that their investments will be worthwhile and spent effectively.

Question. It is critical that gender issues are integrated throughout all of our foreign aid programs, so I was pleased to see that USAID recently released a new policy on gender equality and women's empowerment. What metrics will you use to specifically determine the impact this new gender policy is having on women and girls around the globe?

Answer. USAID's newly updated policy on Gender Equality and Women's Empowerment mandates the Agency to monitor the impacts of our investments on males and females and to measure our results in specific ways. To that end, USAID will measure performance in closing key gender gaps and empowering women and girls; ensure that our monitoring and evaluation methods include gender indicators that measure progress toward gender equality and women's empowerment; and ensure that projects collect and use sex-disaggregated data.

USAID has already put in place various metrics to determine the impact of our investments. USAID's Feed the Future Initiative developed an enhanced monitoring and evaluation system that will comprehensively track the impact of our work on women and girls using a newly designed Women's Empowerment in Agriculture Index created in collaboration with the International Food Policy and Research Institute and Oxford's Poverty and Human Development Initiative. The Index is the first measure to directly capture women's empowerment and inclusion levels in the agricultural sector. It focuses on five areas:

- decisions over agricultural production; and
- power over productive resources such as:
 - land and livestock;
 - decisions over income;
 - leadership in the community; and
 - time use.

Women are considered to be empowered when they meet the requirements in some combination amounting to 4 of the 5 areas. The Index also takes into consideration the empowerment of women compared with men in the same household, based on asking women and men the same survey questions. The Index will be used to monitor and evaluate programs in all 19 Feed the Future countries to ensure that our efforts are empowering women and supporting the essential role they play in reducing hunger and advancing prosperity.

In 2011, the State-USAID Performance Plan & Report system was significantly revised and the entire Foreign Assistance indicator suite was re-engineered. This new system includes seven output and outcome indicators on gender equality, female empowerment, and gender-based violence that Operating Units will use in Per-

formance Management Plans and Reports for tracking progress toward implementation results and measuring impact across programs. The seven indicators are:

- Number of laws, policies, or procedures drafted, proposed, or adopted to promote gender equality at the regional, national or local level.
- Proportion of female participants in U.S. Government-assisted programs designed to increased access to productive economic resources (assets, credit, income, or employment).
- Proportion of females who report increased self-efficacy at the conclusion of U.S. Government-supported training/programming.
- Proportion of target population reporting increased agreement with the concept that males and females should have equal access to social, economic, and political opportunities.
- Number of laws, policies or procedures drafted, proposed, or adopted with U.S. Government assistance designed to improve prevention of or response to sexual and gender-based violence at the regional, national, or local level.
- Number of people reached by a U.S. Government-funded intervention providing GBV services (e.g., health, legal, psycho-social counseling, shelters, hotlines, other).
- Percentage of target population that views gender-based violence as less acceptable after participating in or being exposed to U.S. Government programming.

These seven indicators were designed to be broad so that they can be used across various sectors—from health to democracy and governance to economic growth. Already, missions have asked implementing partners to begin collecting data and set targets for these indicators that can be used in fiscal year 2013 performance reports.

Question. If we do not take real steps to stop the worst effects of climate change, what additional resource burdens will USAID face in trying to meet development goals in our partner countries?

Answer. Climate change is already expected to exacerbate existing development pressures and most heavily impact the poor in developing countries. If steps are not taken to stop the worst effects of climate change, the impacts undoubtedly will be greater and place additional burdens on USAID programs, as well as countries that can least afford to handle them. Among the additional resource burdens USAID and its partners will face are:

- Additional obstacles to achieving development goals in food security, health, and economic growth. More variable rainfall, stronger storms, and temperature changes, driven by unmitigated climate change, have the potential to reduce agricultural productivity. Agricultural productivity is projected to decline in some continents, especially Africa and South Asia, at a time of rapidly growing demand for food, threatening the success of USAID's food security investments. The combined climate change impacts of warming and ocean acidification are projected to result in nearly all coral reefs classified as threatened by 2050, impacting the roughly 500 million people who depend on reef ecosystems for their protein. Similarly, increased incidence of flooding and drought, saltwater intrusion into drinking water supplies, and the migration of disease vectors into new areas (such as mosquitoes carrying malaria) will affect public health by undermining access to clean water and sanitation, undercutting nutritional gains, and changing disease distribution patterns and prevalence. Reduced agricultural productivity, combined with increased disease burdens and increased economic losses from climate change-related damage will undermine effort to achieve sustainable economic development in USAID-partner countries as well as place additional burdens on the Agency.
- Increased demand for humanitarian assistance. Unmitigated climate change is likely to increase the severity and frequency of natural disasters, such as floods and droughts. USAID already spends significant resources responding to both immediate humanitarian and long-term reconstruction needs after natural disasters. These needs would increase with the number and severity of disasters. Rising sea levels will render some densely populated coastal areas uninhabitable, creating "climate refugees" who will be forced to move to higher ground.
- Increased need to respond to conflict and political instability. Any humanitarian crises, caused or exacerbated by climate change will undermine the social, economic, and political stability of our allies and partners, leaving them less able to help address other global challenges. Climate change may exacerbate water scarcity and increase conflicts; it could trigger displacement and contribute to national and regional resource governance tensions, threatening U.S. national security objectives in key regions of the world. The U.S. military, USAID, and intelligence community consider climate change to be a "threat multiplier."

Question. Worldwide, there are more than 200 million women who want to delay or prevent pregnancy but lack access to modern contraceptive methods. What new

approaches and innovations is USAID supporting to meet these family planning needs? Additionally, how do investments in international family planning help USAID achieve the goals of the Global Health Initiative?

