

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2015**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS
SECOND SESSION

ON

H.R. 5013/S. 2499

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF STATE,
FOREIGN OPERATIONS, AND RELATED PROGRAMS FOR THE FISCAL
YEAR ENDING SEPTEMBER 30, 2015, 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 2015**

THURSDAY, MARCH 13, 2014

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

The subcommittee met at 10:43 a.m., in room SH-216, Hart Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Landrieu, Shaheen, Coons, Graham, Kirk, Coats, Blunt, and Boozman.

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

STATEMENT OF JOHN F. KERRY, SECRETARY

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Good morning. Only because these guys have the job I always wanted to have, to be one of the photographers, I don't want to call them off too quickly.

Senator GRAHAM. It is never too late for a career change.

Senator LEAHY. I was recently speaking to a group of prosecutors in Vermont, and I said the best job I ever had was as a prosecutor. I don't know why I ever left it. Five hands went up in the room and said, "We'll trade." But I didn't.

I do appreciate the Secretary being here. He has a very busy and peripatetic schedule. The Secretary and I have been friends for decades, and I will say publicly what I told Secretary Kerry privately: I am extremely impressed and proud about the way he has embraced what is, especially these days, one of the most difficult jobs in the world. And it is hard to imagine anybody who walked into that job more qualified or prepared than you. I appreciate what you have done. I think the world appreciates what you have done.

Senator Mikulski is on the floor right now. She is an active member and strong supporter of the subcommittee, and thanks to her and Senator Shelby, we got our bills done last year. We are going to do everything possible to get them finished this year.

You and I have talked about how it makes it a little easier if you know exactly how much money you are going to have or don't have.

I also want to take a moment, I don't want to create problems for him at home, but I want to acknowledge Senator Graham.

Senator GRAHAM. We need to move on.

Senator LEAHY. He travels around the world to see how our programs are working or not working. He and I have a close friendship, and we have tried to keep this subcommittee as nonpartisan as possible.

Senator GRAHAM. Absolutely.

Senator LEAHY. He has been a strong defender of the national interests that the budget protects, and we have tried to bring, each time, our bill to the floor with both of us voting for it.

Obviously, today we are focused on Russia's invasion of Ukraine, and there will be questions about that, but there is also Iran, Syria, Egypt, the Israeli-Palestinian conflict, North Korea, Venezuela, Sudan. It is an exhausting list.

And, Mr. Secretary, fortunately, you are able to work 40 hours a day, and juggle all of this. But with all this going on, the American people have all but forgotten about Afghanistan and Iraq, two enormously costly military ventures that went terribly awry. We and the people of these countries will be paying for these mistakes and for the care of wounded soldiers and their families for lifetimes to come.

Iraq alone will eventually cost the U.S. taxpayers \$2 trillion, the only war this country has ever fought without a tax to pay for it. We just put it on a credit card.

Around the world, we see civil society organizations and journalists harassed and persecuted, many forced to flee their countries. Independence of the judiciary, fundamental to any democracy and fragile in many countries, is under threat. Violence and discrimination against women; shortages of water, energy, food; climate change; religious extremism; trafficking in arms, drugs, people, and wildlife; there is no issue that this Secretary or subcommittee can ignore.

The world looks more dangerous to many of us than it did during the Cold War. I don't think anyone could say that the administration's 2015 budget request for this subcommittee is excessive. In fact it is half a billion dollars, \$536 million, below the 2014 level.

I know our costs in Iraq have decreased, but there are several areas where I see potential problems, particularly the cut in funding for refugees and other humanitarian programs.

And I worry about the Western Hemisphere, including Colombia. If there is a peace agreement to end the conflict in Colombia—and I support what President Santos is doing at some political risk to himself; I traveled there and talked to him about this—we are going to want to help him secure that peace.

The many challenges that we face as a Nation, the costly mistakes since 9/11 that damaged our image and eroded our influence, I would like to think that when it comes to foreign policy, Democrats and Republicans can learn from history and learn to speak with one voice for the sake of the United States and its people.

I would like to think that after fighting two long, inconclusive wars, the Secretary's diplomatic efforts in the Middle East and with Iran would have strong bipartisan support.

Right now, we don't need a Democratic foreign policy or a Republican foreign policy. We need an American foreign policy that is rooted in our values and the example we set and which we can credibly ask others to follow.

PREPARED STATEMENT

I will yield to Senator Graham, and then, Mr. Secretary, the floor will be yours, unless the chairwoman comes and wishes to speak. [The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

We are here to discuss President Obama's fiscal year 2015 budget for the Department of State and foreign operations.

Mr. Secretary, welcome. I want to say how impressed I am by the way you have embraced what can only be described as one of the most challenging jobs in the world. It is hard to imagine anyone more qualified for it, and we are very fortunate to have you there.

I also want to recognize our committee chairwoman, Senator Mikulski, who has long been an active member and strong supporter of this subcommittee. Thanks to her and Senator Shelby, we got our bills done last year and we are going to do everything possible to finish our work this year by October 1.

I also want to acknowledge Senator Graham. He travels around the world to see how programs are working—or not working—and he has been a strong defender of this budget and the important national interests it protects.

This subcommittee has produced bipartisan bills for as long as I have been here, and we intend to work the same way this year.

The world today is focused on Russia's invasion of Ukraine, and we will have many questions about that. But there is also Iran, Syria, Egypt, the Israeli-Palestinian conflict, North Korea, Venezuela, Sudan—it is an exhausting list. The Secretary is juggling them all.

Yet with everything else going on, it is almost as if Congress and the American people have forgotten about Afghanistan and Iraq, two enormously costly military adventures that went terribly awry. We and the people of those countries will be paying for those mistakes, and for the care of our wounded soldiers and their families, for lifetimes to come.

Around the world, civil society organizations and journalists are harassed and persecuted. Many are forced to flee their countries. The independence of the judiciary, fundamental to any democracy and fragile in many countries, is under threat.

Violence and discrimination against women; shortages of water, energy and food; climate change; religious extremism; the trafficking in arms, drugs, people, and wildlife—there is no issue that the Secretary or this subcommittee can ignore.

The world today looks more dangerous to many of us than it did during the Cold War, and I don't think anyone can credibly say that the administration's 2015 budget request for this subcommittee is excessive.

In fact, it is \$536 million below the 2014 level. While our costs in Iraq have decreased there are several areas where I see potential problems, particularly the cut in funding for refugees and other humanitarian programs.

I also worry about the Western Hemisphere, including Colombia. If there is a peace agreement to try to end that conflict—and I support what President Santos is doing, at some political risk to himself—we will want to help him secure the peace.

With the many challenges we face as a Nation and the costly mistakes since 9/11 that damaged our image and eroded our influence, I would like to think that at least when it comes to foreign policy, Democrats and Republicans can learn from history and find ways to speak with one voice.

I would like to think that after fighting two long, inconclusive wars the Secretary's diplomatic efforts in the Middle East and with Iran would have strong bipartisan support.

We do not need a Democratic foreign policy or a Republican foreign policy. We need an American foreign policy that is consistently rooted in our values and the example we set, and which we can credibly ask others to follow.

After Senator Graham makes his opening remarks Mr. Secretary the floor will be yours.

We will then have 7-minute rounds of questions in order of appearance.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman. I really have enjoyed this committee. I want to compliment the members on our side. At a time of \$17 trillion national debt and a country being fi-

nancially strapped, bipartisanship has reigned when it comes to the 1 percent of the budget that the country has available to us to affect outcomes throughout the world and help people in a way that will help us.

So Senator Coats is a former Ambassador to Germany. Mark Kirk is sort of legendary in his understanding and support for Israel and the Middle East.

And when I hear at home, “If we just got rid of foreign aid, our problems would be solved,” I understand people feeling frustrated about the world and how dangerous it is, but this 1 percent I think has been well-managed, better managed over time.

Mr. Secretary, your folks are doing a great job in Africa. I am spending a lot of time in Africa, and you can see what President Bush started, and President Clinton. But the Bush initiatives have been carried on by the Obama administration. I want to have a hearing one day about the rate of return on investment, and the amount of money that we set aside to fight AIDS and malaria to develop health care opportunities on a continent that is under siege.

For people in Africa, our investment is not lost upon them. The Chinese are there for a different purpose. They see America and NGOs and the faith-based community in a very positive light. This is where, in many ways, radical Islam is moving in that direction. And we are going to cut them off.

We are going to cut them off not just militarily.

So, Mr. Chairman, we have a few differences, but when it comes to trying to keep this bipartisan and use the money wisely to help the American taxpayer—whether it is helping Jordan, which is being overrun by refugees—we work well with the State Department.

Mr. Secretary, I don’t know how many miles a month you travel, but nobody can ever say that John Kerry has not been trying. You show up everywhere in the world where there is a conflict.

And I want to help where I can. We will have some differences, but on behalf of the American people, thank you for being involved.

And to all committee members, particularly on the Republican side, thank you for seeing the benefit that this account can offer our Nation.

Senator LEAHY. Please go ahead, Mr. Secretary.

SUMMARY STATEMENT OF JOHN F. KERRY

Secretary KERRY. Mr. Chairman, thank you very much. And Ranking Member Graham and all the members of the committee, Senators, good friends of mine, I am very appreciative of the opportunity to be able to testify here.

Even more so, I am really grateful for each of your service on this committee. I was around here long enough to know the difference between those committees that are easy to translate at home, and this is one of the hardest. This and the Foreign Relations Committee, it is tough, because people at home don’t always see the connection.

And, Senator Graham, I want to pick up on your comments on that in a minute, if I can.

I am going to be very brief with my opening statement. I want to begin by, first of all, just telling you what a privilege it is for me to lead this extraordinary department, the Department of State, USAID, and the remarkable men and women who put themselves on the line every single day.

They are not wearing a uniform, but a whole bunch of them are taking risks in this dangerous world we live in. And they are doing it because of their love of country, because of their desire to try to change things for the better in the world, and take our values abroad and help to protect our interests. And they do it in amazing ways.

Senator Graham just mentioned the effort, trying. I believe we are getting a lot of things done, and I believe we are making a difference in many places. We can talk about that in the course of the morning, because it really is part of what translates into the return on investment that Senator Graham talked about.

And there are just so many different parts of the world where people don't see how America has made the difference, but we are making a difference in place after place. And that people say okay, so what? What does that mean? It makes America more secure.

It also opens up relationships that wind up growing economies, which means business for American companies, it means jobs at home, in every State, every district, in America. And we can show that. And we need to do more of showing it, and we intend to.

But right now, I would just say to all of you that the one thing that struck me more than anything else in the course of the last year, and I say this without any chauvinism or arrogance at all, but it is the degree to which our leadership does make a difference. It is the degree to which, if we are not engaged in one place or another, bad things often happen.

We are not the only force. I am not claiming that. We have great allies, great partners in these efforts. And some of them are equally as indispensable. But we do make that kind of difference.

Last week, I was standing in Kiev, looking at the lampposts that were riddled with bullet holes, barricades made up of tires and bedposts and different detritus from homes, and an amazing film of burnt ash and mud on the street. And these remarkable memorials that have grown up spontaneously to the people who were killed there, flowers piled on flowers, candles, photographs of those who died, it was incredibly moving.

And to talk to the people there and listen to them express their hopes, their desire to just be able to make choices like people in other countries, it was a privilege to listen to them. But I have to tell you, they are waiting for the world to back them up in these aspirations and to help them.

And what is true in Kiev is true in so many other places where people look to us to be able to try to provide opportunities. South Sudan, a nation which many of you helped give birth to, is struggling now. It needs our support to have a chance of surviving beyond its infamy, so it doesn't fall back into its history of being the longest war in Africa that has taken more than 2 million lives.

What we do matters in the Maghreb, where the State Department is coordinating with France in order to take down Al Qaeda

there, make sure that French forces have the technology and weapons that they need.

What we do matters in Central Asia, where we are working with several nations to stop the trafficking of narcotics and keep more heroin off our streets, and cut off financing for terrorists and extremists, all of which makes Americans safer.

What we do matters in the Korean Peninsula, where we are working with our partners in the Republic of Korea, to make sure that we can meet any threat and to work toward the denuclearization of the Korean Peninsula. I was recently, a few weeks ago, in China, where we had very serious discussions about what the Chinese can do in addition to what they are already doing in order to have a greater impact on the denuclearization process. And we are working with Japan and the Republic of Korea in order to make sure they don't feel so threatened that they move toward nuclearization and self-help.

Thanks to the State Department's work, the South Koreans are now making the largest contribution they have ever made toward our joint security agreement.

What we do matters significantly where we support freedom of religion, and that is true from Bosnia to Indonesia, protecting universal rights of people to practice their faith freely and working to bring an end to the scourge of anti-Semitism.

And it isn't just what we do in the budget. Mr. Chairman, you know this better than anybody. It is an essential part of who we are as Americans.

I also know from my experience here in Congress, particularly under the budget constraints that you have referred to, that you shouldn't tell anybody that anything that costs billions of dollars is a bargain. We understand this is important money to American citizens.

But when you consider that the American people pay just 1 penny of every dollar in the tax dollar for the \$46.2 billion that is our budget, flatlined and down from where it was in 2013, I believe the American people are getting an extraordinary return on investment.

Now, some Members of Congress believe we ought to have larger budget cuts, but I have to say to you, when I measure what is happening in the world, the challenge and the Maghreb, in the Sahel, the Levant, and all of the Middle East, in South Asia, the challenge of huge numbers of young people under the age of 30 who are yearning for opportunity, yearning for their opportunity to touch what they see and know everybody in the world has today, because we are such an interconnected world, when I see the possibility of radical religious extremism grabbing them instead of the opportunity to have an education, the opportunity to get a good job, we better understand that threat to us. That is real.

And we will deal with it, one way or another, either now and get ahead of it, or later when it is a bigger problem.

For me, it is no coincidence that the places where we face some of the greatest national security challenges are also the places where the governments deny basic human rights and opportunities for their people, and where there is very little public discourse and

accountability with any kind of free press or media or capacity for people to speak out.

So that is why supporting human rights and stronger civil societies and development assistance, investing in our partnerships with allies, these are the surest ways to prevent the kind of horrible human tragedies that we are in the business of addressing in today's very complicated world.

I also think that we have to remember that foreign policy, in 2014, is not all foreign. The fact is that we are, in the State Department, increasingly focused on economics, focused on building our strength here at home, on advancing American businesses and creating job opportunities. Every time I speak to the Department of State, I talk about foreign policy as economic policy. And every Foreign Service Officer today, and every civil service officer now, must also become an economic officer. And we have changed the training at the Foreign Service Institute in order to take all of our initial recruits and begin to structure ourselves differently than in the past.

Some people express skepticism about this. But let me just tell you, our Embassy in Zambia recently helped create jobs in New Jersey. The patient advocacy of our diplomats helped an American construction company land an \$85 million contract. They are building 144 bridges, and they have the potential to do far more. There may be a follow-on multi-hundred-million dollar contract.

Our consular staff in Calcutta, they helped bring Caterpillar together with a company in India to develop a \$500 billion power plant. When 95 percent of the world's consumers live outside of our market, and when foreign governments are out there extremely aggressively chasing our RFPs, requests for proposals, contracts, jobs, opportunities, and they are backing their companies in a very significant way, we need to understand that we are living in a different world than we were in the Cold War, when America was the single powerhouse economy of the world and everybody else was recovering from World War II.

Then you feel you could make mistakes and still win. Now you can't. It is a different economic marketplace.

We believe this budget strengthens our partnerships where so many of our economic and security interests converge, in the East Asian Pacific region. And with this budget, we are bolstering our bedrock alliances with South Korea and Japan. And we are developing deeper partnership with Vietnam, Indonesia, the Philippines, and others, as they assume greater security roles.

Finally, I would just say to everybody, as we make these investments and project our values and our power in places that we need to in order to protect our interests, there is no way that we can eliminate all risk, especially in a world where our interests are not confined to prosperous capitals. We can and will do more to mitigate risks, and I am pleased to tell you that the budget that we have implements all of the recommendations of our Benghazi report and makes additional investments above and beyond those.

PREPARED STATEMENT

So it is fair to say we are doing the best we can in a difficult budget environment where we have caps and we had a budget

agreement. I firmly believe that, with your help, and I thank you for it, this committee has done an extraordinary job of helping us to be able to strike a balance between the need to sustain long-term investments in American leadership and the political imperative to tighten our belts.

So, thank you very much, Mr. Chairman. I look forward to having a discussion on these priorities.

[The statement follows.]

PREPARED STATEMENT OF JOHN F. KERRY

I want to thank Chairman Leahy and Ranking Member Graham for their leadership, as well as each member of the subcommittee for their commitment to America's leadership in the world.

Of course, I was serving here with you for quite a while—29 years plus. Believe me, I know that choosing to be on this committee doesn't win you many votes back home. The work you do here doesn't drive fundraising. But it matters—it really matters—and this has never been more clear to me than over the past year—when I've seen firsthand and over and over again, just how much the world looks to the United States on issue after issue.

Bringing people together and finding answers to tough challenges—that's what the United States does. If we "get caught trying," then we're living up to what the world expects from us and what we expect from ourselves.

I think that's especially true in Ukraine. From the very beginning we have made our goal clear: to help the people of Ukraine achieve what brought thousands upon thousands into the Maidan in the first place. Our interest is in protecting the sovereignty, independence and territorial integrity of Ukraine, and with European partners and others, we absolutely have a responsibility to be engaged.

Certainly we have to be clear-eyed about the challenges. But from the beginning, we've made it known that we are willing to sit down to try and deescalate this situation. That is why President Obama asked me to leave this evening for London and meet with Russia's Foreign Minister Sergey Lavrov tomorrow.

I will make clear again, as we have throughout, that while we respect that Russia has interests in Ukraine, particularly in Crimea, that in no way—no way—justifies the military intervention the world has witnessed. There are many other legitimate ways to address Russia's concerns.

In my discussions with Minister Lavrov I'll also make it clear that Russia has reasons to make the right choice. The costs for Russia's violations of international law—the cost of making Russia more isolated—not just from the United States, but from the international community—is a cost that Russia should not want to bear, and doesn't have to bear if they make a better choice.

Congress' support is going to be absolutely vital. Whether its loan guarantees to help support a free Ukraine, an assistance stream, or support for additional sanctions if that's what we need, you give us the tools to accomplish our goals.

So it couldn't be any clearer, what we do here really matters. When I think about that I remember last week in Kiev—standing in the spot where Ukraine's former president had snipers pick off peaceful protesters one by one. It was very moving to speak with some of the Ukrainian people and hear how much they look to us.

The same is true far from Kiev or what's in the headlines. What we do matters to South Sudan, a nation some of you helped give birth to—a nation that's now struggling and needs our support to have a chance of surviving beyond infancy.

What we do matters in the Maghreb, where the State Department is coordinating with France to take down al-Qaeda, making sure French forces have the technology and weapons they need.

What we do matters in Central Asia, where we're working with several nations to stop the trafficking of narcotics, to keep more heroin off our streets and cut off financing for terrorists and extremists.

What we do matters on the Korean Peninsula, where we are working with our partners from the Republic of Korea to make sure we can meet any threat and for the denuclearization of the Korean Peninsula. Thanks to the State Department's work, the South Koreans are now making the largest financial contribution to these efforts in the history of our joint security agreement.

What we do matters everywhere we support religious freedom, from Bosnia to Indonesia. Protecting the universal rights of people to practice their faith freely and working to bring an end to the scourge of anti-Semitism—this isn't just what we do in this budget; this is an essential part of who we are as Americans.

Now, I spent enough time in Congress to know that you shouldn't call anything that costs billions of dollars a bargain. But when you consider that the American people pay just one penny of every tax dollar for the \$46.2 billion in investments in this request, I believe the American people are getting an extraordinary return on their investment.

Our base request is \$40.3 billion—and that's in line with what was appropriated to the Department and USAID last year. We're making a constant effort to be more effective and agile, and as you well know, we're doing that under some tight constraints.

The additional part of our request for Overseas Contingency Operations (OCO), totals \$5.9 billion. OCO provides the State Department and USAID the ability to respond to the humanitarian crisis in Syria. It gives us flexibility to meet some unanticipated peacekeeping needs. OCO funds our programs in Iraq, Afghanistan and Pakistan, where we continue to right-size our commitments.

I know it might be easy for some members of Congress to support larger cuts in this budget. What's impossible to calculate is the far greater price our country would pay for inaction. What's impossible to calculate are the dangers in a world without American leadership and the vacuum that would create for extremists and ideologues to exploit.

For me it's no coincidence that the places where we face some of the greatest national security challenges are also places where governments deny basic human rights and opportunities for their people. That's why supporting human rights and stronger civil societies, development assistance, investing in our partnerships with our allies: these are the surest ways to prevent the kind of horrible human tragedy we see Syria today.

I know some of you have looked these refugees in the eyes and seen their numbers, as I have. There is simply no way the richest and most powerful nation in the world can simply look away. For both the Syrian people and for Lebanon, Turkey, and Jordan, trying to keep their societies running and keep extremists at bay as they cope with a refugee crisis, our support could not be more urgent. It is both a moral and security imperative.

With our assistance to the Philippines, recovering from one of the worst natural disasters in its history, we are also leading the way. Through a \$56 million contribution from State and USAID, we are working with our partners so that hundreds of thousands of people can put their lives back together. We're helping one of our oldest allies in the Pacific get back on its path to prosperity.

Within our core budget request is also a \$1.35 billion contribution to the Global Fund to fight AIDS, Tuberculosis, and Malaria. The goal that President Obama has set today for an AIDS free generation would have been absolutely unthinkable even 10 years ago but today that goal is within reach. Because of PEPFAR's incredible success, we are now working to transition the leadership of these life-saving programs to local hands with Rwanda, Namibia, and South Africa some of the first to take the reins.

Because of our leadership, children waking up today in Sub-Saharan Africa face a far different future than they did a decade ago. Our commitment clearly matters. And just as our partners in Asia and Europe made a transition from being recipients of American aid to becoming donors, that kind of transformation is now possible in Africa.

And to make sure that emerging markets around the world make the most of their opportunities, we need reforms to the International Monetary Fund. Just think about this: Brazil, Chile, Columbia, India, Korea, Mexico, Peru, the Philippines, Thailand—all of these nations once borrowed from the IMF. Now they are creditors with some of the most dynamic economies in the world.

Ukraine's struggle for independence, particularly its financial independence, depends on Congress ratifying reforms that will help Ukraine borrow through the IMF's Rapid Financing Instrument. Our \$1 billion loan guarantee is needed urgently but it's only through the IMF—a reformed IMF—that Ukraine will receive the additional help it needs to stand on its own two feet.

Our work with the IMF is vital to global economic stability. But remaining absolutely focused on creating opportunity here at home is essential. That means we have to be strong advocates for America's commercial interests across the globe. And that's why I've charged each of Foreign Service Officers with an economic mission: to create opportunities for Americans and work with our businesses to gain a bigger foothold abroad.

I know there's some skepticism about this kind of economic diplomacy. But it's hard to argue with some of the results. Look at how our Embassy in Zambia helped create jobs in New Jersey. The patient advocacy of our diplomats helped an Amer-

ican construction company land an \$85 million contract. They're building 144 bridges and have the potential to do far more.

Look at the work of our consular staff in Kolkata. They helped bring Caterpillar together with a company in India to develop a \$500 million power plant.

Look at what Embassy Wellington and Embassy Apia in Samoa are doing. Our diplomats helped a company right here on the East Coast land a \$350 million contract to lay fiber optics across the Pacific.

When 95 percent of the world's consumers live outside of our market and when foreign governments are out there, aggressively backing their own businesses, this is the kind of advocacy American workers need to compete.

Telling our story where it matters most is vital to both the success of our businesses and the appeal of our values. With this budget's investments in stronger people to people ties, educational exchange and countering violent extremism, we are shaping the debate. We are keeping traditional programs strong, like those for International Visitor Leadership and English language programs. At the same time we are revitalizing the way we engage through quick-impact investments to shape emerging leaders in civil society.

We call some of these investments quick impact but you and I both know their lasting benefits. I can't tell you how many times foreign leaders share their experience of studying in the United States and the permanent and positive impression it made. And all of you who have colleges and universities in your districts also see the financial impact from the \$22 billion each year that international students bring to the U.S. economy.

This budget also strengthens our partnerships where so many of our economic and security interests converge, in the East Asia and Pacific region. With this budget we are bolstering our bedrock alliances with South Korea and Japan. We're developing deeper partnerships with Vietnam, Indonesia, the Philippines, and others, as they assume greater security roles.

As we make these investments around the world, we can never eliminate every risk—especially in a world where our vital interests are not confined to secure, prosperous capitals. But we can and will do more to mitigate risks and keep our people safe. This budget implements the recommendations of the independent Benghazi Accountability Review Board (ARB) and makes additional investments that go above and beyond.

My friends, I think it's fair to say that we are doing the best we can in a difficult budget environment. I firmly believe that this budget strikes a balance between the need to sustain long-term investments in American leadership and the political imperative to tighten our belts. I believe this budget is a blueprint for providing the minimum our people need to carry out their mission: to enhance national security, to promote global stability and prosperity, and to help the American people seize the opportunities in a changing world. Thank you.

Senator LEAHY. Thank you for a very complete review.

U.S. SUPPORT OF UKRAINE

Fortunately, I come from a State that believes in diplomacy. We export more per capita, I believe, than any other State, even though we are a small State. We share a border with a great and wonderful friend, Canada. We share another border with your own State of Massachusetts.

Right now, we have two different pieces of legislation on Ukraine, one from the House, the other from the Senate Foreign Relations Committee, to authorize assistance for Ukraine. I think all of us hope we can get agreement on a bill that the President will sign.

One of the things that seems to be missing from the press releases and op-eds is that it is the Appropriations Committee, and actually this subcommittee, in particular, that will actually decide what assistance and how much to provide.

And, of course, that will depend on what happens in Ukraine over the coming months.

I am sure that others have questions about Ukraine, but let me start with this. Many foreign policy experts, including your prede-

cessors Henry Kissinger and Condoleezza Rice, and former Secretary of Defense Bob Gates, have offered opinions about how to respond to Russia's aggression in Crimea. Each of them recounts history, but then they each draw different conclusions and lessons from that history, and they advocate different responses, an indication that there is no unified view.

How do you respond to former Secretary of Defense Bob Gates, who says he does not believe that Russia will give up Crimea? Is there another way to resolve this, that preserves Crimea as part of Ukraine, but also recognizes Russia's interest there?

Secretary KERRY. Well, Mr. Chairman, the truth is we don't know the answer to that question yet. We can speculate.

There are strong indications that could lead you to draw the conclusion Bob Gates did, and there are other thoughts out there that suggest that something short of the full annexation might also be achievable.

Frankly, we won't know the answer to that until I meet with Foreign Minister Lavrov tomorrow in London. I talked to him briefly today. They are meeting in Russia in Sochi today with President Putin, their security team.

My hope is that they will come aware of the fact that the international community is really strong and united on this issue.

Senator LEAHY. Suppose the people of Crimea vote to leave Ukraine. The Russian parliament, which will do whatever President Putin tells it to, votes to annex Crimea, how do the U.S. and Europe, our allies, respond at that point?

Secretary KERRY. Well, I think the response will come well before that, Mr. Chairman. There will be a response of some kind to the referendum itself. In addition, if there is no sign of any capacity to be able to move forward and resolve this issue, there will be a very serious series of steps on Monday in Europe and here with respect to the options that are available to us.

Now our choice is not to be put in the position of having to do that.

Senator LEAHY. I understand.

Secretary KERRY. Our choice is to have a respect for the sovereignty and independence and integrity of the country of Ukraine. Our hope is to have Russia join in respecting international law.

There is no justification, no legality to this referendum that is taking place. It violates international law. It violates the U.N. charter. It violates the Constitution of Ukraine.

And I don't think anybody can believe that a hastily put together, rushed referendum taking place under the imprint of 20,000-plus troops and all that has happened without debate, without opportunity, is a genuine referendum. But even if it were, I will just say one thing, I don't think there is much doubt, given the circumstances, what the vote is going to be. Nobody doubts that.

So this is not a question mark. The question mark is, is Russia prepared to find a way to negotiate with Ukraine, with the contact group, with other countries involved, in order to be able to resolve this in a way that respects their legitimate interests, and they have legitimate interests, but respects them in a way that doesn't violate international law and is not at the butt of a rifle and a massive military imprint.

Senator LEAHY. Well, the new Government of Ukraine has made it very clear that they want closer ties with Europe. The Russians have invaded Crimea, notwithstanding the strange comments of President Putin that these are private people who bought uniforms at a store, which gave great fodder to the late-night comics. But are there other former Soviet republics who express interest in closer ties with Europe? Are they in similar danger of invasion by the Russian army?

Secretary KERRY. They fear the ultimate possibility. They are not in danger of that as of today.

But yes, I was talking this morning with the foreign ministers from the region, and they are all concerned about this rattling.

But again, I think that the hope, Mr. Chairman, is that reason will prevail, but there is no guarantee of that whatsoever. The European Community is strongly united. They will meet on Monday.

The President of the United States has made it clear he is prepared to move. He has already designated, without designating individuals, he has already issued an executive order creating the construct for personal sanctions, and we have a very clear list of those who would be included in the event that we can't move this process forward.

Senator LEAHY. I am glad you are meeting with the foreign minister. I wish you luck there. Having met with him at different times on other matters, I know that can be a difficult thing.

We are working with Russia, and you helped engineer this, and I applaud you for it, for the removal of chemical weapons from Syria. We want to bring this horrible, horrible tragedy to an end in Syria with the continuing humanitarian disaster of refugees.

We have negotiations with Iran over its nuclear program. Russia is involved in that.

Is Russia's violation of the sovereignty of Ukraine going to affect the removal of chemical weapons in Syria? The possibility of a diplomatic solution in Syria? And thirdly, the negotiations with Iran over its nuclear program?

Secretary KERRY. Well, we hope not, Mr. Chairman, but obviously it has the potential to. It has the capacity to.

I have talked about that with Foreign Minister Lavrov. He is aware, we are aware, of that being one of the ingredients in this, which we hope would push people toward a more reasonable path. But there is no way to predict it.

And the key will be to figure out whether or not President Putin is serious about looking for a way under international law to move this process forward.

Can I just mention one thing quickly?

Senator LEAHY. Sure.

INTERNATIONAL MONETARY FUND (IMF)

Secretary KERRY. You mentioned the IMF at the very beginning. I want to thank the committee, I want to thank the Senate, for being on track to do what is important here.

We must have IMF reform. We must have a quota. And it would be a terrible message to Ukraine for everybody to be standing up talking appropriately about what is at stake, but then not to be able to follow through. The IMF is critical; we need that help.

Senator LEAHY. Senator Graham and I joined together to get this through the Senate, and we got it through the Senate with a bipartisan majority. I met with Ms. Lagarde and some House Members in Davos. She expressed enormous concerns that the House dropped it. I tried to make it very clear, we did it here in the Senate, and we are prepared to do it. And I wish they had, because it created enormous problems for the United States.

It was a huge, huge blow to the United States, the fact that the other body did not go along with us on this.

Senator Graham.

Senator GRAHAM. Thank you, Mr. Chairman.

So many places to talk about, such little time. I mean, we could have a second round of questions. But let us get on with the IMF.

Do you agree, Mr. Secretary, that the IMF, from an American point of view, is a tool in the toolbox that has shown to be a wise investment?

Secretary KERRY. Absolutely. In fact, a huge number of countries that were IMF recipients are now donors in one way or another to economic initiatives around the world.

Senator GRAHAM. And this is the one area where it is not just our money. You have the international community coming together and the loans are given to reinforce the good guys, deter the bad guys, and bring about reform to make countries like Ukraine more stable. Is that correct?

Secretary KERRY. Absolutely, Senator.

Senator GRAHAM. To my colleagues: I can understand being war weary. It is a natural response to being at war with radical Islam and other entities for a long time. But I can't understand taking everything off the table.

If never use military force—I am certain we want to do that as a last resort. If we don't have foreign assistance. If we don't want to be involved in the IMF. What do we do? We just hope things get better?

So I am all in, in trying to pursue what the Senate Foreign Relations—

Secretary KERRY. Can I just say very quickly, Senator, our leadership on this is now in doubt.

When people say the United States is retreating, we are inadvertently hurting ourselves by sending a message that we are not prepared to lead and step up and complete the task.

We are the only country that hasn't ratified this. And the implications of that are just enormous in terms of American leadership. The IMF is the tool that helps to bring countries into alignment on their transparency, their accountability, their reforms, their market economy, all of the things that are in our interests.

So I could not underscore more, Senator Graham, the importance of what you are saying and the importance of us following through on this.

Senator GRAHAM. Well, I have been critical, I think sometimes forcefully, and appropriately so, about the administration's foreign policy. But the Congress needs to do some self-evaluation of where we are as a body, what is our role in all of this.

SYRIAN REFUGEE CRISIS

Let's talk about Syria very quickly. Do you think Assad is winning right now, on the battlefield?

Secretary KERRY. I don't think anybody is winning, but he is not losing.

Senator GRAHAM. Okay.

Secretary KERRY. And the way I would phrase it is he is doing better than he was doing. He has gotten somewhat of an upper hand, but this thing runs like a roller coaster. It is not going to be solved militarily.

Senator GRAHAM. The only trajectory we are sure of is that refugees are coming into Jordan and Lebanon at a pace that is unsustainable.

Secretary KERRY. Absolutely true.

Senator GRAHAM. Would you reinforce to the American people, if this war goes on another year, and we are in this situation where the battlefield is basically as it is today, that Lebanon and Jordan are going to be in great peril?

Secretary KERRY. Indeed, Senator. I appreciate the opportunity to say a word about it.

Jordan is a critical ally to the United States. Jordan has been a partner with Israel, a partner with the United States, a significant partner in the region, for peace and for stability.

And Jordan currently has over 900,000, close to 1 million-plus refugees. And what is happening is, those refugees go out into Jordanian society, and they look for jobs. They get apartments. But they get 10 people in one apartment paying a much higher rent, and it squeezes out Jordanians.

In jobs, they are willing to work for less. They are more desperate. They, therefore, affect the marketplace. They affect the entire political fabric of the country, and it begins to destabilize.

Likewise, in Lebanon, in Lebanon, they don't have formal camps. You have almost 900,000 Syrian refugees scattered throughout Lebanon. I saw a map of it the other day from where it has gone in the last 3 years, with these few red dots up and down the coastline. Now the entire coast is red, from north to south, filled with refugees.

The destabilization of that is very significant. So we have a national security interest in that.

Also, the devastation on families, children, children not in school, the future problems for us in terms of potential terrorism, spread of terrorism, are very, very real. It is in our national security interests to try to change that.

Senator GRAHAM. I think that is well said, but having said that, the President's budget cuts aid to Jordan by \$300 million. So I would like to try to restore that. Would you help me?

Secretary KERRY. Senator, we have provided significant add-ons of aid to Jordan over the course of the last year, well over what was originally appropriated. And there is nobody we support more overall.

But in view of some of the other things we are doing, this is a trade-off. We have been forced into a zero-sum game.

Senator GRAHAM. I got you.

Secretary KERRY. I will help as much as I can, but in the end, you guys have the power on this one.

Senator GRAHAM. The statement you made about Jordan I think is very accurate.

RUSSIAN AGGRESSION IN UKRAINE

On Ukraine, I don't know what Putin is going to do. I am not so sure he knows what he is going to do. He is probably making this up as it goes, and I think we have sent a lot of wrong signals to him and others.

But let's look down the road and start talking about worst-case scenarios.

The worst-case scenario for me is that he annexes the Crimea, that the joke of the Duma ratifies this illegal referendum, and somehow they say that they are answering the call of the Crimean citizenry, which is a complete joke coming out of Hitler's playbook. And Secretary Clinton was right about that.

What happens if they go east? What if they create friction in the eastern part of Ukraine, bring in paid-for thugs to create demonstrations, wanting the eastern part of Ukraine to be part of Russia. And the Ukrainians say enough already, we have a small army, but we will fight and we will die if necessary to protect the territorial integrity of Ukraine. And the Ukrainian Government asks NATO and us, not for boots on the ground, but for military hardware to help them fight the Russians, ask for weapons like other people have asked us in the past.

What do you recommend we do, if that happens?

Secretary KERRY. Well, Senator, we have contingencies. We are talking through various options that may or may not be available.

Our hope is, however, not to create hysteria or excessive concern about that at this point in time. Our hope is to be able to avoid that. But there is no telling that we can.

Senator GRAHAM. See, and I—

Secretary KERRY. Let me just finish one thought?

Senator GRAHAM. Yes.

Secretary KERRY. We are watching, every day, very, very carefully, the movement of troops. Under the basing act, the basing agreement, which permits Russians to have their forces in Crimea, they are permitted to have up to about 25,000 troops under that.

There is a requirement that they not interfere in the sovereignty of Ukraine from that base. And, obviously, and what they have done in the last days, they have done that, so they are in violation of the base agreement.

We guesstimate, estimate, all of our input, somewhere in the vicinity of 20,000 troops there now, so they are not above the limit, to the best of our judgment. But we also make the judgment at this point that they don't have the assets in the places necessary to be able to, say, march in and take over all of Ukraine. But that could change very quickly, and we recognize that.

The options, according to the Ukrainians themselves, are there probably would not be an all-out confrontation, initially, but you would have a longtime insurgency/counter effort that they will fight. And these are people who know how to fight, and they are committed to that one way or another.

So there are a lot of different options, but I think before we get there, we have a number of options to make it clear to President Putin the level of isolation that he might be asking for, and the degree to which many of the people around him, if not he, himself, could be affected by that choice in very real ways before you get to any kind of troop and other kinds of evaluations.

Senator GRAHAM. Well, I hope we never get there, too.

I don't want to take any more time. I would like to have another conversation with you.

But just one final point, I really do believe that Russia is all in for Assad because he believes it is in their interest to keep Assad afloat, and they are supplying him with all the arms he needs, and it seems to be working.

I just want the Ukrainian people to know that when we say we stand by you, that has some context.

And I want the Russians to understand that there will be a point, and I don't know when that point is reached, that you really will pay a price. I don't think they believe that. But if you start marching eastward, and you start killing Ukrainians who are just asking to make their own determinations in life, apart from Russian tanks and thuggery, that that may be a point that you don't want to go across because the response may be greater than you think.

Thank you, Mr. Chairman.

Secretary KERRY. Senator, just 30 seconds, I would just say to you that I have been impressed by how united our European allies are on this. And we had a conference call this morning with foreign ministers on the phone, all the contact group, and to a person they are very, very committed, to a country, to make sure that there is accountability.

Senator LEAHY. Thank you very much.

Thank you for what you said on Jordan. There is strong bipartisan support to help Jordan. Most of us have met with the king, many of us have traveled there. Frankly, I don't know how a small country like that handles the enormous burden put on it, but I applaud them for it.

Senator Landrieu.

Senator LANDRIEU. Thank you, Mr. Chairman.

Mr. Secretary, thank you so much for testifying before us, and most importantly, thank you for your service. As a military leader, a Senator, and now as a Secretary, who I think is making a remarkable difference in the world with multiple challenges.

KEYSTONE PIPELINE

I have four questions this morning. The first is on energy, and it relates to the Keystone pipeline and the decision that you are going to make, and the administration is going to make, about a critical, in my view, piece of infrastructure that will transport safely the cleanest barrel of oil produced in North America, contrary to popular belief.

Canada is our closest and our strongest trading partner. You are aware that their environmental standards are in fact higher than ours, and among the highest in the world.

And this resource of 30 billion barrels of oil represents, I understand, the largest single free-enterprise resource in the world.

So from my perspective, and particularly the people that I represent, it is hard for us to even understand why there is a question as to whether this infrastructure is in the national interest.

Could you comment about the economic benefits, the aspect of the strengthening of a relationship that is really vital to our long-term interests, and what your considerations are in addition to those two?

Secretary KERRY. Well, Senator, I understand it is on a lot of people's minds. I mean, a lot of people. The department has received and evaluated more than 1.9 million public comments. And the final supplemental EIS on this is 11 volumes, more than 7,000 pages. My job now is to review it and make a determination.

But I also have to get feedback from eight different agencies. I am continuing to get additional information. And if I have any legitimate questions, then I need to have those answered.

So I am not at liberty to go into my thinking, at this point. It is just not appropriate, except to say to you that I am approaching this tabula rasa. I am going to look at all the arguments, both sides, all sides, whatever, evaluate them, and make the best judgment I can about what is in the national interest.

And I will forward that to the President of the United States, who has ultimate authority to make this decision.

Senator LANDRIEU. Thank you. And I am going to stay focused not only in my role as a Senator, but as chair of the Energy Committee on really pressing the country to understand the importance of becoming an energy powerhouse with cleaner energy sources requires the infrastructure, whether it is our transmission lines, our pipelines, our roads, our ports, our import-export.

And it is important not only to our economy, but I do think it has a real bearing on our position in the world as a superpower. And that is what this budget reflects, basically our defense budget and our State Department budget sets us up to be a superpower. And it is very relevant.

AID TO ORPHANS

The next two questions are on children. PEPFAR was put into place, as you know, in 2003. It has been touted as one of the most successful programs internationally in the world. I believe that it has enjoyed broad bipartisan support.

I think you were helpful when PEPFAR was created, as I remember, to set aside a very small portion of the \$7 billion annually for orphans and vulnerable children—\$350 million, that is all—to address the fact that AIDS creates orphans. It creates a lot of sick people, and it results in death. But it also results in orphans, kids that are double orphan, both parents dying, or a single orphan, one parent dying but abandoned by the surviving parent.

When we reauthorized PEPFAR this last year, out of respect for Senators Menendez and Corker, who did not want any serious amendments, I did not offer an amendment to make sure that \$350 million was going more directly to help children reconnect to families.

Would you commit to me today, and to others, that you and your team will work to try to meet the original objectives of that \$350 million to reconnect children that are orphaned by AIDS to families?

Secretary KERRY. We would like to do that very, very much. Again, this is a reflection of just the tension in the overall budget.

But we do believe that the way we have been able to do this, Senator Landrieu, will in fact meet our available funding requirements with respect to this challenge.

We have \$1.35 billion in here. This honors the President's commitment to do \$1 from us for every \$2 contributed by other donors to the fund, up to a possible \$5 billion. And this more than fully funds what we are seeing will be available from the pledges of other countries.

Senator LANDRIEU. But the problem is, when PEPFAR was created, there were approximately 15 million orphans in the world. There are now 17 million. So the rate of infection is going down, but the rate of orphans is going up.

This is the only money, \$350 million.

My second question, on children, is the CHIFF bill, Children in Families First. There are five members of this subcommittee who are cosponsors—Senator Kirk, Senator Blunt, myself, Senator Shaheen, and Senator Coons. We are very, very serious about helping you to organize and put resources in your department that can focus on the fundamental fact that children belong in families, children should be in families.

It seems to be a missing component of our foreign policy. There are lots of components of foreign policy. We are having a hard time finding anywhere where it says children belong in families.

So we are going to continue to work with you—I know my time is up—on this bill as it moves through Senator Menendez's committee.

But I do want to put into the record one of the things that is propelling us, Mr. Chairman, is that there have been no reported international adoptions from any country that has become a Hague partner with the United States since 2008.

A letter has been sent to you. It has not been answered. Please answer it and let's continue to work together to see what we can do to move this issue forward.

And I thank you.

Secretary KERRY. Well, if I could just comment quickly, first of all, Senator Landrieu, you know from our meeting and you know from our relationship—you are the champion on this whole issue of children and adoption, and you have done amazing work at it.

I was struck, in the meeting that we had in the Senate, that you and Senator Blunt and Senator Angus King and myself are all beneficiaries of knowing about adoption. I have a niece who comes from China and has just been enormously important to our family, so I understand this.

I also committed to you that the State Department needs to do more. It needs to do better. There is no question about it. But I don't want to be the Secretary of State who takes the State Department out of the business of helping to make this happen. I want

to be the Secretary who helps get this to be more effective within the department and more effective overall.

In that light, we should continue to work. I understand that talks have come to a little bit of a standstill on this question of jurisdiction and where it goes.

I am convinced, as I said to you, that we can meet your needs. But I also know this: Embassies are holistic and they deal with all of the policies within a country. And sometimes there are many policies that affect adoption for children, which requires the ambassador and the whole of an Embassy to impact.

I just do not believe we will advance this cause by putting it wholly and totally into DHS or somewhere else, where they are geared to handle the visa and that component of the analysis, but not all of the other parts that will make this policy as effective as it can be.

That is what I want to do with you. So I can hope we can work at that.

Senator LANDRIEU. We will continue to work.

Thank you, Mr. Chairman.

Senator LEAHY. I am not sure when votes may start on the floor, so we are going to try to keep close to time. And here is the list, we will go to Senator Coats, then Senator Shaheen, Senator Kirk, Senator Coons, Senator Boozman.

So, Senator Coats.

Senator COATS. Thank you, Mr. Chairman. And I will try to be brief.

Secretary Kerry, I assume you don't get frequent flyer miles, but if you did, you would be set for life.

RUSSIAN SANCTIONS

A question, Senator Durbin and I yesterday coauthored a Senate resolution relative to some sanctions, really not sanctions so much as providing some isolation. There are 15 separate items on there, and it passed the Senate 100-to-nothing.

We know the big one is coming, and you are negotiating all that, the economic sanctions and so forth are part of that. But just two of those areas that I will list in the 15, and I wonder if these are being included in what you are negotiating right now.

One is the participation in the G8, Russia's participation in that. I don't think they were invited in there, would have been invited in there, had we known that they were going to breach their responsibility in terms of invading a neighbor.

And secondly is the relationship between NATO and the Russian council.

Is there anything in your considerations, the program you are putting together, incorporating those two issues?

Secretary KERRY. Actually, it doesn't require a bill to do those, to be honest with you, Senator. And both of those have been talked about publicly by me, by the President. The President has already made it clear, I mean the G7 countries have made it clear that they are not thinking about going to Sochi under these circumstances and having a G8 meeting. That is step one.

Whether there would be further steps with respect to changing the structure and becoming a G7 again or not, that is up for grabs.

And the NATO Russia Council has been put on hold already, so there are a lot of downstream impacts already to the bilateral relationship and to the multilateral relationship.

Senator COATS. Good. Thank you.

IRANIAN NUCLEAR PROGRAM

And let me ask you a question about Iran, while we are here.

Back in 2007, Iran had about 700 centrifuges that were spinning uranium. Virtually the entire community of nations indicated that that is too dangerous of a situation to tolerate. The U.N. Security Council then began passing a series of resolutions, demanding that this effort stop completely.

The United States, led in many ways by the Senate—you were a member there at the time—went through the careful and, I think, painstaking process of both diplomacy and tough sanctions, all aimed at explicitly enforcing the Iranian regime to end enrichment activities. And that struggle has gone on.

Now it appears to me that in the P5-plus-1 negotiations, that goal has been set aside. You have a better understanding of where we are right now than I do, but I have not seen any reference, either by you or anyone else, to these Security Council resolutions and the demand that enrichment activities be completely and immediately suspended.

Has that goal been abandoned? I guess my question is, does the administration still seek to force the Iranians to give up enrichment, or have we basically decided that that is not going to be part of our negotiations for an ongoing comprehensive agreement?

Secretary KERRY. Senator, what date did you attach to the 700 centrifuges? 1990?

Senator COATS. 2007.

Secretary KERRY. 2000-what?

Senator COATS. 2007.

Secretary KERRY. Yes, well, 2001, there were, I forget, it is in the several hundred, I think, 2002. Now there are about 19,000. That is where we have traveled in this “don’t talk, don’t sit down” journey.

Senator COATS. Which is why sanctions probably played an instrumental role in that effort.

Secretary KERRY. Absolutely. And what has brought us to the table to begin this negotiation are a combination of sanctions, but also I think fairness requires that we say that, with the election of President Rouhani, there was an effort, a conscious declaration by Iran, that they were going to reach out and attempt to see if they could get out from under this cloud.

So we are now testing that proposition. And in the first step, it is not an interim agreement, it is a first step toward a final comprehensive agreement, we are ratcheting them back from where they are. The 20 percent uranium that is enriched today has to go down to zero over the course of these next 6 months, now 4 months left. And they are reducing it.

The 3.5 percent stockpile that they have cannot grow, so they are basically frozen there.

On the Iraq plutonium reactor, they are under the requirement not to put in any component that could contribute to the commis-

sioning of that reactor—no fuel—and they have to give us the plans for it, which they have done.

In addition, we have inspectors within Fordow. We didn't have any before the agreement. We have inspectors at Natanz. We didn't have them before the agreement. And we have inspectors on a less frequent basis in the Iraq production facility.

We also have the right to inspect their storage facilities for centrifuges. We are following and tracking their milling and mining of uranium, so that we are tracking from cradle to grave. And we have begun the process of putting in place very intrusive verification and so forth.

Now, at this point in time, the U.N. resolutions are active. And there is a goal of trying to implement that. I can't tell you today whether or not that is achievable.

And so the goal hasn't changed, but we are in a negotiation where the real goal is to guarantee that they cannot get a nuclear weapon and that whatever program they might have peacefully going forward is one where we have absolutely failsafe guarantees to the best of our ability to know it through the negotiating process and what we achieve that we will know what they are doing and know it well ahead of any potential of their breaking out.

As we began this negotiation, the breakout time by most judgments, meaning the time to get sufficient uranium enriched for one nuclear weapon, was about 2 months. It is longer now, because of the first step that we have taken.

And I can guarantee you that in order to have a final agreement that will be comprehensive enough to meet our standards, the standards of our gulf friends, of Israel, of others, it is going to have to grow significantly beyond where it is today.

So we believe we are heading in the right direction. I can't tell you where it is going to finally land. We don't know. There are some very tough decisions the Iranians are going to have to make—very tough—in order to meet the international community's standard for certainty as to the peacefulness of this program.

Senator LEAHY. Thank you.

Senator COATS. Mr. Chairman, I will not ask another question, if I could just respond there.

Despite the efforts that we are making, the Iranians have declared publicly a negotiation victory over the fact that cessation of enrichment, which has been in a series of U.N.-supported resolutions, Security Council-supported resolutions, that has been the determination and statements of four presidents, two Democrats and two Republicans, that that goal has been abandoned, and Iran has achieved in moving the ball toward a different kind of goal, which we hope will be successful. But the fact of the matter is that no longer is the goal.

Keeping Iran from producing a nuclear weapon is far different than having the capability of doing that. It sounds a lot to me like what we went through with North—

Secretary KERRY. Senator, if I could just say to you, remember the U.N. resolution wasn't that they couldn't have any enrichment at some point in time. It is what they had to suspend. And the reason for the suspension requirement was because we didn't know what was happening at Fordow. There weren't any restraints.

There was no inspection. There was no certainty as to where they were going.

So it is an open question, but nothing has been decided. The initial agreement, the JPOA, as it is referred to, specifically states nothing is agreed until everything is agreed. And I can guarantee you there has been no giveaway on that final issue at that this point in time.

But we are talking about how do you get sufficient verification, intrusive inspection, capacity to know what is happening, so that no matter what is going on, we are protected and our friends in the region are protected.

Senator LEAHY. I think the most important thing is we continue the negotiations, and I do not think the Congress, whether responding to various lobbies or not, is a place to conduct such negotiations. Let's let the negotiators try to work it out.

Senator Shaheen.

Senator SHAHEEN. Thank you, Mr. Chairman.

Mr. Secretary, thank you very much for your tireless efforts to address so many of the crises we are facing in the world today. You make us very proud here.

First, I don't have any questions on Ukraine, because there have been a number of those. But I do want to point out that I hope that the work of the Foreign Relations Committee yesterday to come to a bipartisan agreement on a bill to address Ukraine that includes both sanctions on Russia and support for the new government in Ukraine will be helpful as we are trying to address the crisis there.

I think it is very important that we do work together here in Congress to support your efforts. And I think that is exactly what the committee did.