Answer. Expanding the availability, accessibility, and voluntary use of family planning is vital to safe motherhood and healthy families, reduces abortion and mother-to-child transmission of HIV, and has profound health, economic and social benefits for families, communities, and nations. Voluntary family planning programs that enable couples to choose the number, timing and spacing of their children are a key intervention in achieving the Global Health Initiative goal of preventing 54 million unintended pregnancies.

By allowing women to delay and space births, family planning could prevent as many as one-third of the 350,000 maternal deaths that occur each year. In the developing world, an estimated 90 percent of infants whose mothers die in childbirth will die by their first birthday. Family planning helps women have healthier children, and increases the likelihood that infants will survive and remain healthy.

To help the more than 200 million women with an unmet need for family planning, USAID supports all the key components of effective family planning/reproductive health programs—service delivery, performance improvement, contraceptive supply and logistics, health communication, biomedical and social science research, policy analysis and planning, and monitoring and evaluation. In addition, USAID puts special emphasis on program approaches and issues that are under-resourced in country programs but hold promise for accelerating progress, including contraceptive security, integrated family planning/HIV and family planning/maternal and child health programming, community-based approaches, voluntary access to long-acting and permanent methods, gender, reaching youth and underserved populations, and equity in access to services.

USAID also works to expand access to family planning through social science, operations and contraceptive research. These efforts include promoting a greater understanding of the gap between unmet need and planned family planning use through the social network, and developing a compendium of best practices in family planning/HIV integration.

Question. The President's fiscal year 2013 budget request includes \$770 million for the establishment of a new program Middle East and North Africa (MENA) Incentive Fund (IF). What type of programs and activities is USAID expecting to support with this new Fund? What requirements will be made of recipient groups or countries that receive this aid?

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. USAID will work with State Department and other interagency partners through a process that develops shared objectives consistent with U.S. foreign policy goals. Deploying the fund will require close coordination.

What type of programs and activities is USAID expecting to support with this new Fund? MENA IF will address three types of needs as follows:

Longer-Term Transition Incentives.—The bulk of the fund will be focused on activities supporting governance and economic reform including activities such as:

- Private sector development, including jobs growth;
- Seed money for larger investments and multilateral projects;
- Loan guarantees;
- Governance reform assistance;
- Enterprise funds; and
- Technical assistance to improve transparency, human rights, free trade, and regional integration.

Immediate Transition/Stabilization Contingencies.—In addition, a portion of the MENA IF will be available for short-term support for newly transitioning countries including activities focused on the following:

- Short-term economic stabilization (e.g., fiscal support);
- Assistance in managing immediate political transition processes;
- Civil society strengthening;
- Emergency technical support;
- Humanitarian assistance and human rights investigations;
- Transitional justice programs;
- Security sector support; and
- Bolster capacity to engage with newly emerging democracies.

Regional Program Platforms.—MENA IF also includes the base funding for the Middle East Partnership Initiative (MEPI) (\$65 million), and USAID's Office of Middle East Programs (OMEP) (\$5 million). MEPI cultivates locally led change by sup-

porting civil society in every country of the MENA region where the United States has a diplomatic presence. OMEP provides surge capacity and region-wide scope for development activities that respond to regional transition and reform.

What requirements will be made of recipient groups or countries that receive this aid? MENA IF provides incentives to support transitioning governments who demonstrate a clear commitment to political and economic reform. Recipients will be required to submit credible political, economic, and/or security reform proposals for activities that demonstrate significant economic returns or progress in quality of governance. Policies and procedures for programming of assistance will govern proposal identification, implementation, monitoring, and evaluation. This will include, among other things, clearly defined conditions and benchmarks for measuring and achieving individual program success.

QUESTION SUBMITTED BY SENATOR LINDSEY GRAHAM

Question. What are the specific impacts of sequestration on United States Agency for International Development operations and programs?

Answer. We urge the Congress to enact balanced deficit reduction legislation that avoids sequestration. If necessary, the administration will be addressing important technical questions concerning sequester, but now is the time to focus on enacting the balanced framework proposed in the President's budget.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

VETERANS HIRING

Question. According to the Office of Personnel Management (OPM), the United States Agency for International Development (USAID) has the lowest percentage of veteran hires and the second-lowest number of on-board veteran employees among all executive branch agencies. According to OPM, in fiscal year 2010, veterans made up 5.6 percent of USAID's workforce, as compared to State Department's 16.7 percent, the Labor Department's 17.8 percent, or even the National Science Foundation's 5.7 percent.

Why is USAID unable to effectively recruit veterans?

Answer. USAID has made substantial progress in recruiting veterans. In fiscal year 2011, USAID implemented a wide range of outreach, recruitment, and marketing initiatives to increase veteran hiring. These efforts resulted in a marked increase of new veteran hires from 5.6 percent in fiscal year 2010 to 8.5 percent in fiscal year 2011. USAID continues to make significant progress this fiscal year. During the first quarter of fiscal year 2012, 11 percent of USAID's new hires were veterans.

Question. What specific steps beyond OPM's hiring preferences is USAID taking to engage our veterans and substantially increase its number of veterans on staff? Does USAID have any specific veteran hiring programs?

Answer. USAID has implemented a number of creative strategies to increase the number of veterans in USAID. First, we hired a seasoned full-time professional as the Veterans Employment Program Manager with primary responsibility for executing all aspects of the Veteran's Employment Initiative and serving as an advocate to promote veteran recruitment, hiring, and retention within USAID. Second, we initiated a vigorous internal referral program to target vacancies for veterans as soon as they arise. The program allows USAID hiring managers to contact the Veterans Employment Program Manager to fill their positions quickly with qualified veteran candidates using the Special Appointing Authorities for Veterans. These Special Appointing Authorities enable veterans to be referred for consideration prior to the posting of a job announcement. Twenty-five percent of all veterans hired in fiscal year 2011 were referred from this program. Third, USAID sponsors quarterly Federal employment workshops at USAID headquarters at no cost for separating and retiring military members and spouses. Finally, USAID has increased the number of veterans hired through our formal Student Internship Program and continues to partner with a wide variety of Military Transition Assistance Programs and Veterans Rehabilitation Organizations. The specific types of transition assistance we provide include resume writing, workshops on the Federal application process, and interviewing skills. These are only a few examples of the many proactive initiatives USAID has implemented to hire more veterans.