SYRIAN CHEMICAL WEAPONS

I want to start with Syria. I have two questions about Syria. As you point out in your testimony, it is one of the greatest tragedies we are facing in the world today. It is just horrific what has happened to the people of Syria, the destruction of their country. And part of that has been the chemical weapons that Assad has had. And there was an agreement that you helped broker to have Assad commit to eliminate their chemical weapons stockpile.

He has now missed several deadlines for commitments that he had made. It seems like it is not realistic to think that they are going to meet their end of April deadline. Can you say what more we can do to pressure Assad to make sure that they reduce these chemical weapons? And then can you also address humanitarian efforts there, and what more we can do to support and to get the Russians to engage with Assad to make sure that humanitarian efforts get to the people who need them?

Secretary KERRY. Well, thank you very much, Senator Shaheen. Thank you for your generous comments at the beginning.

And I do thank you, all of you. Those of you who serve on the Foreign Relations Committee, I thank the Foreign Relations Committee for its initiative, which is helpful.

Syria is deeply troubling for all of the reasons that everybody on the committee understands. And it is also troubling for other rea-

sons, not that you don't understand them, but they are not written about publicly that much.

The opposition has been sidetracked, to some degree, focusing on extremists. So you have had a fight between the Islamic state in Iraq and the Levant, ISIL, as it is called, and some of the other groups. And that has detracted from their focus on the Assad regime, and Assad has played that.

In addition, you have had a certain lack of, I guess the way to say it is coordination between some of the support countries, and there are a lot of reasons for that, so that there hasn't been as powerful of an effort as there might have been.

Now that is changing a little bit. There have been some personnel changes within the framework of that support structure. And I think that there is a lot more coordinated and effective effort with respect to Syria beginning to take shape.

In addition to that, the huge infusion of Hezbollah and Iran changed the game somewhat on the ground while the other people were sidetracked, focusing on the extremists. So that is part of what has shifted somewhat temporarily for Assad.

But I say temporarily because I don't believe that the support countries, Saudi Arabia, the Emirates, Qatar, et cetera, are going to ever stop until Assad is gone. So he may have a breather in the interim, but this fight is going to go on.

And therefore, what Senator Graham was saying earlier is the biggest guarantee is that a whole bunch of people are going to suffer.

We were working effectively with Russia up until recently, obviously, with respect to this, and it is a question mark where that is going to go.

Now Russia was extremely helpful with respect to the chemical weapons effort, because of their influence on the regime and their ties to it. And we were also helpful because the President made it clear that if there wasn't some alternative, he was going to strike. And neither the Russians nor Assad wanted that to happen.

So the President's decision, coupled with the cooperation that ensued thereafter, got this regime in place to remove the chemical weapons.

I would say about 30 percent of the chemical weapons, a third of them are now removed and under control. We have the locations where the rest of them are now contained in 12 different locations. We have to move them from there to the port in Latakia.

And we believe that that can be done in about 35 to 40 days. We have put that proposal before the OPCW and before the Russians. The Russians were helpful in reducing the amount of time the Assad regime was proposing to use, which was 100 days, down to 62. We are now on a 62-day schedule.

We believe that can be reduced by another 20 to 25 days, and we would like to see that done. Whether or not we can succeed in getting that done will depend to some degree on the outcome of events that we are obviously all focused on with respect to Ukraine, and so forth.

My hope is it will not interfere, that what happens in Ukraine will not interfere. I think Russia maintains a significant interest in not having these chemical weapons loose, not having them fall into

the hands of terrorists, particularly since they are proximate neighbor. And therefore, my hope is we will continue no matter what.

But we are focused on getting them out.

Now the end deadline for this is June, not April. So, in fact, we are operating within the timeframe still. I still believe it is possible to achieve this. And we are going to stay focused on it.

Senator SHAHEEN. Thank you very much.

TRADE WITH IRAN

Mr. Secretary, I am almost out of time, but I wanted to raise the issue of Iran, because one of the things that is giving me pause, and I am sure others as well, is the increase in exports of their oil and the interest that has been professed and the delegations from a number of countries to Iran in this period that makes it appear that sanctions are going to be lifted in a way that I think is not helpful to the ultimate outcome of any agreement.

So can you speak to what we are doing to discourage some of our European partners from sending trade delegations to Iran and how we keep the pressure on in this interim period?

Secretary KERRY. Absolutely.

Senator LEAHY. And if we could have that briefly, because I have been alerted that we are going to have votes, and we are going to have to cut this off when the votes start.

Secretary KERRY. I will move as fast as I can.

Let me tell you that I have been personally in touch with foreign ministers of countries where we have heard there might be a trade delegation. We have made it crystal clear that Iran is not open for business. They have accepted that. They are not cutting deals. There are people who have traveled, but there have not been new deals. And where there have been, we have told people that if they transgress any component of the sanctions regime, their businesses will be sanctioned. They accept that.

Now the fact is that Iran needs between \$60 billion to \$70 billion a year to finance its imports. In the entire first step agreement here, there are maybe \$6 billion to \$7 billion that will be released through the increase in the oil export, and that is legit under the process that we created.

But no sanction has been lifted. Nothing in the architecture of the sanctions regime has been changed whatsoever.

Iran's economy contracted by 6 percent last year. It is expected to contract again this year. Inflation remains at almost 40 percent. And we are just a very, very clear that 2 months into this, very little additional economic impact has flowed to Iran for a number of reasons—because banks are uncertain how to deal with it, there is a lot of uncertainty about where this is going to go, our strict enforcement of the sanctions has in fact acted as a deterrent to many people deciding to get engaged.

And we have sent very strong messages through Treasury and the State Department that there will be consequences to anybody who tries to circumvent them.

And one last thing, we have sanctioned additional people.

Senator LEAHY. Some Senators are not going to get a chance to ask questions if we don't keep ongoing.

We are going to go to Senator Kirk, Senator Coons, Senator Boozman, Senator Blunt.
 Senator Kirk.

IRANIAN FUNDING FOR HEZBOLLAH

Senator KIRK. Thank you. I will, Mr. Secretary, bring to your attention a chart that we have done on the cash flow into Iran.

We estimate that Iran had about \$20 billion ready liquid assets before the P5 + 1, and now has about \$25 billion and that is the additional oil revenues that you talked about, and money released by the United States back to Iran, which equals about 50 years of Hezbollah payments—that Iran now has. With an improving cash flow position, I would expect that we would see even more terrorism with this additional money available to the Islamic Republic of Iran.

Secretary KERRY. Well, Senator, with all due respect, the fact is that Iran has huge economic problems. And I am guaranteeing you that whatever additional flow of money there was going to them is not all flowing—I can't tell you the amount—to Hezbollah because they have enormous challenges at home and demand on that money.

There is no way Iran is better off when we are taking somewhere between \$15 billion and \$30 billion and putting it into a frozen asset fund. That is what is happening right now.

And so they are losing. They are losing enormous sums of money, more than \$100 billion that is now frozen, and growing in its amount, because the amount that our sanctions are depriving them of.

As I have said, the release of this money—in fact, I don't even agree with that figure. There is no way that the release of the funds under the agreement has resulted in that, and I will tell you why, because the funds are only released on an incremental basis, month-to-month. And we are only 2 months in.

And so there is no way they have received. I don't know what the total amount has, I mean, it may be \$1 billion or so.

Senator KIRK. Let me interrupt you to say that I believe the first payment to the Iranian delegation from the P5 + 1, it is paid for and rented by a \$400 million regular payment.

Of course, I know why the foreign minister is there, of course I know why he is there, because he is being paid to be there.

I had a long discussion along with Congressman Israel with the Iranian foreign minister, who is a long and eloquent Holocaust denier. Has he raised that subject with you?

Secretary KERRY. No, but I raised it with him on one occasion. But we are focused on the nuclear negotiation right now, Senator.

Senator KIRK. I would just follow up and say it is about \$1.55 billion released under the interim agreement to Iran that we estimate.

At \$100 million a year payments by Iran to Hezbollah, that is a lot of Hezbollah terrorism.

Secretary KERRY. Well, if it is going to them, if they have money to give to Hezbollah, Senator—I mean, Senator, Hezbollah is fighting in Syria. They are paying for that. They are supporting it. No question about it.

But, you know——

Senator KIRK. Mr. Secretary, I am going to forward to you a list of 280 Americans who have been murdered by Hezbollah. This is broken down by State, including those from Illinois, Melvin Holmes and David Gay and John Phillips Jr., who I knew, who attended in my church in Wilmette, and Adam Sommerhof, and Eric Sturghill and Eric Walker and Eric Pulliam, were all from Illinois.

Secretary KERRY. Well, Senator, look, I am glad that we have designated Hezbollah a terrorist organization, and we have led the effort to make sure that Europe has followed now and labeled them a terrorist organization.

And if I had my druthers, obviously, we would like to see them disappear. But we are working at dealing with Hezbollah and other terrorist organizations in many different ways.

But I do believe that we are on the right track with respect to this first step agreement with Iran, because the alternatives are not as productive as the possibility of being able to reach an agreement through the negotiating process.

Senator KIRK. Thank you, Mr. Chairman.

Senator LEAHY. Thank you.

Senator Coons.

Senator COONS. Thank you, Chairman Leahy, Ranking Member Graham.

And, Mr. Secretary, thank you so much for your tireless engagement and focus on the challenges that we face around the world, but particularly at this time of real difficulty in the Middle East, in Crimea, and elsewhere around the world.

I will just simply add my voice to others on this committee who have urged increased support for Jordan, increased focus on ensuring that we do in fact deliver on the opportunity here to remove CBW from Syria; commend you for your tireless focus on trying to resolve one of the longest standing challenges we face in the world, the tensions between Israel and the Palestinian Authority; and urge you to continue to consult closely with Congress as you continue to make good on the prospect of peace around Iran's illicit nuclear weapons program.

I stand with many of my colleagues in ensuring that we provide you the resources you need in order to carry forward on any agreement delivered, and that that ultimate agreement prevent any pathway, whether through uranium or plutonium, to a nuclear weapons capability for Iran.

I also was pleased in your opening statement that you emphasized the importance of economic engagement with Africa and the prospects it holds for our country for job creation as well as sustaining our vital investments in PEPFAR, in MCC, and in other programs.

Given the impending votes and the number of other Senators waiting, let me just mention a few topics across Africa. And then to the extent we have time for your response, I would welcome it.

AFRICA INITIATIVES

First, I look forward to working with you and the chairman and others on this committee to ensure that there are the resources needed to support work on fighting wildlife trafficking. I want to

commend you for taking a leadership role in co-chairing the Presidential Task Force on Wildlife Trafficking. And I want to make sure there are resources to support that national strategy.

Second, as you referenced in your opening statement, there is a renewed wave of violence in Sudan, as well as in South Sudan, and I want to make sure that we have the resources to provide humanitarian support. There has been renewed aerial bombing in the Nuba Mountains and the Blue Nile, and a renewal of violence by the Janjaweed elements within Sudan.

There are a range of challenges in Sudan and South Sudan, and you have been tireless in working hard to help give birth to a newly free country of South Sudan. I would hate to see us miss this opportunity when there are so many other things going on around the world.

The two things I wanted to focus on most of this list, Power Africa, a tremendous initiative, one that I think really does hold out great promise for the continent of Africa and for the United States. Yet there is no specific request for this initiative, and I am concerned that AID is funding it out of existing accounts. With a significant number of difficult elections on the continent in the year ahead, I hope that we are not underfunding democracy and governance efforts by state and AID.

And if there is a way we can work together to sustain Power Africa beyond the next 3 years, to lay out a framework for its funding and for its continuance, I think that could make a dramatic difference in meeting development and humanitarian and strategic needs, and in creating real opportunity for American business in partnership with our allies on the continent.

Last, the Central African Republic continues to be deeply concerning. Twenty years after the Rwandan genocide, there are steadily escalating incidents of violence and a division within the country seemingly along ethnic and religious lines.

Given the shortfall we face in our peacekeeping accounts, I would be interested in hearing your views on how we can meet our obligations. I think it affects our reputation in the U.N. and globally when we support a peacekeeping mission, but then don't meet our commitments.

I was glad to support the work of our chair in SFRC in ensuring that we made our obligations around the IMF. Other members have spoken to that previously in this hearing. I would just love to hear from you what we can do to make sure that we make good on our commitment across all of these fields, the potential of Power Africa and peacekeeping, in particular.

Thank you, Mr. Secretary.

Secretary KERRY. Well, thanks. Because of the time thing, first of all, let me just say I want to thank you, Senator, for your unbelievable leadership. You are terrific in your dedication and tenacity with respect to all issues in Africa. The Foreign Relations Committee always had a terrific tradition of having someone who picked up that banner, and you have done it brilliantly, and I thank you for that.

Secondly, on the issues that you raised, we really ought to have a longer conversation, and I am prepared to do that.

Power Africa, we believe, is adequately funded. The President has designated the goal of trying to get about 10,000 MW of power. We have identified 5,000, and we have identified funding and projects, 20-some projects, that will provide that. So we are proceeding forward.

We are doing pretty well at it with existing U.S. Government resources and working the process. But I am game to think about how, if we can augment that, to get there faster, I am happy to do it.

Senator COONS. And to be clear, my goal is not to simply expend U.S. Government resources. In fact, my general goal is to reduce our overall expenditures by making them smarter. I just think there are opportunities here to leverage private sector partnership with the public sector, over the long term.

Secretary KERRY. Fair enough. We are currently designated to \$7 billion out of OPEC and Ex-Im Bank in order to try to achieve this. And private sector commitments total \$14 billion, which is not insignificant.

So I think we are on track, but let's work at it and see how we can leverage it further.

On the peacekeeping, some of the missions have reached a point where we can begin to close some of them, East Timor, we are looking at reduced assessments for Liberia, Haiti. But then we have new ones that have come on, as you know.

We have increased by \$342 million our commitments for Mali, Somalia, South Sudan. We put additional money beyond that into South Sudan, by the way, on a humanitarian basis.

And my sense is that we have another problem, that we pay at I think it is 27-point-some percent, but we are being assessed by the U.N. at 28.4 percent, so we are behind in that regard, and we are going to have to think about long-term how we are going to meet that arrearage and deal with it.

Senator COONS. I am eager to work with you on that. Seeing the press of time, thank you very much. I understand you have more pressing obligations. I look forward to a chance to talk through these issues when the current situation is resolved to some extent.

Thank you, Mr. Secretary.

Secretary KERRY. Thank you.

Senator LEAHY. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman.

PEPFAR

And thank you, Mr. Secretary, for being here with us. I just want you to comment on a couple things very quickly. We have all of these pressing problems going on throughout the world right now, but I would like for us not to lose sight of a couple programs I think they are working very, very well.

PEPFAR, in fact, I think you called this the most successful foreign assistance program ever. I know that you have been very, very supportive, President Bush, now President Obama, lots of different individuals on both sides of the aisle.

Can you just comment on it real quickly and reassure us about PEPFAR's sustainability into the future?

Secretary KERRY. The answer is, we believe we have funded it. The global fund is slightly reduced, but actually we have plussed that up.

There is no question in my mind—I am proud to say that that effort really began in the Foreign Relations Committee and with Bill Frist, when he was here. And we had support from Jesse Helms. We passed it unanimously in the Senate. It was the first AIDS legislation for global efforts. And that led to PEPFAR.

President Bush made a tremendous commitment to it. I think the original \$15 billion and then it got doubled, and President Obama has continued it.

We are looking at the potential now of a first-time-ever AIDS-free generation of kids, as a result of where we are. We believe the funding is at a level, notwithstanding a slight reduction, where we are going to be able to not just continue it, but take it to fruition in its targeted goal. So I think we feel very confident about it.

Senator BOOZMAN. Good. The 10-year anniversary, 1 million children born AIDS-free. I think that is something we can be very, very proud of.

The Millennium Challenge Corporation, the MCC, again, along the same vein, I think it was ranked first among international donor organizations by an NGO that tracks transparency. Based on this success, can you again talk a little bit about how we can replicate this model, perhaps, and increase public accountability and transparency with some of our other assistance programs?

Secretary KERRY. Absolutely, Senator.

MCC, which I am privileged to chair the board of as Secretary and have had several meetings, is doing a tremendous job of providing a different model for how you approach development funding.

The President increased the funding by 11 percent. It is up \$101 million to just about \$1 billion. I think the total amount of our development money is some \$20-point-some billion, so we are looking at 1/20 of our development money done in this new metric-oriented, measurements, results-oriented determinative process.

And it works effectively in certain situations. I am not saying it can translate into everything that we do in terms of development. But we have some new, since 2004, we have signed some 27 compacts. A compact we sign with a country is a certain approach, a certain set of expectations for what they have to do—reforms in government process. It is a tremendous lever for good governance, for transparency, for accountability. And we are very high on it and are trying to figure out how much more we can extend it as a significant new model tool for development on a global basis.

CENTRAL AFRICAN REPUBLIC

Senator BOOZMAN. And finally, CAR. This is an area that again, with all that is going on in the world, it has had tremendous problems. We have had to pull out our diplomatic community. Can you briefly touch on it and kind of give us your perspective? I know Samantha Power has been working hard in that regard in her abilities. Perhaps a plan of returning our diplomatic presence, where you see that going?

Secretary KERRY. Well, we are working very closely with the French, I think you know. And we are providing an additional \$100 million to assist the African Union-led International Support Mission, MISCA. We are providing strategic airlift. We are providing equipment and training for the forces that are deploying there.

In the last 2 months, we have airlifted some 850 Burundian troops in, 860-plus Rwandan troops, so the total number is somewhere around 6,000 troops now.

What has been missing is accountability. You have this incredible problem of young people running around with guns, tribal warfare, and so forth, and there is no enforcer, which is why we have pressed in the African Union, we pressed the international community, to try to support it. It is not just there. It was with M23 and the Great Lakes region and elsewhere. Thugs with guns who are running loose, and there is no countervailing government capacity.

So what we are trying to do is to build the capacity. And we are grateful to the French. They have been terrific leaders in this effort, very committed, historically and otherwise. And we are doing our part to try to provide order through a government force that is present that holds people accountable for their actions and begins to lead people toward a development agenda, toward a governance agenda that is the only way ultimately to provide the stability necessary.

This is an area where there are huge resources at stake, and that is the part of the battle.

Unbelievably resource-rich, unexploited through a legitimate market of any kind, and that creates a lot of this chase for riches, which is at the butt of a gun.

So we are trying to come in with some development capacity, governance, leadership capacity, and creating the kind of force that could help to provide stability, so those other things can take hold.

Senator BOOZMAN. Thank you, Mr. Secretary.

Senator LEAHY. Senator Blunt.

Senator BLUNT. Thank you, Chairman. Thanks to you and Senator Graham for holding this hearing and all you are doing to try to focus on the positive impact of aid and what it can mean in creating the kind of relationships we need.

To try to cover a couple topics quickly that I think may not have been talked about yet, which is pretty hard to do at the end of this hearing, Secretary.

And thank you for your time and your tireless efforts in this great responsibility you have accepted in this job.

CAMP LIBERTY

Could you comment a little bit on what plans we might have for the disposition of the 3,000, roughly 3,000, Iranian dissidents at Camp Liberty in Iraq, and whether our allies, others in the world, are willing to take some of these people? And whether we are? Can you give me a sense?

Secretary KERRY. Yes, I have appointed a special adviser, special envoy, a very qualified lawyer, who is really tackling this on a day-to-day basis with exceptional energy and focus.

We have been able to place, I think it is around 300 or so. The Albanians have graciously agreed to accept some.

Our goal is to get all 3,000 out of there, Camp Hurriya. We really want to get them out of there. We know that they are at risk. We know there are dangers. And we are trying to find the countries that are willing to do this. It is a tough negotiation.

Frankly, it would be greatly assisted by our ability to make a determination about how many we are going to take, and that is where our focus is right now. We are making an analysis of that and some judgments. The sooner we can get that concluded and moving, I think the better opportunity we are going to have to get people relocated elsewhere.

We had some problems, incidentally, in the beginning when I first came in, I learned that there were some problems internally in the camp, in the administrative process and the willingness of people to submit to interviews. And I think that has been resolved, but we have had a lot of difficulties in being able to really get the population properly vetted and defined, so we know who might be able to go where and what appropriate accommodations could be made.

Senator BLUNT. It is my view that time is not our friend there.

Secretary KERRY. I agree completely.

Senator BLUNT. Nor for the people at the camp. And you agree with that?

Secretary KERRY. I totally agree with that.

Senator BLUNT. Whatever I can do to be helpful and whatever I can do to encourage your efforts to find places for these people to go while they still can hopefully get there would be important.

Secretary KERRY. Absolutely.

TURKEY AND SYRIAN RELATIONS

Senator BLUNT. Today in Turkey, there are tens of thousands of protesters protesting about the funeral of a 15-year-old boy who died after being hit by a canister, a tear gas canister, several months ago. It seems to me that Erdogan is not as helpful as he could be in a lot of areas, but one is that large Syrian border. What is our relationship there now? Are we able to try to encourage more help in solving the Syrian situation from Turkey?

Secretary KERRY. The answer is we would like to get additional help. The Turks have been very forthcoming. We have been working with them very closely.

We would like to see greater cooperation from them on the border pieces. There are too many people moving through, particularly in the eastern part and coming down to the northern part of Syria in the northeastern part.

We have spoken to them about that. We have an ongoing, very healthy dialogue with people on the ground, working with them very closely. Their foreign minister is deeply engaged. He has been very, very forthcoming, very helpful to us.

There is an election, as you know. There is a lot of political dynamic at play in Turkey right now, and it is difficult in the middle of that to get all the focus that you might like to have on this kind of an issue and to resolve some of it.

But we are working also with Turkey, I might add, on the rapprochement with Israel, resolution of the blockade on Gaza issue that ran into problems with the Amorey Mulveek a few years ago.

And I think it is fair to say that, at this moment, they are pretty inward looking in terms of the electoral process.

Senator BLUNT. And that is the end of this month, as I recall?

Secretary KERRY. I beg your pardon?

Senator BLUNT. That is end of this month? March 30, is it?

Secretary KERRY. It is April, isn't it?

Senator BLUNT. It is April? But soon?

Secretary KERRY. Yes, soon.

Senator BLUNT. On a topic that I am sure has already been discussed, but on the view of whether Iran, and I am not suggesting this is your position, but whether Iran should ever be allowed to have the component parts that they could put together to make a weapon, whether they have a weapon or not, I would want to be strongly listed on the side they should not be allowed to have that.

NUCLEAR DEVELOPMENT

And I would like you take comment on a couple things. One, if they did have the capacity to enrich, is it your view that we can monitor that in a way that would be satisfactory? And two, how do you keep that capacity to enrich from proliferating to other countries that we have been holding back, that have nuclear power, but we haven't let them have this capacity because of the danger that up until now most powers have understood was a danger if you let the proliferation of enrichment occur?

So those are really my last two questions.

Secretary KERRY. Well, most countries that have chosen to pursue some kind of nuclear power capacity have not chosen necessarily to enrich for themselves. Some have, so there is a precedent. It is not the majority, obviously.

There are different reasons for one country or another having an argument that they might want to enrich, to some degree.

My current judgment, you say, can we monitor? At this point, not completely, no. And that is why we are negotiating. It is to make sure that we can completely, ultimately.

And how do you prevent the enrichment from leading elsewhere? I think that the constraints under which a country would have to operate if they are going to have some enrichment are really significant. I mean, we are talking about a need to know beyond reasonable doubt, not guess, but to know, what is happening on any given day, in any given facility.

So this is all subject to the negotiation. This is not currently decided.

And you asked me, I think, if we could consider at this moment in time that we have the ability to be able to know, or something? And the answer is that is actually what the subject of this negotiation is now.

Senator BLUNT. And you think that negotiation could produce—

Secretary KERRY. Well, we hope it could. I don't know if it can yet, Senator. Honestly, I don't know.

I know what we want to ask for. I don't know if we can get a yes to it.

But you raised the question of warheads, et cetera. It is very much a subject of the negotiation. It has to be.

And any of that technology has got to be part of this. Now that is distinct from missile, conceivably. It is a harder argument to make on some range of conventional weaponry that that falls under this.

But certainly, R&D and warhead development or anything like that would very much fall squarely into the concerns that we would want to be talking about in negotiation.

Senator LEAHY. We have 6 minutes left on the roll call on the floor.

Senator BLUNT. Thank you, Mr. Chairman.

Senator LEAHY. I am not going to ask my further questions, other than to note, and we should talk about this later Secretary Kerry, we were lobbied, Congress was, to show how tough we were in our support of Israel by withdrawing payments to UNESCO. What that meant, of course, we lost our vote in UNESCO, so we are not able to protect America's interests, or Israel's interests, there. All we do is watch the Russians, the Iranians, the Syrians, the Chinese, the Palestinians who have a vote.

I would like to see us get back in there and do what is best in America's interests.

And we need to address the Avena court decision on the rights of consular access for foreigners arrested in this country. The Departments of Defense, Homeland Security, State, and Justice all support doing something on this. Chief Justice Roberts has. We should fix it.

Senator Graham.

Senator GRAHAM. Thank you. I know you have a meeting. A little bit of homework here.

Could you inform the committee in writing, there is a debate in Congress whether we should sell Apaches to the Egyptian regime. I think, Mr. Secretary, that the Egyptian army has not met the goals that we all would hope. They are not transitioning to democracy in a meaningful way, in my view.

Could you inform the committee, in your view, what kind of role should the Congress play regarding aid to Egypt, particularly military aid? I don't want to send the wrong signal and undercut efforts to get the transition to democracy.

Do you agree with the statement by the DNI that the Al Qaeda presence in Syria is building up and is becoming a threat to the homeland?

Secretary KERRY. Yes.

Senator GRAHAM. Okay.

When it comes to Israel, it has been our position that the Palestinians should recognize the Jewish state as part of their negotiating position, is that correct?

Secretary KERRY. Yes.

Senator GRAHAM. Secondly, you can do this in writing, if you like, do you think President Abbas has the ability to speak effectively for Hamas regarding any potential peace agreement?

Secretary KERRY. Part of our discussion at this point in time, Senator, is a requirement before some kind of agreement were to come into effect that that issue would have to be resolved.

Senator GRAHAM. Thank you.

Secretary KERRY. Thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

Senator LEAHY. Mr. Secretary, thank you very much.

I thank the members for their questions. We will keep the record open until Wednesday 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 TO JOHN F. KERRY

QUESTIONS SUBMITTED BY SENATOR RICHARD J. DURBIN

Question. The United States recently decreased its pledge to the World Bank's International Development Association—the Bank's fund for helping the world's poorest countries. This drop hurts American leverage in at the Bank, creating more openings for China and others who may not share our priorities. Please elaborate on the U.S. commitment to the International Development Association and the international financial institutions as a whole.

Answer. The United States recently pledged \$3.87 billion to the International Development Association (IDA)—which represented a 5 percent decrease from its previous pledge. While the administration would have liked to have pledged more, the \$3.87 billion reflects the very difficult budget environment that we face. The U.S. pledge was still enough to make the United States the second largest contributor to the fund's record-breaking replenishment cycle, which yielded over \$52 billion in pledges.

IDA, the Asian Development Fund, and the African Development Fund—the concessional windows at the World Bank, Asian Development Bank, and African Development Bank, respectively—provide grants to the world's poorest countries and support key U.S. development priorities. The United States remains one of the largest contributors to these funds, and our financial contributions send an important signal about the U.S. commitment to alleviating poverty and fostering economic growth and stability to other donors and developing countries.

Question. Countries such as China, India, Turkey, and others have been gaining an economic foothold in Africa, too often at American expense. With 7 out of 10 of the fastest growing economies in the world being in Africa, the U.S. has a great opportunity to invest while supporting domestic jobs. I was pleased that part of my legislative efforts to address this issue became law in December and that the administration must designate a senior coordinator to boost U.S. exports to Africa. Can you comment on this larger challenge in Africa and administration efforts to help address it?

Answer. The Department of State shares your view that Africa represents a great opportunity for U.S. companies to generate economic growth both in Africa and domestically.

Commercial activities of other countries in Africa have generally not hindered investment opportunities for our firms.

The U.S. Government's (USG's) *Doing Business in Africa* (DBIA) Campaign encourages U.S. businesses to take advantage of the many export and investment opportunities in Sub-Saharan Africa. The USG is encouraging U.S. companies—with a focus on small- and medium-sized businesses and African Diaspora-owned businesses—to trade with and invest in Africa. To support this initiative and in coordination with the Department of Commerce's Advocacy Center, our Embassies and Consulates provide robust commercial advocacy support of U.S. firms competing in Sub-Saharan Africa and facilitate numerous high value trade and investment missions and deals in key sectors, such as healthcare, agribusiness, and infrastructure and energy. The Presidential initiatives of Power Africa and Trade Africa harness the efforts of many U.S. Government agencies and the private sector to increase trade and investment in Sub-Saharan Africa.

The Overseas Private Investment Corporation (OPIC), Export-Import Bank (Ex-Im Bank), and the U.S. Trade and Development Agency (USTDA) are building upon current assistance to U.S. business. For example, the U.S.-Africa Clean Energy Development and Finance Center opened its doors in 2013 at the U.S. Consulate General in Johannesburg, South Africa, to provide the U.S. private sector, as well as our Sub-Saharan African partners, with a centralized means to identify and access U.S. Government support for clean energy export and investment needs.

QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

Question. As you know, last fall Senator Blunt, Congresswoman Granger, Congresswoman Bass, and I introduced the “Children in Families First” Act and have since gained the support of nearly 60 Members of Congress for this legislation. At the core of this bill is a proposal for making necessary structural changes to the State Department’s current approach to international child welfare. More specifically, we have proposed to unite issues related to international child welfare, including international adoption, in a single office to be housed in the State Department’s Secretariat for Civilian Security, Democracy, and Human Rights. We believe such changes are necessary at the Department of State to ensure that, both internally and externally, international child welfare is treated as more than an immigration enforcement issue, which its current placement in the Bureau of Consular Affairs suggests that it is. We have seen the same approach of centralizing and empowering an office or bureau work to great effect in fighting terrorism, combatting trafficking, providing humanitarian assistance and resettlement to refugees, and providing AIDS relief and seek now to emulate that success on behalf of vulnerable children. It is my understanding that the U.S. Department of State opposes this effort and seeks to keep these functions in the Bureau of Consular Affairs, which handles border security and overseas citizen services, and has no real mandate or resources to engage in international child welfare issues writ large, and which, in our view, has a less than ideal track record even in its narrow mandate of implementing the Hague adoption and abduction conventions.

—Can you affirm that this is in fact the State Department’s position and help clarify for the members of this subcommittee why that is so?

—Do you agree that international child welfare requires a dedicated Bureau or Office in the Department of State?

—Do you agree that international child welfare is more than a consular issue and as such needs to be handled elsewhere in the Department than the Bureau of Consular Affairs?

—In the same way that refugee resettlement is part of the Bureau of Population Refugees and Migration precisely because it is a tool of refugee protection, do you agree that international adoption is a tool of protection for children living without families, not simply an immigration enforcement issue?

Answer. The U.S. Department of State helps to serve and protect children around the world. Our global presence ensures that we are able to support children, youth, and their families through programmatic support and diplomatic engagement, under the leadership of the Chiefs of Mission of each U.S. Embassy and supported through the expertise of the Department’s various offices and bureaus engaged on children’s issues. Such policies, programs, and diplomatic efforts help strengthen families and protect children. Additionally, they help to support the U.S. Action Plan on Children in Adversity (APCA), which aims to promote a world in which children grow up within protective family care and free from deprivation, exploitation, violence, and danger.

Many bureaus and offices across the Department and the U.S. Agency for International Development (USAID) diplomatically and programmatically engage on children’s issues, including on matters related directly to international child welfare and protection. This work is accomplished via multifaceted approaches to improving health, education, security, social and child welfare systems, capacity to provide humanitarian assistance, governance, rule of law, and the protection and advancement of human rights across the globe.

This multifaceted support extends beyond the expertise and capacity of any single office, bureau, or portfolio. It includes U.S. support for UNICEF’s child protection-related efforts around the world; economic support aimed at strengthening families affected by HIV/AIDS to ensure that they can stay together; support for child welfare systems that includes addressing children outside of family care and promoting permanent family placements, made possible by the President’s Emergency Plan for AIDS Relief (PEPFAR); support for family reunification and child protection programming in humanitarian emergencies through State’s Bureau of Population, Refugees, and Migration and the Office of Foreign Disaster Assistance at USAID; and other bilateral and multilateral efforts. These are just a few examples.

The Department’s Bureau of Consular Affairs, which fulfills many of the Department’s day-to-day responsibilities as the U.S. Central Authority under the Hague Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption (Hague Adoption Convention) and the Hague Convention on the Civil Aspects of International Child Abduction (Hague Abduction Convention), plays an important part in these efforts by supporting other countries in their implementation of either or both Conventions. Protecting children and families in the intercountry

adoption process through the Hague Adoption Convention and ensuring that ethical and transparent intercountry adoption remains an option for children, when it is in a child's best interests, are important pieces of the Department's overall effort to protect children and promote healthy child development and responsive and supportive child welfare systems.

The Department remains committed to working with Congress to ensure that U.S. support for children in adversity is robust, and that U.S. implementation of the Hague Adoption Convention is strong, effective, and transparent—without the establishment of a new, costly, and unnecessary bureaucracy. The creation of a new bureau or office within the Department focused on international child welfare or intercountry adoption will create overlapping mandates within the Department and with USAID. It would confuse and undermine multiple, well established roles and responsibilities of individual components of both agencies, and would be detrimental to their key relationships with U.S. and foreign governmental and non-governmental partners. A new bureau or office could also undermine existing capacities for effective, multilayered interventions, interfering with efforts to integrate programs across sectors so that they most benefit children, their families, and the communities in which they live. Centralizing activities under one office, with one mandate, may diminish existing activities that are not explicitly “child-focused,” yet are still fundamental for children in adversity, such as programs focusing on nutrition, shelter, livelihood, gender-based violence, women and girls' empowerment, and humanitarian assistance. It would also be inappropriate for a new Department office with an international child welfare mandate to be singularly focused on international adoption as its sole remedy.

The Department and USAID have taken steps over the last year to improve coordination and collaboration in order to maximize the impact of our work to improve the lives of children in adversity. APCA was launched at the White House in December 2012; individual agency implementation plans were published in September 2013; programs from Department bureaus and offices that were not already consistent with the APCA's objectives have been increasingly aligning with them in new and ongoing programs; and the first meeting of the Senior Policy Operating Group on Children in Adversity (SPOG-CA) convened in February. In the interim, with support from the Department's Senior Advisor for Development, the Department created a Task Force on Children in Adversity (TFCA) to promote APCA and improve internal coordination and information sharing across the Department and with USAID. The TFCA also coordinates to identify complementary and strategic diplomatic, programmatic, and policy actions for the range of Department bureaus and offices that are already working to assist children in adversity globally. We expect that the SPOG-CA will reconvene soon under the leadership of the reformulated USAID Center for Excellence on Children in Adversity.

International child welfare is a complex issue which requires a multitude of actors and responses. We believe by focusing on coordination we can enhance programming and best demonstrate the U.S. Government's commitment to assisting children around the world.

Question. A number of prominent organizations that support international child welfare and adoption wrote to you in December to request that you take immediate action to address shortcomings in the Department of State's implementation of The Hague Adoption Convention. To my knowledge, that letter has not been answered.

—How do you explain the fact that there have been no reported international adoptions from any country that has become a Hague partner with the United States since 2008?

—Do you agree with the criticism in the letter that the Office of Children's Issues has failed to implement a transparent and effective system for determining partner country compliance with the Hague Convention?

—If so, what steps are you taking to correct the situation?

Answer. The Department of State supports intercountry adoptions. As the U.S. Central Authority for adoptions, the Department's primary goal is to ensure that all U.S. intercountry adoptions are ethical, transparent, and protect children and families. To accomplish this, the Department maintains strong lines of communication with all Hague Adoption Convention (Convention) countries in order to promote cooperation, coordination, and the best interests of children. Every year, children from countries that are parties to the Convention are adopted by loving U.S. families. In fiscal years 2013 and 2012, 46 percent and 37 percent of all U.S. adoptions were from Convention countries, respectively. China remains the top country of origin for U.S. intercountry adoptions, and last year, hundreds of children were adopted from Bulgaria, Colombia, India, Latvia, and the Philippines—all Convention countries.

Since the Convention entered into force for the United States, 15 new countries have become party to the Convention: Cabo Verde, Fiji, Greece, Ireland,

Kazakhstan, Lesotho, Liechtenstein, Macedonia, Montenegro, Rwanda, Senegal, Seychelles, Swaziland, Togo, and Vietnam. The annual number of intercountry adoptions from the majority of these 15 countries did not change significantly after the entry into force of the Convention. Historically, few children immigrated to the United States through intercountry adoption from each of these countries, with the exception of Kazakhstan, Rwanda, and Vietnam.

Several factors in all of the countries affect the number of U.S. adoptions. Five new Convention countries (Greece, Ireland, Liechtenstein, Macedonia, and Seychelles) have developed child welfare and adoption systems and/or have few children in need of intercountry adoption. Ireland provides a good example. Ireland identifies solely as an adoption receiving country, not a country of origin. Ireland's Central Authority strictly applies the Convention's subsidiarity principle with the result that most Irish orphans are placed domestically, and few children are eligible for intercountry adoption. Adoptions from Greece, Liechtenstein, Macedonia, and Seychelles are similarly very rare, as they were before these countries joined the Convention. Family preservation resources and effective, permanent domestic placement options are available in those countries.

Three other countries (Rwanda, Senegal, and Swaziland) have suspended all intercountry adoptions while reviewing their ability to implement the Convention. A fourth, Kazakhstan, temporarily suspended intercountry adoptions to the United States in August 2012, citing concerns about the welfare of adopted children related to a number of very grave, but isolated, cases of abuse in the United States. The Department had announced its ability to issue Hague Adoption and Custody Certificates in incoming Convention adoptions from Kazakhstan in May 2012. Since 2012, the Department and U.S. Embassy Astana have made every effort to respond to Kazakhstani concerns and persuade the Government of Kazakhstan to resume intercountry adoptions for U.S. families. Our efforts include multiple, high-level bilateral meetings in the United States and Kazakhstan, facilitation of consular access of Kazakhstani officials to adopted Kazakhstani children in the United States, and communication with U.S. parents of adopted children on the importance of meeting post-adoption requirements.

On the other hand, a number of countries, including Cabo Verde and Fiji, had not fully implemented the Convention at the time it entered into force. Both countries are still developing procedures to implement the Convention and the capacity to carry out Convention safeguards. Under U.S. law, the Department is not able to process Convention adoptions for countries that have failed to develop adoption systems that uphold these safeguards. The Department continues to work with such countries to assist with Convention implementation.

The Department's efforts in Vietnam and Lesotho in this regard are particularly noteworthy. Following the Convention's entry into force on February 1, 2012, Vietnam has only recently trained its central and provincial adoption officials on the Convention and related new laws. Resuming adoptions with Vietnam is among U.S. Embassy Hanoi's highest priorities, and the U.S. Special Advisor for Children's Issues has travelled to meet with Vietnamese adoption officials four times since 2010 to advocate for successful reforms. Additionally, USAID support for UNICEF on adoptions has been instrumental in improving Vietnam's legal and regulatory system. Currently, the Department is working towards establishing a limited adoption program for children with special needs, older children, and children in sibling groups. The Government of Vietnam is currently vetting U.S. adoption service providers and has indicated that it plans to authorize two. (For more information, please see the Department's September Adoption Notice, available here: http://adoption.state.gov/country_information/country_specific_alerts_notices.php?alert_notice_type=notices&alert_notice_file=vietnam_7). The Department is hopeful that we will be able to announce our ability to issue Hague Certificates for adoptions from Vietnam later this year. In Lesotho, the Convention entered into force in December 2012. In February 2013, Lesotho lifted its suspension of intercountry adoptions, which had been in place as it implemented Convention procedures. We determined we would be able to process adoptions with Lesotho beginning March 1, 2013. The Government of Lesotho has authorized one U.S. adoption service provider, published new procedures on intercountry adoptions fees, and is now processing adoptions.

Additionally, three countries became party to the Convention on April 1, 2014: Croatia, Haiti, and Serbia. The Department has since announced positive determinations for these newest Convention partners, as well as for Montenegro, where the Convention entered into force in 2012. The Department has announced our ability to issue Hague Adoption or Custody Certificates for all Convention adoptions from these countries.

As the Central Authority for intercountry adoption, the Department must certify that adoptions are in compliance with the Convention. The examples provided above illustrate our commitment to this process. If a country's adoption system does not uphold the safeguards of the Convention, adoptions finalized in that country are not considered to be compliant. It is therefore instrumental for the Department to assess each country's ability to implement procedural safeguards and governing structures consistent with Convention standards. We accomplish this through review of a country's laws, procedures, practices, and infrastructure. Our Web site, adoption.state.gov, provides a thorough description of our approach.

The Department has taken several additional steps to increase transparency and public dialogue as this review process unfolds. The Bureau of Consular Affairs (CA) posts frequent Adoption Notices and Alerts to adoption.state.gov on changes or expected changes to a country's adoption laws, procedures, practices, or infrastructure as information is made available. CA also hosts quarterly public stakeholder meetings for non-profit organizations and U.S. adoption service providers to provide updates and answer questions.

If the Department determines that a country does not meet the required standards, we strongly encourage the country to implement the necessary legal framework and procedures to uphold the Convention's standards and principles before becoming a party to the Convention. The Department will also encourage the country's officials to consider establishing procedures to allow adoptions initiated prior to the Convention's entry into force be completed through the pre-Convention procedures. The Department's goal is to prevent a disruption in adoptions and ensure that there is no unnecessary delay in processing pending adoptions due to the Convention entering into force.

Question. In a letter you sent to me on September 16, 2013, you indicated that the Department of State and USAID were moving forward aggressively to implement the Action Plan on Children in Adversity, which the White House released in December 2012, and which for the first time explicitly states that families for children is a priority goal of U.S. foreign policy. More specifically, you stated that you had recently formed a Senior Policy Operating Group (SPOG) made up of key players from the State Department and USAID and had directed them to lead implementation of the Action Plan. So is it fair then to say that this SPOG is the designated leader of the United States Government's efforts to implement the Action Plan for Children in Adversity and if so,

—In the 15 months since the National Action Plan on Children in Adversity was released, what concrete actions the Department of State taken to advance the Plan's implementation?

—How much funding did the U.S. State Department spend on programs or policies implemented in support of the Action Plan in fiscal year 2014? How much do you anticipate will be spent on activities related to the Action Plan in fiscal year 2015?

Answer. The umbrella of the National Action Plan for Children in Adversity provides an overarching platform and a welcome lens for ongoing State Department programs and activities, all of which address various dimensions of children in adversity around the world.

For instance, to support building strong beginnings for children in adversity, the Department's Bureau of Population, Refugees, and Migration (PRM) supports protection activities including health and education programming for conflict-affected populations through humanitarian partners including the office of the UN High Commissioner for Refugees (UNHCR), the UN Children's Fund (UNICEF) and the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). For example, UNRWA runs one of the largest education programs in the Middle East, serving more than 490,000 school-age children at over 700 schools in Gaza, the West Bank, Jordan, Syria, and Lebanon. PRM also supports the No Lost Generation initiative, a campaign by the United Nations, governments, and international and non-governmental organizations to address the immediate and long-term impacts of the Syria crisis on a generation of children and youth in Syria and the Near East region.

In another example, the President's Emergency Plan for AIDS Relief has supported family care for children by spearheading the strengthening of child welfare and protection systems, including the enhancement of the social welfare workforce. If child welfare and protection systems are strong and working, then the services required for children in adversity will be in place. These system-strengthening efforts therefore serve to bolster all aspects of child welfare to support all children, including those who are outside of family care. For example, through PEPFAR support:

- In Uganda, more than 1,100 Community Development Officers and probation officers have completed training and attained university accreditation in child protection, and now provide services to 66,000 children.
- In South Africa, more than 2,000 para-professional social workers have been provided stipends and child welfare skills training. And a partnership with South Africa's Ministry of Social Development has helped support 10,000 new Child & Youth Care Worker positions by 2017. As a result, more than 1.4 million vulnerable children will be served.
- In Tanzania, 4,000 community volunteers provide support for vulnerable children through various implementing partners. In addition, a Twinning Center partnership has trained 2,408 para-social workers (PSWs) and 329 supervisors in 25 districts.

Diplomatically, the Department's Bureau of International Organizations supports the United Nations in promoting child survival and child development. Following June 2012's "Child Survival: Call to Action conference? meeting?" which the U.S. hosted along with India and Ethiopia, the United States is pleased to see that to date, representatives of 174 governments, 215 civil society partners, and 221 faith-based organizations have signed pledges to take action along with UNICEF. The United States is glad to be a partner with UNICEF in supporting this effort, which is believed to accelerate progress towards Millennium Development Goal 4 and 5 targets, and ultimately help to end all preventable child and maternal deaths. The United States continues to support the UN Population Fund (UNFPA), which supports and funds programs in more than 150 countries in an effort to achieve Millennium Development Goal 5 of improving maternal health, and in turn, also reduces maternal and child mortality.

Additionally, by delivering national statements in UN forums—including the UN General Assembly, the UN Human Rights Council, the UNICEF and UNFPA Executive Boards, and other UN organizations that support children—the United States calls on organizations and states to incorporate the needs of children in their planning and policies. The United States also emphasizes the particular needs, vulnerabilities, and potential of girls, and consistently raises these issues in UN forums and diplomatically with partner governments.

The Department of State also works through diplomatic channels to strongly support intercountry adoption as an essential part of a fully developed child welfare system. We promote ethical and transparent adoption processes for prospective adoptive parents, birth families, and children involved in intercountry adoptions, a process that ensures that an adoption is completed in the best interests of the child and when a domestic placement in the child's home country is not possible. The Office of Children's Issues, within the Department's Bureau of Consular Affairs, engages bilaterally with foreign governments and collaborates with stakeholders in the adoption community and with our interagency partners on intercountry adoptions to promote these policy objectives. The Hague Adoption Convention is an important tool in support of this goal. Ninety-three countries are currently party to the Convention, including the United States.

An important element related to concrete action and policy leadership includes the establishment of a Senior Policy Operating Group (SPOG) for Children in Adversity. This governmentwide, interagency body is co-led by the Department of State's Senior Advisor for Development and USAID's Center of Excellence for Children in Adversity (USAID/CECA). The SPOG is strengthened by the day-to-day coordination efforts of State's Task Force for Children in Adversity (TFCA), which works in partnership with USAID/CECA and the interagency working group led by USAID to advance the children in adversity agenda.

For example, TFCA and USAID/CECA recently collaborated to develop a Key Issue, or secondary budget code in the foreign assistance budget, called "Children in Adversity." The "Children in Adversity" Key Issue is formulated to match the objectives of the APCA and gives visibility to the funding of thematic areas that are not generally discernable in the foreign assistance budget. Going forward, the "Children in Adversity" Key Issue, combined with other ongoing efforts at State and USAID, does three things: (1) sends a signal to State and USAID that the children in adversity issue is being further elevated across the foreign assistance portfolio, (2) establishes a common definition for children in adversity within foreign assistance programming, and (3) strengthens existing efforts to thematically integrate children in adversity into the foreign assistance strategic planning, budgeting and performance management processes.

Finally, allocations for fiscal year 2014 foreign assistance appropriations are in the midst of being finalized; however, programs that support the world's most vulnerable population—children in adversity—are reflected throughout the budget.

Similarly, the fiscal year 2015 request emphasizes the United States' continuing commitment to children.

Question. Russia's invasion of Ukraine is not only an attack on that country's sovereignty but a threat to the stability of the entire region. One key aspect of Russian influence in Ukraine has been its energy exports, particularly natural gas flowing through Ukraine to the remainder of Europe. As you know, the administration recently proposed \$1 billion in loan guarantees to help insulate the Ukrainian economy from the effects of reduced energy subsidies from Russia—a measure that has been reinforced by recently passed legislation in the House and legislation pending in the Senate.

—In addition to these measures, how can the United States use its diplomatic influence and growing energy production to mitigate these threats?

Answer. Ukraine's sovereignty and independence is a strategic foreign policy priority for the United States, and no issue is more important than Ukraine's energy security. Ukraine's energy security, and the commitment of the United States to support Ukraine, was at the forefront of the U.S.-European Union (EU) Energy Council meeting which I chaired with EU High Representative Ashton, EU Energy Commissioner Oettinger, and U.S. Deputy Secretary of Energy Poneman on April 2.

The United States is working with Ukraine, its western neighbors, the EU, and the private sector to provide gas from European companies to Ukraine to offset its reliance on Russian imports. We are seeking to provide urgently needed international financial support to Ukraine and encouraging Ukraine to use its foreign exchange reserves to finance gas purchases.

In addition to these short-term measures, we are working with other donors and the private sector to help Ukraine bridge to long-term increased self-sufficiency in gas by raising domestic production, through modernization of existing conventional fields and contracts negotiated in 2013 for unconventional gas development.

The United States is also working closely with the Government of Ukraine to increase energy efficiency practices, which will further decrease reliance on energy imports. The \$1 billion in loan guarantees provided by the United States will be available to help the Ukrainian Government ensure that increased energy costs, which will go into effect as early as May 1 as part of a reform package mandated by the IMF, will not adversely impact Ukraine's most vulnerable energy consumers.

Under the auspices of the U.S.-Ukraine Energy Security Working Group, the U.S. Special Envoy for International Energy Affairs Carlos Pascual and Ukrainian Minister of Energy Yuriy Prodan, will continue to advance these initiatives.

Question. Last July, the full Appropriations committee voted on a narrow waiver to the prohibition on funding UNESCO (United Nations Educational, Scientific and Cultural Organization). By a vote of 19–11, the full committee provided a waiver, as well as \$700,000, to the World Heritage program at UNESCO. For no good reason at all, the House deleted this line item, and refused to include it in the Omnibus spending package that was approved this January. Let me explain why I am so passionate about this issue. Poverty Point is a cultural and historic gem in Louisiana. It is a landmark relic from prehistoric, hunter-gatherer times, and is a collection of magnificent earthworks that were a commercial center for the region. If the Congress does not provide waiver authority and funding for the World Heritage Program, then we hurt Poverty Point's chances of being designated a World Heritage site. This would have significant economic impacts on my State. And by the way, there are 13 other States that are in the same situation.

—I see that the administration once again seeks waiver authority for funding this and other UN entities. Given the critical U.S. interests in providing waiver authority and funding to the World Heritage program, given that this Committee already voted to provide that funding, and given that the Israeli Government, who should be most concerned about this issue, supports a narrow waiver for World Heritage funds, what is the administration able to do to show how critical this waiver is?

—What can you do to educate Members of Congress on the critical economic impact for 14 States that are at stake if World Heritage funding is denied once again for no good reason?

Answer. As a founding member and the driving force behind the World Heritage Convention of 1972, the United States remains committed to advancing the Convention's ideals to preserve our world's outstanding cultural and natural heritage. Partnering with our colleagues in the U.S. Department of Interior, the State Department strongly advocates for promoting and preserving our twenty-one inscribed U.S. World Heritage sites, and works diligently to advance vital U.S. economic and cultural interests by guiding the nomination process for inscribing new U.S. sites.

As you mention, the World Heritage Committee will consider the inscription of Poverty Point State Historic Site in Louisiana during its 38th Meeting this June in Doha, Qatar. We will enthusiastically champion this nomination in Doha, and will send a delegation of U.S. cultural heritage policy and technical experts to support the inscription efforts on behalf of Poverty Point. We believe the administration's unwavering commitment to full engagement at UNESCO and our respected leadership on World Heritage issues will reinforce the compelling case for inscription of Poverty Point in 2014, and for the San Antonio Franciscan Missions nomination to be considered by the World Heritage Committee in 2015.

As you rightly point out, designation as a World Heritage site can be a significant driver of international recognition, tourism, community pride, economic development, and long-term conservation planning and resources. For all these reasons, funding for the World Heritage program is, and will remain, an important priority for the United States.