Question. How many veterans currently work for USAID and in what capacities are they primarily employed? Do their USAID positions align with previous military experience, including conducting development and diplomacy on the front lines?

What specific skills gained by our men and women in uniform during their service can advance USAID's mission?

Answer. Currently, there are 306 veterans employed at USAID (8 percent of the workforce). There are 204 veterans employed in the Civil Service, 101 employed in the Foreign Service, and 1 veteran employed as an Expert Consultant. Veterans are employed in a myriad of professional and administrative positions in both the Civil Service and the Foreign Service, including the position of Chief of the Office of Human Resources' Outreach and Marketing team, which leads recruitment.

Our veterans' previous military experience allows them to transition directly into positions conducting development and diplomacy on the front lines. For example, during fiscal year 2011, USAID hired 15 veterans on term-limited appointments to the Foreign Service to work on critical priority programs in Afghanistan and Pakistan, allowing a seamless transfer of skills gained in uniform to assist in advancing USAID's mission in the field.

The discipline and work ethic that our veteran men and women bring to bear, coupled with their technical skills, make them well suited for a variety of positions at USAID. Veterans at USAID are currently working in occupations such as acquisition, administration, information technology, communications, security, human resources, engineering, public policy, finance, and education.

PARTNER VETTING SYSTEM

Question. When do you expect the joint State-USAID Partner Vetting System (PVS) pilot to become fully operational?

Answer. The Department of State and USAID are working closely to implement the pilot program. The schedule is dependent upon several factors including the rulemaking process which mandates a specific comment and review period; upgrades to the database functionality to incorporate the secure portal; and, the completion of the Department of State's iteration of the PVS database. USAID and the Department of State expect to begin the deployment to the pilot missions by September 30, 2012 as required by Public Law 112-174.

Question. Would you support expanding PVS globally?

Answer. The Department of State and USAID consider the pilot PVS program to be a true test, with a view toward providing both agencies with a deeper understanding of the ways to mitigate risk in the provision of foreign assistance and safeguard U.S. taxpayer funds, as well as, to determine the feasibility and utility of developing a worldwide system. The pilot will ensure that countries will be selected with a range of terrorist threat levels, rather than simply selecting five countries with high threat levels, to provide a broad range of useful data for evaluation. At the conclusion of the pilot program, USAID and the Department of State will evaluate the results and make determinations regarding future applications of the vetting process.

SOMALIA

Question. Can you provide an update on USAID's assistance efforts in Somalia, including on the ground presence, applicable restrictions on USAID operations, and any efforts to expand the scope of USAID operations?

Answer. Since early 2011, the United States has provided more than \$252 million to respond to humanitarian needs in Somalia. USAID humanitarian programs focus mainly on providing emergency food assistance and supporting immediate recovery in food security, economic recovery, protection, health, water, sanitation, and hygiene activities. USAID development programs complement these efforts by focusing on improving good governance, increasing economic growth, enhancing education and livelihood opportunities, reducing the appeal of extremism, and promoting stabilization in recovering areas.

Due to the highly insecure environment, the U.S. Government has no permanent staff presence in Somalia; however, USAID works closely with international and local organizations working in the country to implement USAID-funded programs. USAID staff members located in Nairobi, Kenya, and Addis Ababa, Ethiopia, manage humanitarian and development programs. USAID uses a third-party contractor to monitor its work in-country, interspersed with limited in-country travel by USAID staff to monitor programs, meet with partners, and build relationships with key stakeholders.

USAID is expanding its development and stabilization programming to areas vacated by al-Shabaab such as Mogadishu and along the Kenya and Ethiopian border. In terms of humanitarian assistance, access constraints, ongoing insecurity, and population displacement affect the provision of humanitarian assistance for affected populations in Somalia. Al-Shabaab controls many parts of central and Southern So-

malia and has prevented 16 relief agencies from operating in areas under the group's control since November 2011. In addition, al-Shabaab terminated the agreement under which the International Committee of the Red Cross (ICRC) was allowed to deliver aid in January 2012 and revoked the permission of another organization to operate in areas under the group's control in March 2012.

USAID's efforts are critical to prevent a deterioration of humanitarian conditions or a reversal of recent food security gains.

Question. On February 3, 2012, the United Nations declared the end of famine conditions in Somalia.

Do you share this assessment and if so, how do you expect it to impact USAID operations in fiscal years 2012 and 2013?

Answer. The United Nations based its February 2012 declaration that famine had ended in Somalia on findings from the Famine Early Warning Systems Network and the U.N. Food Security and Nutrition Analysis Unit. USAID concurs with this assessment. While famine no longer exists due to a favorable harvest and increased humanitarian assistance, high levels of food insecurity, malnutrition, and other emergency conditions still exist.

The situation remains extremely fragile and conditions could deteriorate due to another anticipated season of below-normal rainfall combined with the loss of household assets, constraints to humanitarian access, insecurity, and displacement.

In fiscal year 2012 and fiscal year 2013, USAID plans to continue providing humanitarian assistance for Somalia in response to identified needs and evolving conditions.

Question. Following the decision by the al-Shabaab terrorist organization to ban all international organizations from distributing aid to al-Shabaab-controlled territories, you wrote to the Congress on December 8, 2011 that USAID is working "to determine the impact of this ban and identify alternative options for delivering humanitarian assistance" to these areas.