Withholding our assessed contributions to UNESCO led to the loss of our vote in UNESCO's General Conference in 2013. More generally, withholding our support to UNESCO hampers our ability to advance U.S. interests in World Heritage, to sustain Holocaust education as a means to combat anti-Semitism and prevent future atrocities, and to promote freedom of expression, including for the press, and safety for journalists globally. This administration seeks a national interest waiver to allow the discretion necessary to continue to provide contributions that enable us to maintain our vote and influence within the UN and UN specialized agencies, including UNESCO. Through the waiver, the administration aims to empower the United States to determine how and when we engage in multilateral organizations, and to advance the interests of the United States and its closest partners across the full spectrum of policy goals.

Experts from the State Department are available to brief you and other Members of Congress in more detail on our important work at UNESCO and on the World Heritage program should you have more questions. I appreciate your ongoing efforts to highlight the importance of U.S. leadership at UNESCO and to advance our national interests through World Heritage recognition of U.S. sites with outstanding universal value for all of human kind.

Question. The PEPFAR Stewardship and Oversight Act, a bill which reauthorizes the 10 percent set aside for Orphans and Vulnerable Children (OVC) in the President's Emergency Plan for Aids Relief (PEPFAR), became law last December. This OVC money represents a huge part of the international investment—about \$350 million per year—for orphans and vulnerable children, and supports efforts to keep these children in school, reduce barriers to healthcare and nutrition, and improve protection from abuse and neglect. However, after extensive conversations with PEPFAR staff at the Department of State, I was shocked to learn that none of this \$350 million in OVC funds is spent on programs that provide alternative family care for those children who are unable to remain with their biological family. Simply put, the largest U.S. Government-funded programming for double orphans does nothing to help these children to no longer be orphans! In fact, the number of worldwide orphans is increasing. When PEPFAR was first passed in 2003, there were an estimated 15 million children orphaned by AIDS. Today there are 17 million. I originally intended to file an amendment to S.1545 that would have fixed this ironic inadequacy with the OVC program, but out of deference to Chairman Menendez and Ranking Member Corker and in consideration of the overall goals of PEPFAR, I set aside my amendment and gave consent for the bill to move for final passage. I'd like to take the opportunity here to ask for your input on how Congress might work together with the State Department to improve the OVC Set Aside.

—Are you aware that the OVC set aside in PEPFAR does not focus on finding permanent families for children, other than family preservation efforts?

—What can be done to ensure that programs funded under PEPFAR for orphans and vulnerable children through the 10 percent Set-Aside give priority to children who are living outside of family care and are aimed at finding permanent placements for children through family reunification and kinship, domestic or international adoption?

Answer. PEPFAR is strongly focused on both *finding* families for children and on *maintaining* children in permanent families.

WHY PEPFAR FOCUSES ON FAMILY PRESERVATION

As stated in the Action Plan for Children in Adversity, a whole-of-government strategic guidance on international assistance for children, efforts for Objective 2: Putting Family Care First “should primarily be directed to enabling the child to remain in or return to the care of his/her parents or, when appropriate, other close

family members. Strengthening families is a first priority.” (p.9) Stable, caring families and communities and strong child welfare systems are the best defenses against the effects of HIV/AIDS in the lives of children.

While the majority of children affected by AIDS are not outside of families or “parentless,” this does not mean that very large numbers are not vulnerable as a result of AIDS.

The most effective approach to addressing the extreme vulnerability that children face in the epidemic is to ensure that the parents and caregivers who are left and are caring for children stay strong and healthy and have the resources and skills to keep the children in their care safe and thriving.

HOW PEPFAR PUTS FAMILY CARE FIRST

PEPFAR Orphans and Vulnerable Children (OVC) programs work to put family care first by engaging in activities aimed at preventing separation and keeping children in families, and where necessary, reintegrating children into family care. These are all core principles of APCA Objective 2.

Moreover, PEPFAR invests in evidence-based programming that dramatically increases a vulnerable family’s ability to care for children. Household economic strengthening prevents the separation of children from families due to the economic burden of HIV. PEPFAR OVC programs have supported 10,000 savings groups in 15 countries. As a result, approximately 1,000,000 children affected by AIDS are living in families with improved economic stability. Such programs are enhanced by PEPFAR OVC programs that link parents to social protection efforts such as cash transfers, further increasing their ability to provide for children in their care.

PEPFAR SUPPORT FOR CHILDREN OUTSIDE OF FAMILY CARE

While family preservation remains at the core of PEPFAR’s work, these efforts are intertwined with ensuring children outside of family care (COFC) are also supported as a priority within PEPFAR OVC programs.

For example, in South Africa, PEPFAR, in partnership with the government has supported legislation and policies that encourage permanent family placement and in-country adoption specifically. The results of these efforts include a revised National Adoption Policy, which is enhanced by PEPFAR supported adoption education and an “Adopt RSA Kids” Web site, as well as an updated National Action & Monitoring Plan for Children infected and affected by HIV and AIDS. In Mozambique, PEPFAR is supporting the placement of at least 6,000 vulnerable children deprived of parental care into families. These efforts will be supported by the development of a simplified guardianship information system to regulate placement of children and to ensure that a safe and monitored care placement.

In addition, in Tanzania, an assessment of children living on the street and children within key and other vulnerable populations (e.g. sex workers and trafficked children) is planned for early 2015. Following on this assessment, implementing non-governmental organization (NGO) partners will strengthen linkages to health, temporary shelter, family placement/reintegration and other services for children living on the street or without reliable shelter and adult care. In Uganda and Ethiopia the PEPFAR supported organization Retrak works with street children by helping them to return to family (or find new families), and by ensuring those families have the follow up support (parental skills, economic opportunities) to ensure children can stay there.

On a global level PEPFAR supports the development and dissemination of guidance and tools to build capacity in permanency solutions. For example, PEPFAR financially supported USAID’s Center for Excellence on Children in Adversity in the development of a methodology for surveillance of children living outside of family care and contributed to the Evidence Summit on Children Outside of Family Care. PEPFAR is also a long-term supporter of the Better Care Network which disseminates state of the art evidence, tools and technical assistance aimed at promoting permanency solutions for children globally.

CHILD WELFARE SYSTEMS STRENGTHENING

The best and most sustainable way to support children outside of family care is to support the child welfare systems that can ensure they are safe and placed in permanent family care. As stated in the APCA under Objective 4: “Effective and well-functioning child welfare and protection systems are vital to a nation’s social and economic progress, . . . Protection services prevent and respond to child abuse, both within and outside the home, and . . . provide appropriate care for children separated from their families of origin.”

Strengthening child welfare and protection systems is a central focus of PEPFAR's OVC programming, and PEPFAR has spearheaded such efforts globally. PEPFAR works with governments to promote robust child welfare systems strengthening, and enhanced social welfare workforce capacity to prevent and respond to child abuse. PEPFAR partners work together to deliver high-quality child welfare and protection services that reduce vulnerability, ensure access to essential services—including those for health and HIV—prevent and respond to violence against children, and preserve family structures in AIDS-affected communities. Important improvements in child welfare systems are underway in many countries, including social protection through child grants, deinstitutionalization, and foster care. Addressing these needs requires strong child welfare systems and intentional workforce strengthening that facilitates access to services across sectors for vulnerable children in and outside of families.

Question. The scale of the Syria crisis continues to increase exponentially. Nine million Syrians, approaching half of the country's pre-war population, have fled their homes. Six and one-half million people are internally displaced and nearly 2.5 million have sought refuge in neighboring countries. The suffering of Syrian civilians is alarming and overwhelming, with women and children disproportionately vulnerable to the violence and the effects of the war. Before the conflict, Syria was a middle-income country with low child mortality rates. Now, deadly diseases such as measles and meningitis are on the rise and vaccine programs in Syria have collapsed. Even polio, eradicated in Syria almost 20 years ago, is now being carried by up to 80,000 children across the country—a figure so high that medical experts have raised concerns about a potential international spread of the virus. Despite the continued expansion of humanitarian need, the President's fiscal year 2015 budget proposal requests \$1.6 billion less in funding for the International Disaster Assistance and Migration and Refugee Assistance accounts than Congress provided in the fiscal year 2014 Omnibus Appropriations bill.

—How can the administration's proposed budget ensure that the U.S. continues to provide its fair share of contributions to respond to the Syria crisis in light of growing humanitarian needs?

—What is the U.S. Government doing to provide immediate access to child-focused health services in Syria to ensure that these children do not only survive preventable and treatable illnesses, but are also thriving in the arms of a permanent caregiver?

Answer. The U.S. Government is the single-largest donor of humanitarian assistance for those affected by the Syria crisis, providing more than \$1.7 billion in humanitarian aid since the start of the crisis—nearly \$878 million to support those inside Syria, and nearly \$862 million to support refugees fleeing from Syria and host communities in neighboring countries. Support inside Syria goes through trusted international and non-governmental organizations.

In the fiscal year 2014 Omnibus Appropriations bill, Congress generously provided \$2.2 billion in Overseas Contingency Operations (OCO) funding for humanitarian programs. This funding is critical to address growing humanitarian needs worldwide, including the Syria crisis, where the combined UN humanitarian appeal for Syria has nearly doubled over the last year and represents approximately half of the 2014 total worldwide humanitarian need of \$12.9 billion. Given the significant ongoing humanitarian needs inside Syria and across the region, the Department of State and the United States Agency for International Development plan to carry over funding from fiscal year 2014 into fiscal year 2015 to help address the substantial needs of the projected 11 million internally displaced persons (IDPs) in Syria, 5 million refugees from Syria in the region, about half of whom are children under 18 years of age, and communities in refugee-hosting countries that are enduring strains on basic infrastructure and health and educational systems.

U.S. health assistance inside Syria has provided training for Syrian medical workers, direct healthcare services, supplies for hospitals and clinics and support for polio vaccination campaigns. The United States is supporting 298 hospitals, health clinics, and mobile medical units across Syria, which have treated more than 1.9 million Syrian patients and performed nearly 265,000 surgeries. These patients include innocent children caught in the crossfire as well as basic primary healthcare and services for those who become ill. The United States is also supporting the childhood vaccination efforts led by the World Health Organization (WHO) and UNICEF, who are working to vaccinate 22 million children across the region. The WHO and UNICEF have consistently reached over 2.5 million children in each of the last four vaccination campaigns inside Syria. Additionally, the United States supports disease surveillance and vaccination campaigns as part of its emergency primary healthcare programs throughout Syria. U.S. funding to the Office of the

High Commissioner for Refugees inside Syria has supported UNHCR's efforts to provide \$4.6 million worth of medicine to hospitals across Syria.

In addition, U.S. funding for the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has been critical to ensuring continued care for the more than 540,000 Palestinian refugees in Syria, about one-third of whom are children and over half of whom are displaced. Although only 14 of UNRWA's 23 health centers remain operational due to ongoing conflict and access constraints, UNRWA has deployed nine mobile health points to reach Palestinians refugees in areas of displacement inside Syria.

In addition to healthcare, the U.S. Government is helping children, mothers, fathers, and caretakers cope with psychosocial stress. We are also helping to provide appropriate protective care for their children and training community members in basic social work and case management skills so they may identify children at risk and connect them to available support. UNRWA is making efforts to address the needs of the more than 67,000 children enrolled in its schools by increasing the number of psychosocial counselors working across its network of schools and providing additional support to out-of-school children.

U.S. support to the International Committee of the Red Cross (ICRC) helps improve the supply of potable water and sanitation inside Syria, benefiting and protecting vulnerable children. In 2013, 20 million people in Syria benefited from ICRC's improvements to water and sanitation facilities, ten million people—in all 14 governorates—benefited from emergency repairs to water system damaged by fighting, 3.1 million people benefited from a waste and pesticides program in Aleppo and Idlib governorates, and 810,000 benefited from water delivered by truck.

QUESTIONS SUBMITTED BY SENATOR JEANNE SHAHEEN

Question. Since 1979, the Foreign Operations appropriations bill has prohibited the use of funds to provide abortion services for Peace Corps volunteers and trainees, without exception. Under this rider, official policy requires that volunteers pay out of pocket for abortion care even in cases of rape, incest, and where a woman's life would be endangered by carrying the pregnancy to term. This is at odds with all other Federal employees who do receive coverage for these exceptions, and I have long supported healthcare parity for the women volunteers who are carrying out our diplomatic and humanitarian interests overseas. I appreciate that in the fiscal year 2015 budget, the administration has allowed for the healthcare parity for Peace Corps volunteers, and has allowed for abortion coverage for volunteers in cases of rape, incest, and life endangerment. Can you comment on the importance of providing this health equity to our volunteers?

Answer. The Department of State defers to the Peace Corps on this matter as it is not within the State Department's purview.

Question. At least 222 million women in the developing world would like to prevent or delay pregnancy but lack access to safe, effective contraception, and each year an estimated 287,000 women still die from pregnancy related causes. Can you talk about where you see opportunities for U.S. leadership to continue to make progress on expanding access to family planning and reproductive health information and services?

Answer. With the help of Congress, the United States continues to be the world's largest bilateral donor for international family planning. This furthers demonstrates the U.S. Government's firm commitment to helping men and women across the globe meet their reproductive health needs. Enabling an individual or couple to decide whether, when, and how often to have children is vital to safe motherhood, healthy families, and prosperous communities. Family planning can reduce the economic burden on poor families and allow women more time to work outside the home, which leads to increased family income. These economic benefits of family planning contribute directly to the U.S. Government goal of ending extreme poverty in two decades. Research clearly shows that voluntary family planning programs not only improve health, reduce poverty, and empower women, but also save lives. When women bear children too early, too late, or too close together, there are negative impacts on their health and their children's health. USAID-supported research shows that family planning could prevent up to 30 percent of the estimated 287,000 maternal deaths that occur every year, by enabling women to delay their first pregnancy and space later pregnancies at the safest intervals. And if all babies were born 3 years apart, the lives of 1.6 million children under the age of 5 would be saved each year.

The U.S. Government will continue to show leadership on this issue in multilateral fora such as the UN Commission on Population and Development, the UN Com-

mission on the Status of Women, and the UN Human Rights Council. We persistently make the argument at these venues and elsewhere that reproductive health services, especially voluntary family planning, are essential to promote sustainable economic development, advance gender equality, and contribute to the U.S. Government's goals of Ending Preventable Child and Maternal Deaths and Creating an AIDS-free Generation.

Through USAID, the U.S. Government advances and supports voluntary family planning and reproductive health programs in more than 45 countries around the globe. As a core partner in the Family Planning 2020 Initiative, USAID is committed to working with the global community to reach an additional 120 million women and girls with family planning information, commodities, and services by 2020. These services empower individuals to choose the timing and spacing of their pregnancies, bear children during their healthiest years, prevent unintended pregnancies, and nurture healthier families and communities.

Additionally, the U.S. Government actively supports the UN Population Fund (UNFPA), the UN High Commissioner for Refugees (UNHCR) and many other development and humanitarian organizations to respond to the challenges of providing access to reproductive health services in crisis settings. This includes training staff, offering community education, establishing client follow-up, providing a variety of family planning methods, and maintaining a contraceptive supply chain system. Access to these life-saving interventions is linked to recovery from humanitarian and post-conflict situations, not just for women and girls, but also for their communities.

Furthermore, as we focus on the ongoing 20 year review of the International Conference on Population and Development (ICPD) Program of Action, as well as the upcoming 20 year review of the 1995 Beijing Declaration and Platform for Action and the review of the Millennium Development Goals in 2015, the U.S. Government will continue to work toward advancing these goals. Improving the health and well-being of all individuals, especially women and children, promotes political and economic stability and social and economic progress. We will seek every opportunity to promote the participation of all stakeholders as we discuss the appropriate inclusion of sexual and reproductive health and reproductive rights, including family planning, in the Post-2015 Development Agenda and into our development and poverty reduction plans and policies.

Question. Internet freedom is under assault around the globe. In Russia, the government has blocked tens of thousands of dissident Web sites. In Ukraine, sites have been attacked. In Iran, 16 Internet activists were arrested in December, and online blogs and news outlets are frequently subject to closure. In China, bloggers remain extremely concerned by a recent government crackdown on Internet discourse. We are also witnessing challenges to Internet freedom emerging in countries as wide-ranging as Pakistan, Vietnam and Turkey.

Are you concerned about the state of Internet freedom worldwide and what do you believe the State Department and the U.S. Government can do to more effectively promote an open Internet?

Answer. We are very concerned about the state of Internet freedom worldwide, and are committed to promoting the human rights of freedom of expression, peaceful assembly and association just as we do offline. As President Obama said, "We will fight hard to make sure that the Internet remains the open forum for everybody—from those who are expressing an idea to those who want to start a business."

The State Department seeks to promote, protect, and advance Internet freedom through bilateral and multilateral engagement, foreign assistance programming, and partnerships with civil society and the private sector.

Bilaterally, we raise Internet freedom regularly in human rights and economic discussions with a wide range of countries, from China and Vietnam, to Turkey. We also work to advance human rights online through multilateral coordination efforts, such as the Freedom Online Coalition (FOC), a group of 22 governments spanning Asia, Africa, Europe, the Americas, and the Middle East, that is committed to collaborating with each other, as well as with civil society and the private sector, to advance Internet freedom. By strengthening partnerships with like-minded governments we empower them to be regional leaders on Internet freedom.

We look forward to the April 28–29 Freedom Online Coalition conference in Estonia, where we will continue to work with partners to advance a free and secure Internet, to ensure that the same rights that people have offline are also protected online, and that protection of these rights is governed by rule of law. We also work through the Internet Governance Forum, UN processes, and other working groups to preserve the multi-stakeholder character of the Internet.

Programming is a vital tool to protect people and organizations at risk, provide capacity to safely communicate, push for reform of repressive policies, and improve technologies. With the support of Congress, we have issued grants to increase open

access to the Internet for people in closed societies, support digital activists, counter censorship and repression, create and leverage technological innovations, and provide training, research, and advocacy.

Our embassies advocate on behalf of imprisoned and arrested online activists. We engage daily with the civil society actors who shape the future of the Internet in their countries.

We keep a consistent dialogue with the private sector on issues of Internet freedom. We are encouraged by corporations that make meaningful and principled commitments to respect human rights, including through initiatives such as the Global Network Initiative (GNI). This is a multi-stakeholder group that brings together IT companies, civil society organizations, investors, and academics to help corporations develop effective, practical responses to human rights challenges that arise while interacting with governments around the world.

In sum, Internet freedom is a major policy priority, and we look forward to working with subcommittee members to advance Internet freedom worldwide.

Question. As you know, Saturday, March 8 was International Women's Day. In its honor, I introduced a resolution to the Senate recognizing that the empowerment of women is inextricably linked to the potential of countries to generate economic growth, sustainable democracy, and inclusive security, and honoring the women in the United States and around the world who have worked throughout history to ensure that women are guaranteed equality and basic human rights. We have made a lot of progress, but there is clearly still work to further the health, rights and empowerment of women worldwide. Women lag far behind men in access to land, credit and decent jobs, even though a growing body of research shows that enhancing women's economic options boosts national economies. How can the role of women in the global economy be elevated and sustained, and how can we ensure the U.S. remains a leader on women's economic empowerment issues?

Answer. The Department of State has made economic empowerment a centerpiece of American foreign policy, and recognizes the central role of women's economic participation. As I said last year, "The United States believes gender equality is critical to our shared goals of prosperity, stability, and peace, and [that is] why investing in women and girls worldwide is critical to advancing U.S. foreign policy." In order to achieve these goals, we need to encourage, and harness the untapped talent and productivity of women across the globe. These efforts also highlight the role of the U.S. as a leader on women's economic empowerment issues globally.

The Department is committed to elevating the role of women in the global economy through comprehensive efforts across regional and functional bureaus at the Department, and at posts worldwide. The Department's efforts are structured to build upon our significant progress in integrating the importance of women's economic empowerment into our foreign policy agenda. We do this by analyzing the areas where women face additional barriers to economic participation and empowerment, and addressing them. These efforts to both identify gaps and create mechanisms to address those gaps are focused in four areas: (1) access to markets; (2) access to capital/assets; (3) access to skills, capacity building and health; and (4) women's leadership, voice and agency.

The Department works in numerous ways to advance the economic status of women, and the Secretary's Office of Global Women's Issues (S/GWI) leads and coordinates these efforts across the Department. One key focus is to support and strengthen women's entrepreneurship initiatives and networks. The United States has created and expanded regional programs to provide women business owners, entrepreneurs, and leaders with training, skills, networks, and other resources needed to expand their businesses and increase potential. There are several efforts across the globe, including for example, the Africa Women's Entrepreneurship Program (AWEP) and Women's Entrepreneurship in the Americas (WEAmericas).

A second is to integrate women's economic participation into major regional and international economic fora, including the Asia Pacific Economic Cooperation, Association of South East Asian Nations, Lower Mekong Initiative, Broader Middle East and Northern Africa Initiative, the Africa Growth Opportunity Act (AGOA), the Organization for Economic Co-operation and Development (OECD), the Summit of the Americas, the Pathways to Prosperity in the Americas Initiative, Regional Economic Cooperation Conference for Afghanistan (RECCA), the G-20 and the Equal Futures Partnership. Economic, trade, and finance ministers have reacted favorably and have continued to express interest in engaging on this topic. These meetings recognize the barriers women face in fully contributing to the economy and encourage governments and the private sector to implement policies and reforms, collect better data, and share best practices that will enable women to play a more active role in the economic sphere.

Lastly, the Department utilizes public private partnerships to address barriers to women's economic participation. Current and past partnerships include partnerships with the private sector, universities, and international institutions. These partnerships have focused on support for specific initiatives, research, and data collection and analysis.

Question. In your testimony, you mentioned the role the State Department is already playing on economic diplomacy and creating opportunities for American business overseas. I know Secretary Clinton focused on business advocacy abroad as well. I've heard first hand from businesses in my home State of New Hampshire the important role the State Department can play for our businesses abroad in advocating for their interests. Do you believe this budget provides you the resources necessary to make U.S. business advocacy a priority overseas?

Answer. The Department of State works to advance the interests of the United States overseas, including our economic interests. By supporting U.S. businesses overseas—from knocking down trade barriers and protecting intellectual property rights to direct advocacy for specific U.S. firms seeking contracts with foreign governments—we expand our influence while creating jobs here at home. Business advocacy is already a priority for the Department, both in Washington and at our overseas posts. In fiscal year 2013 the Department recorded 971 “success stories,” defined as an export deal achieved, dispute resolved, or foreign policy changed through Department advocacy. Additional resources would, of course, allow us to do more and to generate more wins for American businesses. However, recognizing the current austere budget environment we face, we will continue to work with business and with our partner agencies, including the Departments of Commerce and Agriculture, to generate the biggest return possible for the dollars we invest in supporting U.S. business overseas.

Question. As you are aware, last year the State Department faced a growing backlog of immigration visa applications from Afghans who, at tremendous risk to their own lives and to the lives of their family members, assisted the United States and NATO as translators in Afghanistan. What is the status of the implementation of the new Iraqi and Afghan SIV procedures and provisions under the 2014 NDAA, and has the backlog been sufficiently addressed?

Answer. The State Department and the other U.S. Government departments and agencies involved in the Special Immigrant Visa (SIV) process have the highest respect for the men and women who have taken enormous risks while helping our military and civilian personnel. We are committed to helping those who—at great personal risk—have helped us. Over the past year, we improved processing times, expanded outreach to current and former employees who may be eligible, and issued more SIVs in Afghanistan (and in Iraq) than in any previous year.

In the first half of fiscal year 2014, we have issued more SIVs to Afghans and their dependents than in all of fiscal year 2013 and have more than doubled the total number of Afghan principal applicants issued in fiscal year 2013 (651). In fiscal year 2014, through April 8, we have issued 3,617 SIVs to Afghans and their dependents; 1,320 SIVs of which were issued to Afghan principal applicants. All approvable Iraqi principal applicants were issued prior to the program's temporary end on September 30, 2013. In fiscal year 2014, as of April 8, we have issued an additional 912 SIVs to Iraqis and their dependents, with 218 of these SIVs to Iraqi principal applicants. The relatively low number of issuances to date in fiscal year 2014 for Iraqis reflects the success of the surge at the end of fiscal year 2013.

We have done this while maintaining the highest standards of security for the SIV program. We have a responsibility to the American people to ensure all those who enter the United States, including SIV recipients, do not pose a threat.

Provisions contained in the National Defense Authorization Act (NDAA) fiscal year 2014 have allowed us to streamline some SIV procedures. Under this legislation, a credible sworn statement depicting dangerous country conditions, together with official evidence of such country conditions from the U.S. Government, should be considered in determining whether an applicant has experienced or is experiencing an ongoing serious threat; therefore, the Embassy Kabul COM Committee no longer assesses the serious threat qualifier for each individual SIV applicant. Instead, the SIV Unit Manager, designated as Embassy Kabul's SIV Coordinator, now has authority to grant COM approval on SIV applications that clearly meet the legal requirements. As of March, the Embassy Kabul COM Committee reviews only those cases recommended for denial.

International Security Assistance Force (ISAF) employees who worked for NATO countries do not qualify for the SIV programs under section 1244 of the Refugee Crisis in Iraq Act of 2008, as amended, and section 602(b) of the Afghan Allies Protection Act of 2009, as amended. Among the requirements to qualify for these programs is that the applicant must have “provided faithful and valuable service to the

United States Government” while “employed by or on behalf of the United States Government.” ISAF employees may qualify for the SIV program under section 1059 of the NDAA fiscal year 2006. This program’s criteria includes “having worked directly with United States Armed Forces, or under Chief of Mission authority, as a translator or interpreter for a period of at least 12 months” and, if the work was with a U.S. Armed Forces unit, having “supported” that unit. As such, an ISAF employee who can establish 1 year of qualifying work which was directly with and supporting a U.S. Armed Forces unit as a translator or interpreter could qualify under the section 1059 SIV program.

QUESTIONS SUBMITTED BY SENATOR LINDSEY GRAHAM

Question. What actions has the administration taken to secure the release of Pastor Saeed Abedini?

Answer. The U.S. Government is dedicated to the return of U.S.-Iranian dual national Saeed Abedini. The President, the Secretary, and U/S Sherman have raised Mr. Abedini’s case directly with the Iranian Government. We have made clear that we are calling on Iran to release Mr. Abedini so he can be reunited with his family. At our request, the Swiss Government, in its role as our protecting power, has also continued to raise Mr. Abedini’s case on our behalf, as have other countries that we have asked to press Iran to cooperate on these cases.

The United States has publicly called for Mr. Abedini’s release at the UN Human Rights Council, and has played a leading role in lobbying the UN Human Rights Council to extend the mandate of the Special Rapporteur for human rights in Iran, a useful mechanism for addressing in international fora our human rights concerns with Iran, including violations of religious freedom. We will continue to pursue all available options until he returns home safely.

Question. Do you have an update on [Saeed Abedini’s] health and status?

Answer. According to media reports, Saeed Abedini was transferred to Dey Hospital on March 3, 2014, and his father has been permitted to visit him in the hospital. The Department of State remains in close contact with his family regarding his status, but due to Privacy Act considerations we cannot share any additional information.

Question. What is the status of the non-governmental organization (NGO) trial in Cairo that has politically ensnared the International Republican Institute and the National Democratic Institute, among other organizations? Do you have any confidence that the Egyptian Government will resolve this issue prior to the holding of presidential elections?

Answer. We continue to press the Egyptian Government at high levels for redress of the NGO trial verdict, including pardons for all Egyptian and international staff. We understand that Egypt has not pursued Interpol measures since the convictions in June 2013 (notices or extradition requests), and they have assured us they would not. Our understanding is that a general amnesty would require legislation; currently, Egypt has no parliament and will not have one until after the parliamentary elections tentatively scheduled for this fall. We will continue to raise the issue at high levels with the interim government and with future elected governments.

Question. Can you provide assurances to the Subcommittee that proposed framework for rebidding the State Department’s Global Aviation Services Contract in multiple components will maintain the high standards of safety and efficiency of the current contract?

Does the State Department estimate that higher costs are associated with rebidding the contract in multiple components?

Answer. When the aviation support contract was last competed in 2004/2005, the Department solicited industry input. Firms expressed an interest in the Department breaking up its aviation requirements and being able to bid on separate functions. However, the Department did not have time then to consider such a division.

Over a year ago, in January 2013, the Bureau of International Narcotics and Law Enforcement Affairs (INL) sponsored an Industry Best Practice and Vendor Identification Conference to identify potential business sources with the resources, capabilities, and experience to successfully deliver requisite services to sustain the Department’s Aviation Fleet.

Market research continued that spring, and all told over 200 companies participated, with 140 firms meeting with Department representatives. These firms ranged from Fortune 100 companies to small businesses. The Department’s research also evaluated whether any of the needed services could be provided by small businesses, including HubZone, Service Disabled Veterans, and Woman-owned small businesses.

This market research enabled the INL program staff to identify more clearly which functions could be broken out for small business and which ones should be procured using unrestricted acquisition methods, including interoperability between all functional areas.

This decision on how to divide the program areas into seven separate solicitations—four for small business set-aside and three for unrestricted competition—was made only after a thorough review of the extensive market research, and based on INL's more than 20 years of professional expertise on the feasibility of the successful performance of this INL mission using the combinations of breakout and unrestricted awards that they had identified.

In developing this acquisition plan, the safety, reliability, and effectiveness of the aviation program have been paramount considerations. We are aware of the importance of this program and its impact on the safety and wellbeing of not only State Department personnel, but all those who rely upon us for air transportation. Our acquisition process is designed to ensure that we continue to provide aviation services at the same high level of safety and professionalism we have always maintained.

We believe that the approach we are taking has the potential to save the U.S. Government money due to increased competition and reduced sub-contractor overhead charges. However, it is not possible to accurately predict the cost of the future contract arrangement compared to historical costs since this entails new solicitations that differ in terms of contract requirements, and we do not know what industry's final cost proposals will be. We believe that this approach will increase competition and will also allow us to modernize our operations. We identified modern industry practices and the most cost effective methods of providing our requirements in each functional area.

Overall, we believe that we have considered the risks and benefits of our contracting approach for this recompetes, and that our contracting plan will provide needed aviation services safely and efficiently.

Question. What is the status of Dr. Shakeel Afridi, and is his release a talking point in bilateral relations?

Answer. Dr. Afridi was convicted of aiding the banned militant group Lashkar-e-Islam in May 2012, though his role in trying to locate Osama bin Laden is believed to be the reason he remains in jail. He is currently in prison in Peshawar, Pakistan. In March 2013, his sentence was reduced from 33 years to 22 years. The Department believes Dr. Afridi's treatment is both unjust and unwarranted. Senior U.S. officials regularly and consistently raise his case with senior officials in Pakistan's Government, encouraging them to resolve his case and free him, given that bringing Osama bin Laden to justice was clearly in the interests of both the United States and Pakistan.

Question. Bolstering the Baltic Air Policing Mission was an important step to reassure Russia's NATO neighbors that the United States takes their security concerns seriously. What additional steps can we take to provide security guarantees to Russia's neighbors both NATO and non-NATO, including Georgia and Moldova?

Answer. The United States and NATO have already taken a number of steps to reassure NATO Allies and partners in light of the Ukraine crisis. In addition to the augmentation of NATO's Baltic Air Policing mission, these actions have included expanded U.S. air exercises coordinated by the U.S. Aviation Detachment in Poland, maritime training in the Black Sea among the U.S. and Black Sea Allies Romania and Bulgaria, and the deployment of NATO AWACS over Poland and Romania to monitor Polish, Romanian and Bulgarian air space. NATO's Supreme Allied Command Europe will be presenting a further package of air, land and sea reassurance measures in the coming weeks, and we expect Allies to fully contribute to this mission.

In addition, at the April NATO Foreign Ministerial, Foreign Ministers agreed to increase practical cooperation with three of NATO's Eastern Partners: Moldova, Armenia, and Azerbaijan. All three asked for increased engagement with NATO during recent high-level meetings.

The United States has worked in particular to improve Moldova's border security by expanding a Defense Threat Reduction Agency program. Under the program, the United States will give an additional \$10 million this year for equipment and training to Moldova's Border Police and Customs Service. The equipment will improve the overall capacity of Moldova's border guards and help protect against the smuggling of illicit nuclear/radiological materials. The United States has also launched a Strategic Dialogue with Moldova to enhance the security dialogue between our countries.

NATO also works with Georgia in its efforts to build strong, modern, and capable armed forces. Years of participation in NATO operations have made the Georgian

forces tough, skilled, and largely interoperable with Allied forces. NATO is committed to a continued program of close cooperation with Georgia via the NATO-Georgia Commission (NGC) and the activities laid out in its Annual National Program. The United States offers bilateral security assistance and military engagement with Georgia to support its defense reforms, train and equip Georgian troops for participation in ISAF operations, and advance Georgia's NATO interoperability. Since the agreement between our two presidents in January 2012 to take steps to advance Georgian military modernization, reform, and self-defense capabilities, the U.S. European Command has been working closely with Georgia's Ministry of Defense and Armed Forces to implement these new areas of cooperation. We are continuing to review implementation of this enhanced defense cooperation and identify opportunities to advance our strong security partnership.

Question. What are the Department of State's long-term plans for operations out of Gaziantep, Turkey?

Answer. As you know, the Syria Transition Assistance Response Team (START) is an interagency team comprised of offices and bureaus from State and USAID responsible for planning and delivery of non-lethal and humanitarian assistance. It works with international organizations, NGOs, the Government of Turkey, and the Syrian opposition in order to ensure an effective and efficient response to Syria's needs. START works from our Consulates in Adana and Istanbul and our Embassy in Ankara.

With regard to START members' presence in Gaziantep, we constantly reassess plans based on developments on the ground. Currently, the planned U.S. presence in Gaziantep is intended to be limited and geographically close to Syria in order to facilitate coordination and delivery of assistance to the Syrian opposition and Syrian people.

Question. What are the priorities of the State Department on foreign assistance to the Great Lakes Region?

Answer. Our foreign priorities for the Great Lakes region are focused on resolving the root causes of conflict and instability which means focusing first and foremost on the Democratic Republic of the Congo (DRC). Our DRC priorities include consolidating peace and security in the country's east, improving governance through credible elections, and professionalizing and training Congo's security forces to protect its territory and citizens.

The late 2013 defeat of the M23 rebel group in North Kivu and gains made against other rebel forces in eastern Congo in early 2014 provide an unforeseen opportunity for achieving sustainable stability in the DRC. The next 1-to-3 years could be decisive. The DRC is gearing up for local elections, its first since independence in 1960, and provincial and national elections before the end of 2016. Following the seriously flawed 2011 election, it is imperative that these next elections are peaceful and credible, and further the democratization of the country. Achieving this goal will require substantial donor assistance, including in the early stages of election planning.

Another foreign assistance priority in the region is Burundi, where we are increasingly concerned about shrinking political space and the potential for political violence. USAID and the Department have identified an additional \$7.52 million in immediate resources intended to support free and fair elections in Burundi scheduled for May 2015.

Question. What actions are the State Department, USAID, or other U.S. agencies taking to assist the DRC in conducting successful elections? Is there adequate funding in the fiscal year 2015 budget request for this purpose?

Answer. The DRC Government currently estimates the cost of 2014-16 elections at more than \$950 million, with \$388 million needed for local elections next year. The DRC electoral commission hopes the government will provide 80 percent of funds needed to support elections, with the remaining 20 percent coming from donors. USAID has set aside \$700,000 in fiscal year 2013 funds to support elections programming. Allocations for fiscal year 2014 resources are not yet finalized. We will continue to work with others in the international donor community to support DRC elections.

The United States also played a key role in revising the mandate of the UN peacekeeping mission in the DRC (MONUSCO) to enable the mission to provide much-needed logistical support for elections. MONUSCO is the only entity in the country with the capacity to fly ballot boxes around and provide other heavy-lift types of support. MONUSCO's mandate requires the DRC Government to adopt an electoral cycle roadmap and budget before the mission can provide support.

Lastly, we are actively and continuously engaging the DRC Government on the need for inclusive, transparent elections according to the current constitution.

QUESTIONS SUBMITTED BY SENATOR MARK KIRK

Question. Do you agree that other than by exercising the existing national security waiver authority provided in the statute, the President may not suspend, lift or override the requirement to impose sanctions under Section 1245 of the National Defense Authorization Act for fiscal year 2012 (Public Law 122–78) without congressional legislative action to suspend, amend or repeal the statute?

Answer. On January 20, 2014, the administration issued a set of waivers of certain sanctions pursuant to the Joint Plan of Action between the P5 + 1 and Iran. These included a waiver of section 1245(d)(5) of the National Defense Authorization Act for fiscal year 2012 (NDAA). In accordance with the law, the Secretary determined that this waiver was in the national security interest of the United States with respect to China, India, Japan, Republic of Korea, Switzerland, Taiwan, and Turkey, and certified these jurisdictions faced exceptional circumstances preventing them from reducing significantly their purchases of petroleum and petroleum products from Iran. Subsequently, on March 10, 2014, the Secretary executed a waiver under NDAA section 1245(d)(5) for Oman. These actions enable the current purchasers of Iranian crude oil (China, India, Japan, Republic of Korea, Turkey, and Taiwan) to maintain their current average purchase levels for the 6-month period of the Joint Plan of Action and facilitates the repatriation in installments of \$4.2 billion to Iran of funds held in restricted accounts overseas over the 6-month period.

Question. Do you believe the final nuclear agreement with Iran should be considered a Treaty and be subject to ratification by the Senate—why or why not?

Answer. As we are still in the process of negotiating a comprehensive solution to address concerns with Iran’s nuclear program, I can’t comment on the form any such solution will take. However, Congress has been an important partner in this process, and we will continue to seek Congress’ support as we pursue a comprehensive solution.

Question. If an acceptable nuclear agreement with Iran was reached in Vienna, would Iran’s financial system, including the Central Bank of Iran, still be a concern for money laundering and terror finance?

Answer. We have not reached a comprehensive solution with Iran. We cannot speculate, therefore, on what concerns we may or may not have with Iran in a hypothetical future scenario. We are committed to continuing to utilize our various authorities to enforce those sanctions that remain in place in furtherance of our policies on both Iran’s nuclear program, as well as a range of other illicit conduct, even during the Joint Plan of Action period.

Question. Do you consider the current Government of Iran to be legitimate?

Answer. We recognize the Government of Iran. This does not mean that we do not have concerns with the activities of the Iranian Government. For example, we remain concerned about Iran’s nuclear program, its sponsorship of terrorism, destabilizing regional activities, and violations of human rights. We have also maintained our concerns about the electoral process in Iran. Observers have noted that polling falls short of international standards for free and fair elections, including the reported intimidation of activists and journalists, restrictions on freedom of expression, and the disqualification of a large number of candidates, including all female candidates, for elected office by the Guardian Council, which is an unelected and unaccountable body. That said, we congratulated the Iranian people last year for participating in the political process and demonstrating the courage to make their voices heard. The Iranian people were determined to act to shape their future. As a consequence, Iran’s president was overwhelmingly elected by the Iranian people.

Question. April 24, 2014 marks the 99th commemoration of the Armenian Genocide, the campaign of mass murder of 1.5 million Armenians perpetrated by the Ottoman Empire from 1915–1923. There are now only a few known living survivors of the Armenian Genocide, including 107-year-old Helen Paloian of Chicago, who lost her parents and two of her brothers.

As we approach the 100th anniversary of the Armenian Genocide, will the U.S. finally honor the few surviving victims like Helen Paloian and officially recognize the Armenian Genocide?

Answer. The administration has commemorated the Meds Yaghem, and continues to acknowledge as a historical fact that 1.5 million Armenians were massacred or marched to their deaths in one of the worst atrocities of the 20th century. The administration supports diplomatic efforts that support the President’s call for “a full, frank, and just acknowledgement of the facts.” We will continue to support the courageous steps taken by individuals in Armenia and Turkey to foster a dialogue that acknowledges their shared history.

Question. According to the 2013 U.S. Commission on International Religious Freedom’s (USCIRF) report on Turkey: “[T]he Turkish Government still controls access

and use of various religious sites such as the Greek Orthodox Sümela Orthodox Monastery in Trabzon, the 1,000-year-old Akdamar Armenian Orthodox church on Lake Van, and the Syriac Mor Petrus and Mor Paulus Church in the eastern province of Adiyaman.” There were also reports of vandalism and violence against Christians, such as attacks against three Christian churches over Easter Week in May 2013.

What efforts has the U.S. Government undertaken to urge Turkey to return the remaining Christian properties to their rightful owners? Has the State Department communicated their concern to Turkish authorities about attacks against Christians and their places of worship?

Answer. We recognize religious minority groups continue to face challenges in Turkey. We are encouraged by concrete steps the Government of Turkey has taken over the past year to return properties to religious communities, including the return of the Mor Gabriel Monastery and 47 acres of property surrounding Halki Seminary. The State Department regularly engages at all levels with Turkish officials regarding the importance of religious freedom, including the reopening of Halki Seminary, legal reforms aimed at lifting restrictions on religious groups, property restitution, and specific cases of religious discrimination. Furthermore, we strongly condemn violence toward all religious minorities in the strongest terms, and urge Turkish authorities to fully pursue investigations and bring perpetrators to justice. We continue to encourage the Government of Turkey to follow through on the return of religious minority properties and to take additional steps to promote religious freedom, such as allowing more religious communities to own property, register their places of worship, and train their clergy.

Question. On January 21, 2014, the Iraqi Cabinet of Ministers announced that it agreed to create three new provinces in Iraq, including in the Nineveh Plains, which is home to Iraq’s vulnerable Assyrian Christians minority. Since 2003, terrorists have disproportionately targeted the Christian community in Iraq. The U.S. Commission for International Religious Freedom (USCIRF) estimates that “half or more of the pre-2003 Iraqi Christian community is believed to have left the country.”

Does the U.S. Government officially support the creation of the Nineveh Plains Province? Has the USG offered assistance to the Iraqi Government to assist in the creation of the Nineveh Plains province?

Answer. The safety and rights of the Christian communities in Iraq, including security concerns and protection of their lands, are issues of long-standing concern to the State Department. We have provided over \$83 million in assistance to organizations working with minority communities since 2008 for a variety of efforts including community stabilization, conflict mitigation, and cultural preservation.

After the preliminary decision of the Council of Ministers (COM) January 21 to convert the districts of Tuz, Fallujah, and the Ninewa Plains to provinces, it referred this matter to committee for further development. In order for this proposal to come into effect under Iraq’s constitutional framework, the COM must review and approve it in the final form of a draft law and then send the draft law to Iraq’s Council of Representatives for its review and approval. We are monitoring this proposal closely and view it as an internal Iraqi matter.

Question. Has the U.S. Embassy in Baghdad designated a liaison for the Nineveh Plains that works with the Iraqi Government, Iraqi Christian community groups, and the U.S. Government?

Answer. Ambassador Beecroft, Deputy Chief of Mission Desrocher, Deputy Assistant Secretary of State McGurk (who also serves as the Secretary’s Special Coordinator for Iraq’s Religious and Ethnic Minorities), and other staff meet regularly with representatives of all religious and ethnic minority groups, including Christians, to discuss their concerns and how the U.S. might be of greatest assistance to them. They then share those concerns with the highest levels of the Government of Iraq. Embassy Baghdad, Consulate General Erbil, and relevant State Department offices have staff dedicated to understanding and addressing the most pressing issues facing religious and ethnic minorities in Iraq and the concerns of the Iraqi diaspora in the United States.

Question. On February 17, 2014, the United Nations Commission of Inquiry on human rights in the Democratic People’s Republic of Korea (DRPK) published its final report, which detailed horrific crimes including “extermination, murder, enslavement, torture, imprisonment, rape and sexual violence.” It notes that “the gravity, scale and nature of these violations reveal a state that does not have any parallel.” Mr. Secretary, I traveled to North Korea as a congressional staffer in the late 1990’s and these findings are not surprising to those of us who have been following this country closely. What is surprising is the level of detail the Commission was able to document, especially given how closed North Korea has been.

What is the next step you and our Mission at the UN will take to follow up on this report? How will you ensure that this won't simply become another UN report that becomes buried on a shelf and no action is ever taken? Have you and Ambassador Power had conversations with our allies regarding taking action on this report?

Answer. We remain deeply concerned about the deplorable human rights situation in the DPRK and the welfare of the North Korean people. We strongly support the Commission's final report, including its calls for accountability for the perpetrators of the ongoing, widespread, and systematic violations of human rights taking place in North Korea. In March 2013, the United States co-sponsored, along with Japan, the European Union, and the Republic of Korea, the UN Human Rights Council (HRC) resolution that established the Commission. On March 28 this year, the United States was proud to co-sponsor the HRC resolution that passed overwhelmingly. In the resolution, the HRC condemned the DPRK's human rights violations, renewed the mandate of the Special Rapporteur on the human rights situation in the DPRK, stressed the need for accountability for those responsible for human rights violations, and requested the Office of the High Commissioner for Human Rights to establish a field-based mechanism to strengthen monitoring and documentation as well as maintain visibility of the situation of human rights in the DPRK.

We support the Human Rights Council recommendation that the UN General Assembly forward the Commission's final report to the UN Security Council for its consideration. We continue to work closely with a broad range of partners in the international community to sustain attention to the deplorable human rights situation in North Korea and to seek ways to hold the regime accountable for its human rights violations. Our Special Envoy for North Korean Human Rights, Robert King, is working with these partners and the Office of the High Commissioner for Human Rights to identify the most appropriate venue and structure for the field-based mechanism called for in the HRC resolution. Deputy Secretary William Burns met April 14 with the Honorable Michael Kirby, former chair of the Commission, to discuss the findings of the Commission. And on April 17, Ambassador Samantha Power representing the United States—together with French and Australian officials—convened an Arria-formula meeting for UN Security Council members with the Commissioners to discuss the findings and recommendations of the Commission of Inquiry's (COI) report on the DPRK human rights situation. This meeting was a further testament to the growing international consensus that the human rights situation in the DPRK is unacceptable.

NATIONAL ENDOWMENT FOR DEMOCRACY

Question. The fiscal year 2015 State, Foreign Operations, and Related Programs budget proposes a \$32 million cut to the National Endowment for Democracy (NED), which is a 23 percent reduction from fiscal year 2014. According to the Congressional Budget Justification: "NED makes approximately 1,200 grants per year in nearly 100 countries. NED's grants advance long-term U.S. interests and address immediate needs in strengthening democracy, human rights, and rule of law."

With the recent democratic upheavals throughout the globe, including the Arab World, Ukraine and Venezuela, do you find it counterintuitive that you are asking Congress to significantly scale back NED funding in fiscal year 2015?

Answer. The fiscal year 2014 congressional appropriation for the National Endowment for Democracy (NED) included both \$100,000,000 for their core funding, as well as an additional \$35,000,000 in directives for specific countries in lieu Economic Support Funds that NED received in prior years. The President's fiscal year 2015 budget request for NED was straight lined from fiscal year 2014 and is consistent with past requests (chart provided).

Funding Year	Request	Appropriated
Fiscal year 2011	\$105,000,000	\$117,764,000
Fiscal year 2012	104,252,000	117,764,000
Fiscal year 2013	104,252,000	111,802,000
Fiscal year 2014	103,450,000	135,000,000
Fiscal year 2015	103,450,000

Question. The Department of State's 2013 Human Rights Report for Afghanistan stated: "Although the situation of women marginally improved during the year, domestic and international gender experts considered the country very dangerous for women, and women routinely expressed concern that social, political, and economic gains would be lost in the post-2014 transition." Organizations such as Human

Rights Watch have specifically expressed concerns over signs of a rollback of women's rights in anticipation of the transition in Afghanistan.

In your assessment, has there been a rollback in women's rights in Afghanistan?

What efforts are being made by the United States Government to ensure the preservation and advancement of women's rights in Afghanistan post-2014?

Answer. Afghan women have made enormous strides since 2001. Girls now make up 40 percent of enrolled students throughout the country, women are represented in parliament and on provincial councils, businesswomen and female entrepreneurs are playing a key role in the economic development of their country, life expectancy for women has risen from 44 years in 2001 to 64 years today and female activists are actively advocating for social justice and seeking a peaceful resolution to the Afghan conflict.

While these gains remain fragile, it is important to note the growing change of attitudes towards women in Afghan society as it signifies the potential for continued advancement. Democracy International polling indicates that 92 percent of Afghans believe that women have the right to participate in elections. Across the country, illiteracy and the lack of education is identified as the biggest problem facing women in all regions. A 2013 Asia Foundation survey found that 83 percent of respondents agree that women should have the same educational opportunities as men.

These changes were evident on election day when Afghan women turned out in large numbers to vote, acted as election officials, and even ran as candidates. Widespread reporting indicates Afghan women were able to participate in significant numbers, and the Independent Electoral Commission's (IEC) initial estimate is that 35 percent of ballots were cast by women.

As we move forward in the transition process, we will continue to promote Afghan women's rights to sustain these gains. The U.S.-Afghanistan Strategic Partnership Agreement and the 2012 Tokyo Mutual Accountability Framework speak to the mutual commitments of the United States and the Afghan Government in protecting and promoting women's rights and role in society.

We have also adopted a "Gender Strategy" in order to continue to mainstream gender issues into all of our policies and programs through transition and beyond. This includes substantial assistance to women to build their capacity to participate fully in Afghan society—in the political, economic, education, health and social realms—and, thereby, help build their country's future.

There can be no progress without women's progress, and nowhere is this more critical than in Afghanistan. As Secretary Kerry said at Georgetown last November, we view women's rights in Afghanistan as a strategic necessity and the surest way to guarantee that Afghanistan will sustain the progress of the last decade.

FLY AMERICA ACT

Question. The Fly America Act requires all Federal agencies, Government contractors, and subcontractors use U.S.-flag air carriers for U.S. Government funded air transportation of personnel or property. Although the Fly America Act is current statute and should be applied to all U.S. Government contracts regardless of whether the clauses are explicitly referenced, there have been several instances in which State Department solicitations do not reference the Fly America Act. There have also been instances of foreign air carriers being used without an authorized exception under the Act. While the State Department has published clear guidance on Fly America Act compliance for personnel, there does not seem to be guidance concerning contracts, subcontracts, and Part 135 Air Carriers, which are certified by the FAA for passenger service of up to 30 persons or cargo service of up to 7500 lbs., and traditionally provide nonscheduled air transportation services. (Part 121 Air Carriers are also certified by the FAA for passenger and cargo service exceeding 30 persons or 7500 lbs., and usually provide scheduled air transportation services.)

Does the State Department provide guidance on Fly America Act compliance? Does this guidance distinguish between Part 135 and Part 121 Air Carriers? Can you provide a copy of that guidance?

Answer. Regarding passenger travel, the Department's Fly America Act policy is defined in 14 FAM 583, Use of U.S.-Flag and Foreign Flag Carriers. The Fly America Act, 49 U.S.C. 40118, establishes as a legal requirement that all U.S. Government-financed air travel be performed on U.S.-flag air carriers, where available as defined by 14 FAM 583, unless certain narrow exceptions apply. The relevant Comptroller General Guidelines for implementing this Act are found in B-138942, March 31, 1981 (see 14 FAM 583.7 for travel between two points abroad). The use of American Flag carriers is enforced using contracted travel management centers, with close oversight by government travel managers.

The Department's policies for purchasing air and ocean shipping services as they relate to the various American Flag laws are reflected in 14 FAM 311 and 14 FAM 314. The Department maintains a close working relationship with the Maritime Administration and the American Flag Industry to ensure maximum use of U.S. Flag vessels.

The Federal Acquisition Regulation (FAR) requires the use of clause FAR 52.247-63 in solicitations/contracts that have possible travel requirements. The clause requires that all contractors and subcontractors comply with the Fly America Act. Enforcement is accomplished during invoice payment and subsequent Defense Contract Audit Agency (DCAA) audits. Unauthorized expenditures for air transport using foreign carriers are not allowed. If this happens on one of the Department contracts, the Contracting Officer's Representative (COR) or the Contracting Officer (CO) will take necessary action to advise the prime contractor of the clause violation.

All Bureau of Overseas Buildings Operations (OBO) contracts contain the following clauses and a letter is attached to all Federal Business Opportunities, FedBizOpps.gov, acquisitions announcements.