Can you provide additional details regarding these efforts?

Answer. As of mid-March 2012, Al-Shabaab was preventing 16 relief agencies from operating in areas under the group's control and halted the operations of two others. These agencies include several large U.N. agencies and international relief organizations that had facilitated logistics and supply chains for other relief agencies. However, a number of international and local relief agencies continue to operate in areas of Central and Southern Somalia controlled by al-Shabaab.

Al-Shabaab's ban on humanitarian organizations has substantially reduced relief activities in affected areas. The number of beneficiaries reached by the Food Assistance Cluster—the coordinating body for food-related assistance in Somalia—decreased from approximately 2.6 million in October to 1.6 million in January due to access challenges. This affected 7 of the 18 Cluster partners and created notable nutritional gaps in the Bay, Bakool, and Middle Shabelle regions. The ban also interrupted the distribution of essential health supplies, limiting access to life-saving interventions. Affected populations in the Bakool, Bay, Hiraan, and Middle Shabelle regions did not receive food vouchers in January as a result of the ban.

As of mid-February, USAID's partners continued to coordinate to provide humanitarian assistance in nonpermissive areas to address shortages in health, nutrition, water, sanitation, and hygiene supplies as a result of the ban. As humanitarian access levels in Somalia change, USAID staff will continue to identify and support implementing partners and approaches that can best meet humanitarian needs.

Question. Can you provide an accounting of USAID's distribution of assistance to Nagorno Karabakh (NK) for fiscal year 2011 and fiscal year 2012 to date, including a complete description of the projects, purpose, funding, and an assessment of goals achieved?

Answer. United States assistance supports our diplomatic efforts, including Armenia's reconciliation with Azerbaijan, and resolution of the conflict over NK. Our humanitarian assistance is also helping to stabilize the region and prevent future conflict. Our commitment to NK assistance has remained steadfast despite the decline in overall funding and competing priorities. During fiscal year 2011, the United States provided \$2 million in humanitarian assistance to the people of NK. A similar amount of assistance is planned for fiscal year 2012. U.S. assistance is roughly split between humanitarian demining and potable water projects. The demining activity, implemented by HALO Trust since 2001, focuses on clearing mines and returning lands to the rural population for agricultural use. Thus far 94 percent of anti-personnel and anti-tank mines and 71 percent of the battle area have been cleared. Upon the current project's completion in December 2012, the U.S. Government will have invested more than \$7.6 million in demining.

We are concluding a potable water program which is expanding access to clean water in the city of Stepanakert. The program, totaling \$2 million upon completion

this year, supports improvements to two independent water systems in Stepanakert which are expected to benefit more than 20,000 people. Water supplies are being improved through priority repairs to water mains, sand traps, and dikes; providing for rehabilitation and modernization; and installing water meters.

Question. Can you provide the results of all needs assessments that USAID has conducted with regard to the NK since December 2007?

Answer. In March 2012, USAID, through an independent consultant, conducted a rural water sector needs assessment. The final report is expected in mid-April. USAID is planning to conduct a thorough assessment on the remaining minefield clearance in NK in July 2012. The assessment will also be implemented by an independent consultant.

Question. In rendering aid decisions concerning NK, do USAID officials interact and consult with their counterparts in the NK Government? Can you provide details of such interactions concerning fiscal year 2011 assistance or fiscal year 2012 to date? Are there any restrictions in place for any such interactions?

Answer. The U.S. Co-Chair of the OSCE Minsk Group has the U.S. lead in mediating the Nagorno-Karabakh conflict and travels frequently to Nagorno-Karabakh. USAID personnel have traveled to Nagorno-Karabakh in the past with the concurrence of the U.S. Co-Chair to implement humanitarian aid programs. USAID's non-American local staff visits NK to monitor the two ongoing projects. For program coordination purposes, non-American local staff may meet with community leaders, municipality representatives, or representatives of particular services such as the water operations and maintenance unit and the rescue team (which includes a demining section), but does not discuss future funding decisions with central NK authorities.

Question. Pursuant to report language in Public Law 112-74, how does USAID plan to assist vulnerable ethno-religious minorities in Iraq, specifically the Chaldo-Assyrian communities in the Nineveh Plains?

Answer. To date, the United States Government has provided about \$40 million in assistance to Iraq's minority communities. This includes Iraq's Christian communities including the Chaldo-Assyrians in the Nineveh Plains. Assistance has included both short-term humanitarian and long-term development projects.

In 2010-2011, USAID assisted minority communities in the Nineveh Plains with various community development projects. USAID also provided apprenticeships to help members of these communities gain the skills needed to sustain their development. USAID-funded microfinance institutions benefiting minority communities in the Nineveh Plains are focusing on expanding access to credit to promote private sector growth which generates jobs and increases incomes.

Access to Credit.—USAID is providing additional funding to existing USAID-supported microfinance institutions, small- and medium-enterprise lending units, vocational training and apprenticeships available to minorities in the Nineveh Plains and other vulnerable groups.

Access to Justice.—USAID assists minorities in the Nineveh Plains by increasing awareness of their rights as well as avenues for receiving remedies from the government through legal clinics and as well as by Iraqi civil society partners, including professional legal associations, law schools, human rights nongovernmental organizations (NGOs), and government partners.

Civil Society.—USAID supports Iraqi civil society efforts to advocate on behalf of minorities to improve national, provincial, and local governments' responsiveness to needs identified by local communities.

Governance.—Broad-based improvements in Iraqi livelihood and democratic governance will also directly and indirectly benefit Iraqi minority communities. In fiscal year 2013, USAID expects to fund governance and livelihoods projects. These projects will improve the effectiveness of Iraqi governance at all levels and encourage community-based development through partnerships with civil society organizations, among others.