—I.79, 52.247-63 PREFERENCE FOR U.S.-FLAG AIR CARRIERS, June 2003

—I.80, 52.247-64 PREFERENCE FOR PRIVATELY OWNED U.S.-FLAG COMMERCIAL VESSELS, February 2006

In addition to these Department policies and authorities, there are several internal procedures that institutionalize travel rules and regulations:

—Department personnel are required to use a designated Travel Management Center (TMC) to schedule their travel after receiving approved travel orders;

—A global logistics system is used by transportation managers to monitor shipments as they move through our logistics system; and

—A travel vouchering process provides a system to review and approve travel to ensure that Department rules and regulations have been followed.

Question. What measures does the State Department take to ensure contractors remain in compliance with the Fly America Act requirements for all aviation transportation services paid with State Department funds?

Answer. The COR monitors the day to day administration of the contract, to include contractor compliance with the Fly America Act. The COR or the Contracting Officer will advise the prime contractor of the clause violation. Additional enforcement is accomplished during invoice payment and subsequent DCAA audits should a violation be observed.

Question. Are all subcontracts also required to comply with the Fly America Act? How are they monitored initially and is there any ongoing review to ensure compliance?

Answer. The COR is responsible for ensuring all subcontractors comply with the Fly America Act and the Fly America Clause, FAR 52.247.63. If a subcontractor is found to be in violation of the FAR, the COR would address the matter with the prime contractor, as outlined above. There is no requirement to consent to every subcontract and there is no requirement to perform a constant on-going review.

Question. Have foreign-owned entities ever participated as subcontractors or joint venture partners in airlift activities in violation of the Fly America Act? If so, please site the incident(s) and what steps were then taken by the DOS to ensure future compliance.

Answer. The Department of State does not track such violations. Any violation found by a COR or CO would have been settled at that time. No data bases or reports exist that can be searched.

Question. How does the State Department ensure that requirements written for subcontracts for Part 135 international aviation services are not written to purposefully exclude otherwise qualified U.S. carriers?

Answer. Contracting Officers read the requirements documents very carefully and ensure that they do not violate other FAR requirements or clauses. If they note a requirement that would violate the Fly America Act and FAR Clause 52.247-63, they would have the program office remove that requirement.

QUESTIONS SUBMITTED BY SENATOR JOHN BOOZMAN

Question. In your testimony, you touched on several vital ways in which the foreign affairs budget is used: supporting ongoing struggles for self-determination and democracy, fighting narco-trafficking across the globe, and supporting global health initiatives like PEPFAR. One area that you did not touch on, however, was an area in which would see an increase of nearly 27 percent under the requested budget: efforts to counter global climate change. With the ongoing conflicts in Central Africa and Eastern Europe, Iran's and Syria's continued defiance of international norms,

and many other pressing issues concerning global and national security, why have you prioritized climate?

Answer. Climate change is one of the most significant global threats we face and addressing it is an urgent imperative. There is a pressing need to act now to assist developing countries in reducing greenhouse gas emissions while achieving economic growth, adapting to the impacts of climate change, and developing the technical expertise required to make and keep emission reduction commitments. Climate assistance is also an opportunity for the United States to lead efforts to reduce pollution, improve public health, grow our economy, and reduce poverty abroad. This budget requests targeted investments to help protect against rising seas encroaching on coastlines and coastal communities, prolonged and extreme droughts leading to food insecurity and threatening agriculture-dependent livelihoods, and other hallmarks of a dramatically changing climate.

The requested funding investment will assist partners around the world in reducing emissions and adapting to climate change and will support U.S. diplomatic efforts to negotiate a new international climate agreement in 2015. In addition, this funding helps protect the significant efforts we are making at home under the President's Climate Change Action Plan by promoting a global response so that our actions are not undermined by inconsistent actions abroad. U.S. leadership is necessary to bring nations together and forge partnerships to safeguard future generations from the dangerous and costly repercussions of global climate change.

This budget request includes nearly \$200 million to support clean energy programs that promote the adoption of renewable and energy efficient technologies and leverage private sector investment in clean energy. It also includes almost \$200 million to help the most vulnerable countries adapt and build resilience to the impacts of climate change and over \$120 million to reduce emissions from land use.

These investments also present economic opportunities for both the United States and developing country partners, including increased demand for U.S. technologies.

Question. Yesterday the Senate Foreign Relations Committee approved legislation to provide aid to Ukraine while implementing sanctions against those responsible for the undermining of the country's sovereignty. With the pending illegal referendum in Crimea, can you comment on the specific steps that the administration is considering to prevent this attempted annexation by Russia?

Answer. On March 16, 2014, the Ukrainian region of Crimea held an illegal referendum concerning accession to the Russian Federation. This referendum was in violation of the Ukrainian constitution, which states any questions "of altering the territory of Ukraine are resolved exclusively by an All-Ukrainian referendum." By March 21, the Russian Federation Council had approved the treaty on Crimea's incorporation into the Russian Federation.

Since the beginning of Russia's occupation of Crimea, the administration has engaged the international community, through organizations such as the United Nations, the OSCE, and the G-7 to demonstrate the resolute international consensus that such actions do not belong in the 21st century. The United States and our many partners have not, and will not, recognize the illegitimate annexation of Crimea.

Concerning both Ukrainian and Russian individuals complicit in undermining Ukrainian sovereignty and territorial integrity, the administration has utilized, and will maintain, targeted sanctions against those in position to effect change in Russia's policy and actions. Close cooperation with European and other partners has been, and will remain, a fundamental component of ensuring that sanctioned individuals experience full financial costs. The consequent uncertain business climate has already had and will continue to have costs for Russian interests.

As events move forward, the administration will sustain its efforts with our European partners in multilateral fora to resolve the crisis in Ukraine, and encourage Russia to return its troop deployments to pre-crisis levels and positions. Secretary Kerry pursued these efforts at the Geneva quadrilateral meeting with representatives of the European Union, Ukraine, and the Russian Federation on April 17. At the meeting, the participants agreed that all sides must refrain from any violence, intimidation or provocative actions; all expressions of extremism, racism and religious intolerance, including anti-Semitism, are to be condemned and wholly rejected; all illegal armed groups must be disarmed; all illegally seized buildings must be returned to legitimate owners; all illegally occupied streets, squares and other public places in Ukrainian cities and towns must be vacated. Amnesty will be granted to protestors and to those who have left buildings and other public places and surrendered weapons, with the exception of those found guilty of capital crimes. It was also agreed that the OSCE Special Monitoring Mission should play a leading role in assisting Ukrainian authorities and local communities in the immediate implementation of these de-escalation measures wherever they are needed most.

Question. You stated in your testimony, “Our \$1 billion loan guarantee is needed urgently but it’s only through the International Monetary Fund (IMF)—a reformed IMF—that Ukraine will receive the additional help it needs to stand on its own two feet.” During Secretary Lew’s testimony before the Senate Budget Committee yesterday, he confirmed the existence of programs within the IMF for extraordinary assistance, such as what is being proposed for Ukraine. In light of this, can you please comment on whether congressional approval of IMF reform is actually required to assist Ukraine?

Answer. Ratification of the IMF reforms would support the IMF’s capacity to lend additional resources to Ukraine and other countries in crisis, preserve the U.S. veto over important institutional decisions, and do so without increasing the current U.S. financial commitment to the IMF. The reforms would put the IMF’s finances on a more stable long-term footing, which would provide the institution with more financial flexibility in lending additional resources to Ukraine, and increase Ukraine’s IMF quota. We are the last major economy to act and our approval is the only remaining step for these important reforms to go into effect.

Question. I would like to shift to Afghanistan. Just last week, General Austin testified that “in the wake of such a precipitous departure, [the Afghan Government’s] long-term viability is likely to be at high risk and the odds of an upsurge in terrorists’ capability increases without continued substantial international economic and security assistance.” Do you agree with this assessment? Additionally, what are the State Department’s lessons learned from our withdrawal from Iraq, given the current instability and security situation there?

Answer. Despite many advances in Afghanistan, we anticipate continued support will be necessary post-2014, consistent with the Strategic Partnership Agreement signed in 2012. This is why we seek to conclude a Bilateral Security Agreement (BSA) and why NATO is negotiating its own status of forces agreement.

Afghanistan is different from Iraq in key respects. We have signed a Strategic Partnership Agreement with Afghanistan that commits us to continued security and economic cooperation over the long term. In 2011 the Iraqis did not want a continued U.S. presence. They did not think they needed us, and no significant Iraqi official was prepared to argue publicly for a continued U.S. military presence. By contrast, consistent polling results and the outcome of the Loya Jirga in November 2013 show that there is broad support among political elites and ordinary Afghans for a continued international presence post-2014. Moreover, all of Afghanistan’s leading Presidential candidates have said that signing the BSA would be a top priority once elected.

Question. You have indicated that a bad deal with Iran is worse than no deal. Therefore, what do you believe would constitute a bad deal?

Answer. The administration is working with the P5+1 and EU to reach a comprehensive solution to the international community’s concerns with Iran’s nuclear program. Our goal remains to prevent Iran from acquiring a nuclear weapon and ensure that its nuclear program is exclusively peaceful. All of the things on which we will have to reach agreement in the course of the negotiations are addressed in the Joint Plan of Action. We are looking to ensure that we have the right combination of measures in place to ensure Iran cannot acquire a nuclear weapon. This is why we agreed in the Joint Plan of Action that nothing is agreed until everything is agreed in a comprehensive solution. All members of the P5+1 must agree on any final decision, so we will be able to ensure that an agreement meets our needs. Anything that falls short of meeting our needs would be a bad deal.

Question. As you know, in December of 2012, the United States closed its Embassy and recalled its diplomats in the Central African Republic (CAR) due to the escalating conflict. Despite the seemingly successful election of an interim president, sectarian violence and regional instability continue to rise. Can you comment on whether we plan on returning our diplomatic presence?

Answer. The United States is concerned with inter-religious violence in the CAR and remains committed to working with the international community to support the CAR transitional government in its efforts to end the violence and build a transitional political process. The Department of State is reviewing the re-opening of Embassy Bangui in light of our strong interest in better supporting the restoration of democratic governance in CAR. The purpose of the review is to obtain a decision on whether a U.S. presence in Bangui is viable in light of the level of insecurity. There is no firm date for a decision on whether to re-open Embassy Bangui at this time. While not optimal, officials continue temporary duty visits and employ other mechanisms to monitor events in, and implement policies toward, CAR.

SUBCOMMITTEE RECESS

Senator LEAHY. On a personal note, I wish you luck on your trip tonight.

Secretary KERRY. Thank you, Senator.

Senator LEAHY. Thank you for trying. Like in any diplomacy, you have to go down a lot of dead ends before you hit the right one. Thank you for keeping trying.

Secretary KERRY. Thank for very much, Mr. Chairman. It is a privilege to be with you. Thank you.

[Whereupon, at 12:28 p.m., Thursday, March 13, the subcommittee was recessed, to reconvene subject to the call of the Chair.]

**STATE, FOREIGN OPERATIONS, AND RELATED
PROGRAMS APPROPRIATIONS FOR FISCAL
YEAR 2015**

TUESDAY, APRIL 8, 2014

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

The subcommittee met at 10:17 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Patrick J. Leahy (chairman) presiding.

Present: Senators Leahy, Landrieu, Coons, Graham, Coats, Johanns, and Boozman.

**UNITED STATES AGENCY FOR INTERNATIONAL
DEVELOPMENT**

STATEMENT OF DR. RAJIV SHAH, ADMINISTRATOR

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Good morning.

We are meeting today to hear testimony from Dr. Rajiv Shah, who is the Administrator of the U.S. Agency for International Development, to discuss USAID's fiscal year 2015 budget request. Dr. Shah, thank you for being here.

USAID, like every Federal agency, needs to adapt to a changing world, and so does Congress. If we want to do that effectively, we need a shared understanding of USAID's core purpose.

I have always assumed it is sustainable development, and I believe, Dr. Shah, you would agree with that. But today, USAID's strength seems to be saving lives, and feeding people, technological innovation, and other such things that are unquestionably important. Many of them I strongly support: efforts to bring down the rate of maternal deaths, ways to help immunize more children; these I strongly support.

I do not want to over generalize, but these activities are often not the same as building institutions and organizations, owned and run by foreign governments and communities which, to me, is what real development, sustainable development, is about.

And while USAID's renewed emphasis on partnership is welcome, it often seems as if USAID still tends to view NGOs, or other organizations, as instruments of what USAID wants to do, not as partners.

I am optimistic about USAID Forward and its focus on country ownership, and eventually working yourselves, USAID, out of a job.

Outsiders can help. And local entities—whether governments, civil society, or private companies—need to be in charge and take responsibility for the results.

There is a lot of talk about capacity, either the lack of it or the need to build it. Of course, it is necessary to be able to set realistic goals, and do the work, and keep track of money spent. But I also know that a lot of capacity already exists, especially if we do not try to do too much, too fast.

Many local organizations may not have the clout, or the connections, or the lobbyists that big U.S. contractors or grantees have. All they have going for them is they are often better at getting results than we are. What they lack is the capacity to navigate the reams of pages of extremely technical, incomprehensibly bureaucratic USAID applications for funding. I am a lawyer. I did well in college. I did well in law school and I am benumbed by some of these applications; a lot of this is government-wide and not just of USAID's making. I worry about creating a whole new industry of high priced, capacity-building consultants. They would love the idea. We have a lot of lobbyists in this town who rely on it.

But even though there has been progress, I think after 4 years you would agree, USAID Forward has a long way to go. Local organizations may increasingly look for other models than USAID, if USAID does not make further changes in how staff is recruited, trained, and deployed to work with local organizations and institutions.

Other than responding to humanitarian crises, it makes no sense to spend money without a coherent strategy focused on sustainability. Afghanistan is probably the most egregious example of what not to do, but there are others.

Now, I say this as I also recognize that USAID has a lot to be proud of. I have seen some of those successes. I have seen your people in the field, sometimes in dangerous conditions, and I applaud you for that. But I am worried about our foreign aid programs. I am worried that they are not as relevant or effective as we may think and say they are. And we have to pay attention in this committee because it has been 25 or 30 years since we have had an authorization bill, so we have to do it here.

You inherited an Agency that had lost its bearings. I told you 4 years ago, I think I said that I did not know whether to offer you congratulations or condolences when you became the head of it. There has been progress, but we have to focus on producing sustainable outcomes.

Now, I want to mention the recent press reports on USAID's Twitter program in Cuba. I will have a number of questions about it. We should remember that while we debate what USAID is doing in Cuba, U.S. citizen Alan Gross remains in solitary confinement in his fifth year of captivity, solely because he was carrying out a USAID program which was poorly conceived and poorly implemented.

Alan Gross is confined to his cell 23 hours of every day. I have visited Mr. Gross twice. On April 3rd, he began a hunger strike to protest his detention by the Cuban Government, and the failure—the failure—of the United States Government, and this Administration, to take effective steps to obtain his release.

It is long past time for the Administration and the Cuban Government to negotiate a resolution of this ordeal so Mr. Gross can return home. Now, I am told by the Administration, “Well, if you only knew all the things we are doing.” All I know is whatever they are doing has not accomplished anything.

PREPARED STATEMENT

There is a way to resolve it, there is ample precedent for doing so, it is in our national interest, and it could be done immediately if the Administration really wants to. That is my own personal view.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Good morning. We are meeting today to hear testimony from Dr. Rajiv Shah, Administrator of the United States Agency for International Development, who will discuss USAID’s fiscal year 2015 budget request. Dr. Shah, thank you for being here.

USAID, like every Federal agency, needs to adapt to a fast changing world. So does the Congress. In order to do that effectively, we need a shared understanding of USAID’s core purpose.

I have always assumed it is sustainable development, and I am sure, Dr. Shah, you would agree.

But today, USAID’s strength seems to be saving lives, feeding people, technological innovation, and other such things that are unquestionably important. Many of them I strongly support.

I don’t want to overgeneralize, but these activities are often not the same as building institutions and organizations, owned and run by foreign governments and communities, which to me is what real development—sustainable development—is about.

And while USAID’s renewed emphasis on partnership is welcome, it often seems as if USAID still tends to view non-governmental organizations (NGOs) or other organizations as instruments of what USAID wants to do, rather than as partners in their own right.

I was optimistic about USAID Forward, and its focus on country ownership and eventually working yourselves out of a job. Outsiders can help, but local entities, whether government or civil society or private companies, need to be in charge and take responsibility for the results.

There is a lot of talk about capacity—either the lack of it or the need to build it. Of course it is necessary to be able to set realistic goals, do the work, and keep track of money spent.

But I also know that a lot of capacity already exists—especially if we do not try to do too much, too fast. Many local organizations may not have the clout or connections that big U.S. contractors or grantees have, but they are often better at what they do.

What they lack is the capacity to navigate the reams of pages of extremely technical, incomprehensibly bureaucratic USAID applications for funding. A lot of this is governmentwide and not of USAID’s making, but I worry about creating a whole new industry of high-priced capacity-building consultants.

There has been progress, but after 4 years I suspect you would agree that USAID Forward has a long way to go. Local organizations may increasingly look for other models than USAID, if USAID doesn’t make further changes—from how staff are recruited, oriented, and deployed to how USAID missions get to know and work with local organizations and institutions.

Other than responding to humanitarian crises, it makes no sense to spend money without a coherent strategy focused on sustainability. Afghanistan is probably the most egregious example of what not to do, but there are many others.

USAID has a lot to be proud of. I have seen some of those successes, and I applaud you for them. But I am worried about our foreign aid programs. I am worried that they are not as relevant or effective as we may think and say they are.

You inherited an agency that had lost its bearings. I told you 4 years ago that I did not know whether to offer my congratulations or condolences. There has been progress, but we need to focus on producing sustainable outcomes.

I also want to mention the recent press reports on USAID's twitter program in Cuba, and I will have a number of questions about it. But we should remember that while we debate what USAID is doing in Cuba, U.S. citizen Alan Gross remains in solitary confinement in Havana in his 5th year of captivity, solely because he was carrying out a USAID program.

Alan Gross is confined to his cell 23 hours of every day. On April 3, Mr. Gross, who I have visited twice, began a hunger strike to protest his detention by the Cuban Government and the failure—the failure—of his own Government to take meaningful steps to obtain his release. As far as I can tell, USAID has all but forgotten about him.

It is long past time for the administration and the Cuban Government to negotiate a resolution of this ordeal so Mr. Gross can return home. Whatever past attempts have been made on his behalf have achieved nothing, and I believe in some respects they have made his situation worse. There is a way to resolve it, there is ample precedent for doing so, and it is in our national interest.

Senator Graham.

STATEMENT OF SENATOR LINDSEY GRAHAM

Senator GRAHAM. Thank you, Mr. Chairman.

This is what oversight is all about, is it not? Asking hard questions and making people justify their action, or lack of action.

From the committee's point of view, \$20.1 billion is what the USAID budget is, of about \$48 billion of foreign assistance. So it is a big part of what we do.

From an Afghanistan point of view, I think the elections have seemed to have gone very well. I know that you have people all over Afghanistan trying to build capacity that is sustainable. And I hope the American people appreciate that these elections came off because of a lot of sacrifice by Afghans, coalition forces, and people on the ground. So that is something to appreciate and, quite frankly, celebrate. We have some articles about USAID aid in Afghanistan that we would like you to comment on, Dr. Shah.

But bottom line, 4 years ago, you did inherit, for lack of a better word, a mess and I think you have done, overall, a very good job of trying to bring the private sector to partner with the Government. As Senator Leahy said, there is more to do, particularly in the faith-based area.

But the collaboration between our Government, NGOs, and the private sector, particularly in Africa, has unlimited ability. And I appreciate your willingness to reach out and form these partnerships because that makes sure that we have the highest and best use of the money that the taxpayer puts forward.

Finally, from a taxpayer's point of view, there is a strain in my party, I am sure all over America, quite frankly, that wants to disengage. And I just want to reinforce that the entire foreign operations budget is about 1 percent of Federal spending, and the world is rapidly changing. Some areas for the better; in many places, it is deteriorating. USAID is a way for the Government of the United States to have a presence without military force that, I think, can be a positive presence.

So I want to continue to support Senator Leahy's view of oversight, but also continue to support Budget Requests that make us stronger as a Nation.

So on behalf of the committee, and I think the senate as a whole, we appreciate the dangers that your people face every day, and your willingness to represent our Government and the American

values we all share in some of the most dangerous, contentious places in the world. And I look forward to hearing your testimony.

SUMMARY STATEMENT OF DR. RAJIV SHAH

Dr. SHAH. Thank you, Senator Leahy, Senator Graham, members of the committee.

I would like to start just by saying thank you to you, Senator Leahy. Your leadership on behalf of America's engagement around the world on human rights, on civil society, on supporting local institutions, and on all of the things we do in health, food, agriculture, water, sanitation, have literally helped tens of millions, hundreds of millions of people improve their lot in life all around world, and to help make our country safer and more secure.

Senator Graham, thank you for your specific leadership, especially on difficult, but important issues like Afghanistan where, I believe, we first had the chance, one of the chances, to meet out there together. And I look to you for guidance and counsel in carrying out my duties.

I also want to thank all the members of the committee. I have appreciated, and continue to appreciate, your engagement, advice, and support as we have been trying to carry out our mission.

Over the course of the last year, one of the things we did was ask 2,700 of our staff to work with us to more clearly define and articulate our mission. And today, we know that our core mission is to partner to end extreme poverty and promote resilient, democratic societies while advancing American security and prosperity.

For the first time in decades, it is now possible to envision a world without the kind of dollar-a-day poverty that robs people of their human dignity. You have supported, over the last 4 years, a significant investment in rebuilding USAID as the world's premiere development institution, and I want to say thank you for that.

Under your leadership, and with your support, we have rebuilt our staff; hired dozens of experts across a range of different areas; rebuilt our budgets in areas like food, and agriculture, and child survival; engaged and built a policy team that allows USAID to articulate America's vision for partnership to address the needs of the world's most vulnerable; and worked to expand our partner base to work with hundreds of new institutions, many local organizations, and most through direct new partnerships that enable them to drive forward success.

You have helped us ensure that we monitor and evaluate all of our major programs, going from publishing a few dozen monitoring and evaluation reports a year, to now publishing nearly 300 a year, all of which are available on an iPhone app, if you have the interest, and a long plane ride. These efforts collectively have helped us deliver comprehensive results across our major areas of investment.

And the President's fiscal year 2015 budget request for USAID focuses on, and invests, in what works in global development. The Budget includes \$1 billion for the President's Feed the Future program that now works in 19 countries, reaches 7 million farm households, gets them access to new agricultural technologies, helps to move 12½ million children who otherwise would be malnourished out of a condition of under-nourishment and towards nu-

tritional sufficiency. And has already leveraged nearly \$400 million of private investment out of the nearly \$4 billion of commitments we have secured from more than 140 companies to co-invest with us.

These efforts, together and with your support, will allow us to reduce extreme poverty in the countries where we work by more than 20 percent, and reduce the number of children who are stunted from malnutrition by an equivalent amount.

The budget asks for nearly \$2.7 billion for child survival, and over the last decade, there has been no other area of work where the United States gets a better return on investment. Having gone from having more than 11 million children die every year to 6.6 million this year, and well on our way to having that number be near 1 million in the next 15 to 20 years going forward.

In other areas—like education, water, and energy—with your support, we have crafted new partnerships, new goals, created and put forth transparent metrics, and reported on progress in a quantitative, specific, businesslike way.

Our efforts to promote disaster assistance have been taxed significantly over the past year, given the fact that we now have three Level 3 disasters around the world: In and around Syria, in the Central African Republic, and in South Sudan. I appreciate the extra efforts the committee has made to ensure that humanitarian funding exists for these efforts. And our work has been carried out to a level of excellence that we just saw in the Typhoon Haiyan response in the Philippines that was just the subject of a roundtable discussion with ASEAN Defense Ministers that Secretary Hagel and I co-chaired in Honolulu early last week.

Our work in democracy and governance helps to improve our national security, and we are actively working to support the free and fair conduct of elections in Ukraine. And I am extraordinarily proud of our Embassy and USAID mission teams that have spent 18 months working to ensure that the Afghan election was accessible, particularly to women, safe, carried out by institutions led by Afghans themselves, and had a complaints process and fraud mitigation strategy that was effectively deployed just last week as nearly 58 percent of eligible voters went to the polls.

I look forward to our discussion on Cuba because I want to talk about some of our work that is more difficult to execute, and learn from members of the committee.

And I want to conclude just by noting that I often worry about what is difficult for us. Can our country maintain a high level of political commitment so that we can lead the world in humanitarian development and global health efforts over the next two decades?

In my more than 4 years in this role, I have seen hundreds of new partnerships with private businesses, with scientists and universities, with faith communities, with leaders from congress in both the House and the Senate on both sides of the aisle. And I am convinced, especially after having the opportunity to deliver this year's Prayer Breakfast Address that, in fact, America can, should, and if we do our jobs well, will lead the world to end extreme poverty in the next two decades.

Thank you, and I look forward to your questions.
[The statement follows:]

PREPARED STATEMENT OF DR. RAJIV SHAH

Thank you Chairman Leahy, Ranking Member Graham, and members of the subcommittee. I am pleased to join you to discuss the President's fiscal year 2015 budget request for the U.S. Agency for International Development.

Four years ago, President Obama set forth a new vision of a results-driven USAID that would lead the world in development. We have since risen to this challenge, pioneering a new model of development that brings a greater emphasis on partnerships, innovation, and results. We are guided in these efforts by a new mission statement: we partner to end extreme poverty and promote resilient democratic societies while advancing our security and prosperity.

Although these goals are not new, they reflect a unique moment in development today when exciting opportunities are emerging to change what is possible. In a time of fiscal restraint, we are applying the new model to seize this moment and reach more people, save more lives, and leverage more private investment than ever before—delivering results for the American people and those in greatest need around the world.

The President's fiscal year 2015 budget responds to unprecedented development challenges, including some of the most significant events unfolding on the world stage today.