Question. According to USAID, "Kosovo is the youngest country in Europe with more than 50 percent of Kosovars aged 25 or younger. The growing youth population that is unemployed (estimates range from 50 percent-75 percent), disengaged, and disconnected is emerging as an urgent issue for the newly independent state."

In an effort to foster stability and economic development, would you support prioritizing United States assistance for Kosovo with a focus on education?

Can you please provide an update on your efforts in this regard?

Answer. USAID currently supports the basic education sector in Kosovo by enhancing school management capacities at the municipal level, strengthening the assessment of learning outcomes, and improving in-service teacher professional development and certification.

Consistent with the Ministry of Education's reform strategy, USAID improves the capacity of primary schools to provide a modern education through advanced teacher professional development, as well as introducing technology for science and math teaching. The USAID basic education program enhances skills in Kosovo's youth that are important to Kosovo's economic future.

Higher education funds support results-oriented programs to address specific issues related to human resource development and higher learning. Our assistance is aimed at improving systems and processes in Kosovo institutions, particularly those that will have a direct impact on Kosovo's economic growth and democratic stability.

USAID is currently engaging in a feasibility analysis to determine the needs of strategically selected Kosovar higher education institutions in priority development areas. The assessment will also address institutional partnerships, faculty exchanges and student scholarships, as these contribute to building and strengthening Kosovo's development institutions and societal transformation.

WEST BANK/GAZA

Question. Can you provide a list of all NGOs that received funding (with name of group, funding amount, account/bureau providing funds, and purpose) from USAID in fiscal year 2011 and so far in fiscal year 2012 for accounts/programs/projects operating in Israel, the West Bank and Gaza?

Answer. *USAID/West Bank and Gaza Economic Support Fund (ESF) Bilateral Program.*—The international organizations referenced below are all prime recipients of USAID/West Bank and Gaza managed fiscal year 2011 ESF funding. This first set of responses focuses on prime recipients. We will provide shortly a second tranche of information that will include the sub-awards. Total fiscal year 2011 funding obligated to date is \$37.55 million. The bulk of fiscal year 2011 ESF for West Bank and Gaza program funds have not been obligated yet due to congressional holds on these funds in place until very recently. Fiscal year 2012 funds have not been obligated yet. USAID will first notify the Congress of our plans for fiscal year 2012 funding, and only after that, can obligation occur.

Name of Group: Chemonics International
Fiscal Year 2011 Funded Amount: \$12.1 million

Purpose:

Palestinian Authority Capacity Enhancement (PACE)

PACE works with Palestinian Authority (PA) agencies and ministries to expedite service delivery, improve financial and human resource management, and enhance accountability and transparency.

The Palestinian Justice Enhancement Program (PJEP)

PJEP aims to strengthen the justice sector by building public confidence and respect for institutions and the rule of law.

Palestinian Health Sector Reform and Development Project (Health Flagship Project)

The Health Flagship Project works with the Palestinian Ministry of Health (MOH) to improve the core areas identified in the Palestinian National Health Strategic Plan:

- governance;
- human resources for health;
- access to quality services; and
- healthy behaviors.

The project also connects health clinics, the communities they serve, and the private sector.

Trade Facilitation Program (TFP)

The movement and access of Palestinian goods within the West Bank and to/from Gaza, and in and out of Israel and neighboring countries, remains key to all other economic growth objectives. TFP stimulates trade in the West Bank and Gaza and facilitates cargo movement through crossing points allowing Palestinian enterprises to generate employment and economic opportunities.

Investment Climate Improvement (ICI)

ICI assists the PA in adopting and implementing laws, regulations, policies, and procedures to improve the Palestinian business and economic climate and promote domestic and foreign investment.

Name of Group: AMIDEAST

Fiscal Year 2011 Funded Amount: \$900,000

Purpose:

Model Schools Network (MSN)

MSN improves the quality of basic education (grades 1–9) in the Palestinian territories. The MSN program focuses on the professional development of teachers and administrators within the model school network, particularly in the areas of English, math, and science.

Name of Group: Education Development Center, Inc.

Fiscal Year 2011 Funded Amount: \$1.1 million

Purpose:

Palestinian Youth Empowerment Program (Ruwwad)

Ruwwad builds the leadership capabilities of youth by engaging them in community service learning including:

- civic engagement;
- economic opportunities;
- leadership skills; and
- sports and culture.

Name of Group: International Youth Foundation

Fiscal Year 2011 Funded Amount: \$1.4 million

Purpose:

Youth Entrepreneurship Development Program (YED)

YED prepares in and out-of-school youth ages 14–29 for the job market by equipping them with the employment and entrepreneurial skills needed to find jobs in the public and private sector or to start their own businesses.

Name of Group: American Near East Refugee Aid

Fiscal Year 2011 Funded Amount: \$3 million

Purpose:

Emergency Water and Sanitation and Other Infrastructure (EWAS II)

EWAS II provides rapid response and emergency relief primarily in the water and sanitation sectors, and in other sectors as needed. This project improves the supply of potable water to Palestinian communities facing serious water shortages by rehabilitating, expanding, and upgrading small- and medium-scale water and sewage systems. EWAS II also supports the improvement of basic Palestinian infrastructure needs by building and rehabilitating community health facilities, classrooms, and community and youth centers.

Name of Group: CHF International

Fiscal Year 2011 Funded Amount: \$1.3 million

Purpose:

Local Government and Infrastructure Program (LGI)

LGI promotes good local governance practices and provides the basic infrastructure necessary for sustainable improvements in the quality of life for Palestinians. LGI strengthens local government capacity to respond effectively and efficiently to community needs through capacity building, institutional development, and service delivery skill enhancement initiatives; promotes and institutionalizes good governance practices; encourages public involvement through participatory governance mechanisms; and enhances the capacity of the Ministry of Local Government to assume regulatory, policy development, and strategic planning responsibilities.

Name of Group: Development Alternatives Inc.

Fiscal Year 2011 Funded Amount: \$5,263,000

Purpose:

Enterprise Development for Global Competitiveness Project

The Enterprise Development for Global Competitiveness Project improves access to markets for Palestinian Small and Medium Enterprises. Additionally, it improves economic growth and access to services through the development of local business associations and business service providers.

Name of Group: Black & Veatch Special Projects Corp.

Fiscal Year 2011 Funded Amount: \$5.8 million already obligated

Purpose:

Infrastructure Needs Program II Architect and Engineering Contract (INP II)

INP II Architect-Engineering provides design, engineering, operations and maintenance, and construction management services required to implement multi-discipline, high-quality construction projects in the West Bank.

Name of Group: United Nations World Food Program (WFP)

Fiscal Year 2011 Funded Amount: \$4 million

Purpose:

Assistance to Vulnerable Groups

The WFP provides high-quality food assistance (direct food distribution and electronic food vouchers) to help meet basic food needs and improve dietary diversity of the most vulnerable and food insecure nonrefugee populations in the West Bank and Gaza.

Name of Group: Mercy Corps

Fiscal Year 2011 Funded Amount: \$1,550,000

Purpose:

Palestinian Community Assistance Program (PCAP)

PCAP addresses infrastructure recovery needs through tangible improvements in community infrastructure and housing; supports economic recovery and development through the creation of income generation and business development opportunities; and promotes social recovery through community outreach programs focused on mental well-being, childhood education, humanitarian assistance, and cash-for-work programs.

Name of Group: CARANA

Fiscal Year 2011 Funded Amount: \$687,000

Purpose:

Enterprise Development and Investment Promotion (EDIP)

EDIP supports the development of businesses and business associations to achieve increased production and better marketing of their products and services. EDIP improves the capacity of Palestinian businesses to integrate into domestic and international markets through initiatives with business associations.

Name of Group: International Relief & Development; American Intercontinental Constructors, LLC; CDM Constructors Inc; BLD Services, LLC; APCO/ArCon; The Morganti Group

Fiscal Year 2011 Funded Amount: \$450,000

Purpose:

Infrastructure Needs Program II Construction (INP II)

INP II provides critical infrastructure that promotes economic growth, and helps the PA address both immediate and long-term infrastructure needs. INP projects include the construction and rehabilitation of roads, water systems and distribution networks, wastewater systems, schools, and other necessary facilities.

CONFLICT MANAGEMENT AND MITIGATION GRANTS PROGRAM

The organizations referenced below are all expected to receive fiscal year 2011 funding as part of the congressionally mandated fiscal year 2011 Conflict Management and Mitigation program which is managed at post by both USAID and U.S. Embassy Tel Aviv. The recipients of fiscal year 2012 funds for this program have not yet been decided.

Name of Group: The Economic Cooperation Foundation

Funding Amount: \$1 million

Purpose:

Jenin-Gilboa-Nablus-Haifa: Cooperation Zone

Economic growth requires cooperation, personal interaction, and joint planning among neighbors. This program is expected to promote people-to-people activities in Jenin, Gilboa, and Haifa cross-border area in tourism, trade, and infrastructure planning to support the economic development of the region. The program will bring together local and national authorities and civil representatives to strategize and promote economic development.

Name of Group: Catholic Relief Services

Funding Amount: \$1 million

Purpose:

The Gemini Project

The program will build the capacity of Arab and Jewish youth from Israel to engage in civil debate and encourage increased civic engagement using nonviolent approaches.

Name of Group: The Hand in Hand Center for Jewish-Arab Education in Israel

Funding Amount: \$1.08 million

Purpose:

Shared Community/School Integration

Hand in Hand works to integrate Jews and Arab children in schools, and to integrate the communities where these schools are located by generating people-to-people activities among the residents and increasing interactions between community members.

Name of Group: Mercy Corps

Funding Amount: \$1.19 million

Purpose:

Technology for Peace

The program will bring Palestinian and Israeli youth, entrepreneurs, and companies together to pursue the shared interest in information and communication technology (ICT) as an enhancing tool both for peace activism as well as for economic collaboration and growth. This 18-month program, designed in collaboration with three local partners in Israel and the West Bank, seeks to promote peace activism through the enhanced use of social media, to build the capacity of Palestinian youth in collaboration with Israeli companies and joint Palestinian/Israeli youth activities in ICT, and to encourage economic cooperation between Israelis and Palestinians in the ICT sector.

Name of Group: The Parents Circle—Families Forum

Funding Amount: \$700,000

Purpose:

Where Parallel Lines Meet

The project engages Israeli and Palestinian participants in an effort to promote peace and reconciliation.

Name of Group: Israel/Palestine Centre for Research and Information

Funding Amount: \$1 million

Purpose:

Jewish and Arab Israeli Youth Defining Shared Citizenship Through Collaborative Community Programs

This program will help Jewish and Arab Israeli youth, living together in mixed cities in Israel, redefine the nature and quality of their citizenship, promoting a shared citizenship with shared responsibilities. Reconciliation and cooperation between these groups of youth will be fostered through collaborative community programs that serve a common goal and by facilitating the organization of programs by the youth that are beneficial for both communities living in the target cities.

Name of Group: Mifalot—Hapoel Tel Aviv Soccer Club's Education and Social Project

Funding Amount: \$900,000

Purpose:

United Soccer for Peace

This is an Israeli Arab training program for coaches using soccer as a tool for peace education, conflict resolution, and community development in marginalized populations. Mifalot will use soccer to cultivate the proper environment for growth leading to social change. The aim is to train young men and women as licensed soccer coaches, cultivate them as community leaders, and at the same time instill in them values of peace and conciliation. The program is based on a grass roots approach toward peace and conciliation, starting with geographically and socially

marginalized populations, populations normally ignored in the people-to-people dialogue.

Name of Group: The Maccabim Association

Funding Amount: \$93,000

Purpose:

Goals for Peace

This program recognizes that Arab and Jewish children have minimal contact with each other in their formative educational years. This has resulted in a lack of trust and tolerance of each other based on the prejudices and stereotypes of their families, communities and a biased media. This program will implement joint Jewish-Arab soccer activities, as well as computer classes and dialogue programming to reach marginalized groups that normally would not have an opportunity to be a part of these activities and to provide an opportunity for interaction. The program uses soccer as an educational tool for increasing cooperation and team work, respect for rules and each other, and to enhance communication and dialogue among participants.

Name of Group: Arab-Jewish Community Center

Funding Amount: \$100,000

Purpose:

Jewish-Arab Class Exchange Program

This program recognizes that the majority of Jewish and Arab youth have not been previously exposed to one another and is expected to contribute to increased tolerance and respect.

Name of Group: The State University of New York (SUNY) New Paltz Institute for Disaster Mental Health

Funding Amount: \$96,917

Purpose:

Families First: A Palestinian-Israeli People-to-People Approach To Assist Children and Caregivers as a Means of Conflict Mitigation and Reconciliation

The program recognizes that children raised in this environment are likely to absorb and echo the violence that surrounds them. It will bring together Palestinian and Israeli health and social service professionals to work in partnership to work to prevent long-term conflict by addressing short-term mental health needs of children and families.

Name of Group: The Arava Institute for Environmental Studies

Funding Amount: \$561,438

Purpose:

Mitigating Trans-Boundary Waste-Water Conflicts

This program aims to address, help reduce, and prevent further wastewater conflicts and disputes between Israel and the West Bank.

Name of Group: Seeds of Peace

Funding Amount: \$951,745

Purpose:

On Common Ground

The program is designed to provide Palestinian and Israeli young leaders between the ages of 14–32, as well as local educators, with experiences, skillsets, and resources to find common ground on the core issues within and between their societies that perpetuate conflict and prevent peace.

Name of Group: Sipurei Yerushalayim (Jerusalem Stories)

Funding Amount: \$100,000

Purpose:

Storytelling Encounters: A Model Approach for Transforming Israeli-Palestinian Perceptions

The program seeks to make Israelis and Palestinians understand and humanize each other through the use of storytelling, photographs, and video and will build on this tested approach to train Israeli and Palestinian youth leaders in a series of joint workshops so that they can introduce the power of storytelling as a conflict transformation tool to broader audiences throughout Israel and the West Bank.

Name of Group: Kids Creating Peace

Funding Amount: \$100,000

Purpose:

Sach-Ten: A Uniquely Interactive Reconciliation and Leadership Program for Israeli and Palestinian Youth

The Sach Ten program is a recognized professional peace education program coordinated by the Israeli Ministry of Education and several leading Palestinian schools and educational institutes.

MIDDLE EAST REGIONAL COOPERATION

The Israeli and Palestinian organizations listed below are all current recipients of USAID-managed ESF funding under the Middle East Regional Cooperation program, funded through prior year funding. MERC's \$3 million fiscal year 2011 ESF was received in fiscal year 2012, and its distribution is dependent upon the completion of ongoing reviews of grant applications, expected to be finished by June 2012. MERC has not yet received its fiscal year 2012 funding.

MERC is a competitive research program that funds joint Arab-Israeli research grants to address shared development problems and promote direct collaboration between Arab and Israeli researchers, students, and institutions. MERC accepts jointly authored Arab-Israeli research proposals on any research topic that the applicants can justify as likely to produce a lasting development result. The program funds a wide variety of scientific research, but most projects focus on subjects such as agriculture, water resources, health and the environment.

The following Israeli NGOs are current MERC recipients and illustrative of the Israeli institutions expected to receive fiscal year 2011 and 2012 funds:

- The Arava Institute for Environmental Studies;
- The Assaf Harofeh Medical Center;
- Bar-Ilan University;
- Ben-Gurion University of the Negev;
- The Galilee Society;
- Hebrew University of Jerusalem;
- Shaare Zedek Medical Center;
- The Technion Institute;
- Tel Aviv University; and
- The University of Haifa.

The following Palestinian NGO are current MERC recipients and illustrative of the Palestinian institutions expected to receive fiscal year 2011 and 2012 funds:

- Al-Quds University;
- Augusta Victoria Hospital;
- Beit Jalla Hospital;
- Bethlehem University (a subsidiary of the Roman Catholic Church);
- The Biodiversity and Environmental Research Center;
- Caritas Baby Hospital, Children's Relief of Bethlehem;
- The Environmental Protection Research Institute;
- The House of Water and Environment;
- The Palestinian Agricultural Relief Committee; and
- The Princess Basma Center for Disabled Children.

MERC funds are typically awarded to Israeli Government ministries and NGOs that serve as prime grantees and issue sub-awards to partner institutions in six Arab countries and Israel. Of the 37 projects active in 2011, 29 had been awarded to Israeli prime grantees, 5 to Jordanian primes, and 3 to primes in the United States. All of the Palestinian institutions listed above are sub-grantees of Israeli primes. Many institutions are on more than one project.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

USAID's Office of American Schools and Hospitals Abroad (ASHA) provides grants to competitively selected private, nonprofit universities and secondary schools, libraries, and medical centers abroad. The list below represents grants for Israeli and Palestinian institutions that received fiscal year 2011 ASHA funding. Fiscal year 2012 funding decisions have not been made at this time.

U.S. Organization: Trustees of the Feinberg Graduate School of the Weizmann Institute

Organization Name: Feinberg Graduate School of the Weizmann Institute of Science

Funding Amount: \$1,000,0000

Purpose: To acquire critically needed scientific instrumentation for Feinberg Graduate School educational and research activities in science education, energy/environment, and genome-based biomedicine programs.

U.S. Organization: Hadassah Medical Relief Association, Inc.

Organization Name: Hadassah Medical Center

Funding Amount: \$1,600,000

Purpose: To acquire American-manufactured equipment and state-of-the-art surgical equipment that will improve patient care at Hadassah Medical Center.

U.S. Organization: Friends United Meeting

Organization Name: Ramallah Friends School

Funding Amount: \$1,000,000

Purpose: To expand classroom capacity for art and music instruction, upgrade existing facilities to make them handicap accessible, update classroom technology, renovate guest rooms, and install photovoltaic hybrid power plant.

U.S. Organization: American Committee for Shaare Zedek Hospital in Jerusalem, Inc.

Organization Name: Shaare Zedek Medical Center

Funding Amount: \$500,000

Purpose: To replace obsolete equipment with American-standards models by purchasing new defibrillators, a new EKG system and new recovery monitors for the Post Anesthesia Care Unit.

U.S. Organization: American Society of the Most Venerable Order of the Hospital St. John of Jerusalem

Organization Name: St. John's Eye Hospital Group

Funding Amount: \$300,000

Purpose: To purchase a set of highest-quality diagnostic and surgical equipment and instruments to expand the existing retinal care unit to benefit 10,000 patients annually.

U.S. Organization: American Friends Tel Aviv University

Organization Name: Tel-Aviv University

Funding Amount: \$325,000

Purpose: To purchase American equipment for research to develop vaccines and therapies for HIV/AIDS, hepatitis, and other diseases prevalent and deadly in Africa and third world countries.

U.S. Organization: American Friends of The Hebrew University

Organization Name: The Hebrew University of Jerusalem

Funding Amount: \$500,000

Purpose: To purchase next-generation genomic DNA sequencer and accessory liquid handling work station, essential for research uncovering roots of human disease to promote diagnosis, prognosis, and treatment.

Question. Does USAID track the public statements made or events held by USAID-funded NGOs with regard to incitement against Israel or Jews?

In a yes or no answer, do you believe USAID should provide funds to NGOs in Israel, the West Bank or Gaza that compare the State of Israel, Israelis, Jews, or Zionism to Nazis?

In a yes or no answer, do you believe USAID should provide funds to NGOs in Israel, the West Bank or Gaza that support boycotts of, divestment from or sanctions against the State of Israel?

In a yes or no answer, do you believe USAID should provide funds to NGOs that accuse Israel of "the slaughter of Palestinian children", "massacre", "cultural genocide", "war crimes", or "apartheid"?

Answer. The United States has firmly and consistently condemned incitement to violence and called on both sides to take action to end such activity.

Under the Roadmap for Peace brokered by the Quartet in 2003, both Israel and the Palestinian Authority are committed to ending incitement. The Palestinian Authority has made significant progress since the 1990s in combating official incitement to violence through measures that include undertaking revisions of official PA textbooks and reducing inflammatory rhetoric.

We continue to work in a variety of ways to combat incitement. Also, in ongoing discussions with senior Palestinians, we continue to stress the importance of avoiding any actions that would constitute incitement.

USAID also employs robust and effective measures to ensure that all of our assistance to the Palestinian people is only used when, where, and by whom we have authorized.

Local NGOs that receive U.S. assistance, including sub-grantees, are vetted to ensure no terrorist connections. In addition to vetting, USAID has in place other mandatory anti-terrorism procedures including the requirement that an NGO receiving USAID assistance first sign the anti-terrorism certification, mandatory clauses in contracts and grants reminding awardees of their duty to comply with U.S. laws, and monitoring and audits of all programs in order to safeguard U.S. investments. These anti-terrorism procedures are described in more details below:

Vetting.—Before making an award of either a contract or a grant to a local NGO, the USAID West Bank/Gaza mission checks the organization against lists maintained by the Office of Foreign Assets Control within the Department of the Treasury. The mission also checks all non-U.S. organizations and their principal officer, directors, and other key individuals through law enforcement and intelligence community systems accessed by USAID's Office of Security. The mission collects the individual's full name, government-issued photo identification number, and the individual's date and place of birth.

Anti-Terrorism Certification.—All NGOs applying for grants from USAID are required to certify, before award of the grant will be made, that they do not provide material support to terrorists.

Mandatory Clauses.—All contracts and grants also contain a mandatory clause reminding awardees of their duty to comply with U.S. laws and Executive orders prohibiting assistance to terrorist organizations.

Monitoring and Audits.—Once an award has been made, USAID has established procedures to safeguard U.S. investments and ensure the transparency and integrity of U.S. assistance. In order to ensure that funding through local and U.S. NGOs is used only for agreed-upon purposes, all NGOs are required to submit quarterly financial reports to USAID on how funds are spent. The annual appropriation act requires an audit of all direct USAID grantees, contractors and significant subgrantees and subcontractors on an annual basis to ensure, among other things, compliance with vetting. In addition, the annual appropriation act requires a Government Accountability Office audit of the WB/G program, including the cash transfer.

CONCLUSION OF HEARINGS

Senator LEAHY. Thank you all for being here.

I don't want to embarrass her, but there is one member of the audience who I first knew of when she was just 3 days old, Suphada Rom, and I want to take a moment to say hello to her before I leave.

Thank you.

Dr. SHAH. Thank you, Senator.

[Whereupon, at 11:30 a.m., the hearings were concluded, and the subcommittee recessed, to reconvene subject to the call of the Chair.]

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