When Typhoon Haiyan swept across the Philippines, we swung into action, leading and coordinating the U.S. Government civilian and military humanitarian response and distributing life-saving aid, including highly-nutritious food products to feed hungry children and adults. In Ukraine, we remain committed to helping citizens realize the democratic aspirations that many spent months on the Maidan demanding. For nearly 20 years, we have stood shoulder-to-shoulder with the people of Ukraine, putting 1.8 million land titles into the hands of farmers and helping civil society leaders develop recommendations, including on anti-corruption, in an comprehensive reform package for the government. Many of the recommendations are being implemented through new and revised legislation.

In South Sudan, as citizens face a looming humanitarian catastrophe that will leave half the country on the brink of famine, we are racing against the clock to save lives. And as we saw just a few days ago, citizens in Afghanistan voted for a new president to lead them towards a brighter, more stable future. In support of the Afghan-owned election process, USAID provided extensive guidance on how to prevent electoral fraud, as well as capacity building support for independent domestic observers, civil society, media, and political parties to help ensure a transparent electoral process.

The budget enables us to respond effectively to these events and address the underlying causes of extreme poverty through President Obama's Feed the Future, Global Health, Global Climate Change, and Power Africa initiatives. It advances our national security by building linkages to emerging markets, strengthening democracy and human rights, and promoting broad-based economic growth. It helps vulnerable communities strengthen their resilience to crises and natural disasters. It facilitates strategic engagement in the Middle East and North Africa, as well as across the Asia-Pacific and Latin America. It also focuses our activities in Afghanistan, Pakistan, and Iraq, ensuring that we sustain the gains we have made.

Even though we work far from home, our work continues to realize benefits for our home: for opportunities we open for American businesses, the skills of our young people we help build, and the threats to our security that we help prevent. For less than 1 percent of the Federal budget, we are delivering results that shape a more secure and prosperous future for the American people and the world.

A NEW MODEL FOR DEVELOPMENT

The fiscal year 2015 budget request for USAID managed or partially managed accounts is \$20.1 billion, 1 percent below the total enacted fiscal year 2014 funding for these accounts. In this constrained budget environment, USAID is focused on maximizing the value of every dollar. Over the past 5 years, we have made difficult choices about where our work will have the greatest impact, shifting resources and personnel to better advance our mission of ending extreme poverty around the world.

Since 2010, regional bureaus have reduced program areas by 34 percent; USAID global health program areas have been phased out of 23 countries; and Feed the Future agriculture programs have been phased out of 26 countries. We are reducing

programs in countries that have turned a corner, like Mongolia, and transitioning Missions to Offices. We are shifting resources to countries in critical need and where our work has the widest impact.

Over the past 3 years, the USAID Forward reform agenda has touched upon every part of our Agency. We've revamped our budget to include more rigorous performance monitoring and impact evaluation, expanded the use of science, technology, and public-private partnerships, and improved talent management. In each area of reform, we set aspirational targets that have established a common language for success, challenged our partners, and encouraged us to step out of our comfort zone.

Taken together, these reforms have formed the foundation of a new model of development that defines the way we work around the world. With this new model, we are backing cutting-edge innovation, taking advantage of fast-moving technology, and harnessing the vast potential of the development community to achieve unprecedented results.

Today, all our major programs are independently evaluated, and those evaluations are available right now on an iPhone app—an unprecedented level of transparency. The quality of our evaluations has improved significantly, which is an important sign that we are increasingly grounding our work in evidence and data. Missions are reporting dozens of different ways that these evaluations are strengthening our programs in the field. Through an evaluation in Benin, we learned that community health programs naturally favored men in their hiring, which limited our ability to provide care to women. So we're redesigning our recruitment to help more women become community health workers.

Working closely with local leaders, governments, and organizations, we are strengthening the capacity of our partner countries to create stronger communities and brighter futures without our assistance. In 2013 alone, our emphasis on local solutions enabled us to support 1,150 local organizations in 74 countries. In the Democratic Republic of the Congo, for instance, we have worked with 12 local governments to improve their tax collection, so they can afford to pay the salaries of teachers and health workers. As a result, they have increased revenues by 95 percent since 2009.

We are also mobilizing a new generation of innovators and scientists to advance our mission. Launched last week, the U.S. Global Development Lab represents an historic investment in the power of science and technology to bend the curve of development. With \$151 million in funding, it will generate and scale breakthrough solutions to complex development challenges, while attracting private sector investment to improve the sustainability of our solutions. Already, it has generated cutting-edge inventions—including the bubble continuous positive airway pressure (CPAP), a device from Texas that can resuscitate newborns at a fraction of the price of existing machines.

To maximize the impact of the Lab, we seek new authorities from Congress. These include the ability to hire a diverse range of staff; to use development assistance funding programmed for science, technology, and innovation for all development purposes, including health; and to use a “pay-for-success” model to incentivize the best solutions from innovators around the world—all of which will help us catalyze a wave of innovation that solves the toughest development challenges on the planet.

We are increasingly focused on engaging a wide array of partners, from our long-standing partners in the development community, to faith organizations, to multinational corporations. Through our Development Credit Authority (DCA), we unlocked a record \$1.02 billion over the last 2 years alone in commercial capital to empower entrepreneurs around the world. Earlier this year, we partnered with GE and Kenya Commercial Bank to help healthcare providers buy life-saving healthcare equipment, including portable ultrasound devices and magnetic resonance imaging (MRI) machines. For the first time ever, our private sector partner is covering the cost of the loan guarantee—making this program virtually costless for the American taxpayer. To build on this success, the request seeks to increase the annual cap on loans under DCA guarantees from \$1.5 billion to \$2 billion, a measure that will enable us to ramp up high-impact projects, particularly through Power Africa.

CORE PRIORITIES

Under the leadership of President Obama, we are applying the new model to deliver unprecedented results across our work, from expanding access to mobile money to empowering women and girls to strengthening land tenure rights to safeguarding the world's biodiversity.

Feed the Future

In this request, \$1 billion is devoted to Feed the Future, President Obama's global food security initiative. After several years, Feed the Future has hit its stride—de-

livering results that are changing the face of poverty and hunger for some of the world's poorest families.

In 2012, we reached 12 million children with programs to strengthen their nutrition and helped more than 7 million farmers increase their yields through new technologies and management practices. Reported incremental sales of farmers working with Feed the Future programs worldwide increased their sales from \$100 million in 2012 to over \$130 million in 2013. These results are grounded in a robust management system for gathering timely, accurate data that measures everything from household income to the participation of women to the prevalence of stunting. Just as the Demographic and Health Surveys helped dramatically expand monitoring capabilities in global health, Feed the Future's new open data platform is transforming our knowledge and informing cutting-edge approaches.

This year's budget request builds on these results with an integrated nutrition approach to reduce stunting by 20 percent—a target that will prevent 2 million children from suffering from this devastating condition over the next 5 years.

In Kenya, the reported gross margin of livestock farmers receiving training on improved management practices and support to partner with cooperatives increased over 45 percent from 2012 to 2013, from \$371 to \$541 per cow. Feed the Future activities in Kenya support rural smallholders who account for over 80 percent of the country's raw milk production. Farmers in Bangladesh using new fertilizer technologies more than doubled the production of rice from 2011 to 2013. New technologies and management practices such as this also contributed to increases in the rice farmers' gross margin per hectare from \$431 in 2012 to \$587 in 2013. Across Central America, Feed the Future is helping trading unions to meet international standards and maintain access to agricultural markets in the United States.

Two years ago, President Obama led global food security efforts to the next stage, introducing the New Alliance for Food Security and Nutrition. Today, it is a \$3.75 billion public-private partnership that is enabling reforms from 10 African governments and commitments from more than 140 global and local companies. For instance, Ghana Nuts—an agricultural business that was once an aid recipient—is now a multi-million dollar company employing 500 people. Under the New Alliance, it has committed to strengthening local supply chains, reaching 27,000 smallholder farmers with more than \$4 million in investments.

At the same time, the governments we work with through the New Alliance have committed to significant market-oriented policy reforms. Recently, Burkina Faso launched an electronic platform that increases the transparency and speed of their customs processes. Last summer, Mozambique, Cote d'Ivoire, and other New Alliance nations committed to policy reforms that will foster private sector investment in smallholder farmers, particularly women.

Global Health

With strong bipartisan support, we are providing critical health assistance more efficiently than ever before. We have narrowed our focus on maternal and child health to the 24 countries that represent more than 70 percent of maternal and child deaths in the developing world. Through the \$2.7 billion request for USAID Global Health Programs—along with State Department Global Health Programs for \$5.4 billion—we will work towards ending the tragedy of preventable child and maternal death, creating an AIDS-free generation, and protecting communities from infectious diseases.

Around the world, we are seeing real results of global partnerships to accelerate progress towards these goals. Since 2010, 15 of our 24 priority countries have rolled out the pneumonia vaccine with Global Alliance for Vaccines and Immunization (GAVI) support; and since 2011, 8 have introduced rotavirus vaccines against diarrheal diseases. In 2013, the President's Malaria Initiative (PMI) protected over 45 million people with a prevention measure. Since 2006, all the original 15 PMI focus countries have had reductions in childhood mortality rates, ranging from 16 to 50 percent.

In 2013, Saving Mothers Giving Life, a USAID-led public-private partnership, contributed to a 30 percent decline in the maternal mortality ratio in target districts of Uganda and a 35 percent reduction of maternal deaths in target facilities in Zambia.

Since 2006, our support for neglected tropical diseases has expanded to reach 25 countries. In the countries where we work, nearly 35.8 million people no longer require treatment for blinding trachoma, and 52.4 million people no longer require treatment for lymphatic filariasis.

Since USAID's 2012 Child Survival Call to Action, nearly a dozen countries, representing those with the highest global rates of child death, have launched their

own local calls to action, set national targets, and are creating evidence-based business plans to focus resources in acutely vulnerable regions.

We will continue to make cost-effective interventions that save lives—from preventing the spread of disease, to providing nutrition to millions of hungry children around the world.

Climate Change

Of the President's \$506.3 million request for the Global Climate Change Initiative implemented in partnership with the Department of State, USAID implements approximately \$348.5 million and invests in developing countries best suited to accelerate transitions to climate-resilient, low-emission economic growth. In fiscal year 2013, USAID helped over 600,000 stakeholders implement risk-reducing practices or use climate information in decisionmaking. These stakeholders are impact multipliers, including meteorologists, agricultural extension workers, and disaster planners who use this information to improve the climate resilience of millions of people in their countries and regions.

Across the world, we are harnessing innovation, evidence, and technology to help vulnerable communities anticipate and take action to reduce the impacts of climate change. Today, a joint venture between USAID and NASA—called SERVIR—provides communities in 29 countries with global satellite-based climate information, including sending frost alerts to tea growers in Kenya and fire alerts to forest officials in Nepal.

USAID is pioneering a new approach that puts people on a path from dependency to resilience, while expanding broad-based economic growth. From small farming collectives to multi-national corporations, our partners are pursuing climate-resilient, low-emission development. In support of the Tropical Forest Alliance 2020, we recently helped launch the Global Forest Watch, a forest alert system that utilizes real-time satellite data to help countries reduce tropical deforestation and enable companies to monitor their supply chains.

The Global Climate Change Initiative advances practical, on-the-ground solutions to help developing countries contribute to the global effort to reduce greenhouse gas emissions while achieving development goals. Since 2010, USAID and the State Department have established 25 bilateral agreements with partner countries to develop and implement for low emissions development strategies. This support is helping advance the transition to lower carbon energy systems by creating enabling environments for public and private investments in efficient, clean energy sources, and sustainably reduce emissions from land use such as deforestation and agriculture.

Power Africa

The fiscal year 2015 request advances our Nation's commitments to Africa with initiatives like Trade Africa and Power Africa. With \$77 million requested in this budget, Power Africa represents a bipartisan approach to use public-private partnerships to double access to power on the continent and connect American investors and entrepreneurs to business opportunities abroad. Less than a year since launching, more than 5,500 mega-watts of power projects have been planned—putting us more than halfway towards our goal of expanding electricity to 20 million people and businesses. For every dollar that the U.S. Government has committed, the private sector has committed two—over \$14 billion so far.

With an initial set of six partner countries, Power Africa focuses on completing projects quickly and efficiently, while encouraging countries to make energy sector reforms critical to their success. In Ethiopia, for example, Power Africa is supporting the first independent power producer geothermal plant in the country, a project that will pave the way for future private sector investment and provide enough power to reach tens of thousands of people. In Kenya, Power Africa is enabling the construction of the largest privately-owned wind farm in Sub-Saharan Africa—helping millions leapfrog dirtier, unhealthier phases of development and join a global low-carbon economy.

Education

Education remains a critical focus for the Agency. Our request for Basic Education is \$534.3 million, an increase of 6.6 percent over our fiscal year 2014 request.

Through the "Room to Learn" program, we are intensifying our efforts in six countries—including Nigeria and Afghanistan—where endemic poverty and conflict conspire to rob children of their futures. In the Katanga Province in Democratic Republic of the Congo, in the schools we support, we have seen a 40 percent decrease in students repeating a grade from 2010 to 2013. The drop-out rate was also 65 percent lower than in 2010.

From Kenya to Afghanistan, we're seeing reading skills develop and enrollment—especially for girls—jump. Our strategic shift to improving primary grade reading

for tens of millions of kids brings with it a commitment to measuring results through student learning achievements. In Malawi, we used early grade reading assessments to evaluate students' foundation skills—giving their parents and teachers a way to measure their progress. Today, second graders who receive interventions like these have comprehension levels four times those in control groups.

By maintaining our focus on global education as a core development objective, we can brighten the future for millions of vulnerable children, including children in crisis environments. With widespread illiteracy estimated to cost the global economy more than 1 trillion dollars this year alone, these programs are not only advancing America's standing as the world's development leader in education, but are also energizing the global economy.

Water

While the world has seen tremendous progress on expanding access to safe drinking water—halving the proportion of people without sustainable access since 1990—a lot of work remains. This budget request continues the implementation of our first-ever Water and Development Strategy, which outlines a goal to save lives and advance development through improvements in water for health and water for food. The Strategy sets explicit targets of sustainably providing 10 million people with access to improved water supply and 6 million people with access to improved sanitation over the next 5 years.

Through our Development Innovation Ventures fund, we're partnering with the Gates Foundation to help bring safe drinking water to at least 4 million of the world's poor. Called WASH for Life, this initiative will source and rigorously test great ideas to improve access to water and sanitation service. Last year, in Kenya, we leveraged a Development Credit Authority guarantee to extend piped water supply in Kisumu for over 1,500 piped water connections to benefit over 8,500 individuals.

The request for WASH funding is \$231 million in this budget. Budget requests for WASH programs have typically been about \$230 million, and because of the number of program areas we engage in with water investments—from OFDA's emergency response work, to resilience programs in regions of chronic crisis like the Horn of Africa and the Sahel, to Feed the Future agricultural infrastructure support—our actual programming for all water activities has grown to over \$500 million, and we expect similar levels in the year ahead.

SUPPORTING REGIONAL PRIORITIES AND STRENGTHENING NATIONAL SECURITY

This budget also maintains our Nation's tremendous leadership in humanitarian response with \$4.8 billion requested in State and USAID funding. In the last year, we have responded to unprecedented need around the world—saving lives from the Philippines to South Sudan.

In Syria, we currently provide life-saving aid for 4.2 million people in all 14 governorates across the country, as well as more than 2 million people who have fled the violence into neighboring countries. At the same time, we are supporting neighboring Jordan and Lebanon to manage the overwhelming influx of refugees from Syria. We have worked with local school systems to accommodate Syrian children, and in some areas, helped them adjust their schedules so that local children can learn in the morning and Syrian kids in the afternoon.

Thanks to strong bipartisan support, we have begun reforms that mainly address our development food aid programs, allowing us to reach an additional 800,000 hungry people every year with the same resources. The need for this flexibility grows more urgent every day, as crises deepen from Syria to the Central African Republic to South Sudan. That is why this budget calls for reforms to be extended to emergency food assistance. We are seeking the flexibility to use up to 25 percent of title II resources for life-saving tools, like vouchers and local procurement—allowing us to reach 2 million more people in crises with our existing resources.

While we remain the world's leader in humanitarian response, we are increasingly focused on ensuring communities can better withstand and bounce back from shocks—like droughts, floods, and conflict—that push the most vulnerable people into crisis again and again. In the Horn of Africa, which suffered a devastating drought 2 years ago, we're deploying mapping technology to help farming communities find new sources of water. In the Sahel, we're partnering with U.S. Special Operations Command to conduct detailed analysis and geo-spatial mapping of the region. These efforts have given U.S. development and military professionals a deeper understanding of both the drivers of conflict and ways to build resilience.

We are working effectively to both protect and manage the environment that supports us. In addition, we are harnessing innovation, evidence, and technology to reduce consumer demand for endangered species and stop wildlife trafficking. For in-

stance, no tigers or rhinos were poached in Nepal in 2013 due to our sustained investments in community-based conservation. This past January, USAID partners convened 28 African and Asian countries to participate in an enforcement operation that resulted in more than 400 arrests and the seizure of three metric tons of ivory, 10,000 turtles, and 1,000 skins of protected species.

We're pioneering a new approach that puts people on a path from dependency to resilience, while expanding broad-based economic growth.

USAID and State Department are requesting \$2 billion globally in the Development Assistance and Economic Support Fund accounts to strengthen democracy, human rights, and governance. Thanks to USAID's rapid-response capability on civil society laws, we were able to take advantage of political openings in Libya, Tunisia and Burma to encourage early reformers to adopt consultative government-civil society processes that have led to much-improved civil society legislation, which in turn will pave the way for further political opening.

In fiscal year 2015, the State Department and USAID have requested nearly \$1.5 billion to support democratic transitions and respond to emerging crises in the Middle East and North Africa. For example, in Tunisia, we worked with civil society and the government to implement some of the most progressive non-governmental organization (NGO) laws in the region. The new law passed as a result of a consultative government-civil society process and is now considered a model for the region; the new Libyan draft civil society organization law is based on peer consultations with Tunisians on their law.

Of the President's \$2.8 billion assistance request for the Frontline States, USAID implements \$1.8 billion for long-term development assistance, continuing to work closely with interagency partners—including the State and Defense departments—to move toward long-term stability, promote economic growth, and support governance reforms, including the rights of women.

This request is tailored to support our three-fold transition strategy in Afghanistan, including maintaining gains in health, education, and the empowerment of women; promoting economic growth; and improving stability by supporting more accountable and effective Afghan governance, which is especially critical in the first year after the 2014 presidential election.

Our assistance in Afghanistan has helped deliver incredible gains. Today, 77,000 university students—a nine-fold increase from 2001—will form a new generation of leaders. The wait time for goods crossing the border with Pakistan has fallen from 8 days to 3.5 hours—saving \$38 million every year and opening access to new markets for farmers and entrepreneurs. The rapid expansion of mobile technology across the country is empowering Afghan women to demand an equal stake in their nation's future.

Building on our strong legacy of progress in Latin America and the Caribbean, we're focusing on spurring economic growth and strengthening democracy by tackling the biggest drivers of instability, from drug trafficking to climate change. Today, for example, we work with a range of partners, including Nike Foundation and PepsiCo, to train thousands of at-risk youth in 18 countries of the region. The program has had an extremely high success rate, with 65 percent of graduates getting jobs, returning to school, or starting their own business within 1 year of graduation.

In Colombia, we've partnered with Starbucks to improve yields for 25,000 coffee-farmers, giving them a shot at the global market and a reason to invest in their land after decades of conflict. In Peru, our partnership with the Government of San Martin has helped reduced poverty by more than 67 percent and cut coca production from 22,000 hectares to around 1,200.

We're also investing in the future innovators, doctors, and entrepreneurs throughout Latin America. For instance, in Honduras, we partnered with a telecom company to connect our network of 40 youth outreach centers—providing Internet access, online education and virtual job training to more than 17,000 people. On the whole, these investments produce immense gains in literacy, stability, and long-term economic growth.

From empowering small businesses in Burma to helping eradicate extreme poverty in Nepal, we are supporting the administration's Asia-Pacific Rebalance, renewing U.S. leadership, deepening economic ties, and promoting democratic and universal values. Today, we are bolstering regional cooperation around shared solutions to complex challenges through deepened engagement in ASEAN and the Lower Mekong Initiative. In March, we signed an agreement with the U.S.-ASEAN Business Council to help link small- and medium-sized enterprises across Asia to regional and global value chains.

USAID OPERATING EXPENSES

In recognition of development's centrality to U.S. national security, the President's National Security Strategy calls for investing in development capabilities and institutions. The fiscal year 2015 USAID Operating Expenses account request for \$1.4 billion will provide that investment—advancing U.S. interests, enhancing national security, and reaffirming our global development leadership. The request will enable USAID to maintain core operations, and to continue USAID Forward reforms—as well as better collaborate with partner countries and local institutions—to maximize the value of each dollar.

Although an increase from fiscal year 2014, the request represents the minimum level of resources necessary to preserve our agency's current services and operations and support the existing workforce to meet U.S. foreign policy objectives and global development needs. The requested funding will allow our agency to offset the projected decrease in other funding sources, such as recoveries, reimbursements, and trust funds that support operations. At the same time, it will restore the new obligation authority needed to maintain its current level of operations into fiscal year 2015.

The request reflects our agency's focus on working through a more efficient, high-impact approach. We are continuing to reform operations to improve management processes and generate significant cost savings for fiscal year 2015, like real property disposals and space optimization. In addition, our agency restructured its overseas presence to strengthen its ability to meet its foreign policy and national security mission.

CONCLUSION

Today, for the first time in history, we have new tools and approaches that enable us to envision a world without extreme poverty.

This is an unprecedented moment for our Nation—one where we can again lead the world in achieving goals once deemed too ambitious, too dangerous, or too complex. In doing so, we can protect our national security and spur economic growth. But above all, we can express the generosity and goodwill that unite us as a people.

As President Obama said in the 2013 State of the Union address, "We also know that progress in the most impoverished parts of our world enriches us all—not only because it creates new markets, more stable order in certain regions of the world, but also because it's the right thing to do."

As we step forward to answer the President's call with renewed energy and focus, we remain committed to engaging the American people and serving their interests by leading the world to end extreme poverty.

Thank you.

CUBA

Senator LEAHY. Thank you.

The U.S. provides \$15 million to \$20 million for so-called democracy programs in Cuba. They traditionally have been administrated by USAID. It is the same program that got Alan Gross arrested. He is in his fifth year of a 15 year sentence, which at his age is basically a death sentence. Last week, he began a hunger strike because he has given up waiting for any kind of a sign by this Administration they are doing anything meaningful to get him out.

According to a recent Associated Press report, between 2009 and 2012, USAID funded a program named ZunZuneo. They used personal data obtained overseas, secret bank accounts, a shell company to support cell phone access for Cubans who had no idea it was funded by the U.S. Government. The irony being if we did not have the embargo we have, we probably would have had ten legitimate American companies down there vying for the ability to sell cell phones and Internet access.

Whose idea was it to undertake this program in this manner?

Dr. SHAH. Senator Leahy, first let me—thank you for your question.

Let me address Alan Gross first, we believe——

Senator LEAHY. No, how you—first answer the question. Whose idea was this?

Dr. SHAH. The program was designed in 2007 and 2008, at that timeframe. That said, the legislation that crafts the purpose of the program——

Senator LEAHY. No. Whose idea was it for this specific program? I have read the legislation. The legislation does not say anything about setting up a cockamamie idea in Cuba with Twitter accounts and all, on something that the Cubans would be so easy to discover.

Whose idea was this specific program in Cuba? Who? It is a simple question.

Dr. SHAH. Sir, the program was in place before I arrived.

Senator LEAHY. Sir, do you know whose idea it was? I know it was in place before you arrived. But do you know whose idea it was?

Dr. SHAH. I—well, first let me say, and I think this is important, sir, and I greatly respect your point of view. But that AP story had a number of critical inaccuracies——

Senator LEAHY. I have read—I have read——

Dr. SHAH. And I am, I am——

Senator LEAHY. I will put that in the record. I will put it in the record, both the AP story and USAID's response to the AP story.

[CLERK'S NOTE: The information below is the Associated Press story.]

[From the Miami Herald, Apr. 3, 2014]

U.S. SECRETLY CREATED "CUBAN TWITTER" TO STIR UNREST

(By Desmond Butler, Jack Gillum and Alberto Arce, *Associated Press*)

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WASHINGTON.—In July 2010, Joe McSpedon, a U.S. Government official, flew to Barcelona to put the final touches on a secret plan to build a social media project aimed at undermining Cuba's Communist Government.

McSpedon and his team of high-tech contractors had come in from Costa Rica and Nicaragua, Washington and Denver. Their mission: to launch a messaging network that could reach hundreds of thousands of Cubans. To hide the network from the Cuban Government, they would set up a byzantine system of front companies using a Cayman Islands bank account, and recruit unsuspecting executives who would not be told of the company's ties to the U.S. Government.

McSpedon didn't work for the CIA. This was a program paid for and run by the U.S. Agency for International Development, best known for overseeing billions of dollars in U.S. humanitarian aid.

According to documents obtained by the Associated Press (AP) and multiple interviews with people involved in the project, the plan was to develop a bare-bones "Cuban Twitter," using cellphone text messaging to evade Cuba's strict control of information and its stranglehold restrictions over the Internet. In a play on Twitter, it was called ZunZuneo—slang for a Cuban hummingbird's tweet.

Documents show the U.S. Government planned to build a subscriber base through "non-controversial content": news messages on soccer, music, and hurricane updates. Later when the network reached a critical mass of subscribers, perhaps hundreds of thousands, operators would introduce political content aimed at inspiring Cubans to organize "smart mobs"—mass gatherings called at a moment's notice that might trigger a Cuban Spring, or, as one USAID document put it, "renegotiate the balance of power between the state and society."

At its peak, the project drew in more than 40,000 Cubans to share news and exchange opinions. But its subscribers were never aware it was created by the U.S.

Government, or that American contractors were gathering their private data in the hope that it might be used for political purposes.

“There will be absolutely no mention of United States Government involvement,” according to a 2010 memo from Mobile Accord, one of the project’s contractors. “This is absolutely crucial for the long-term success of the service and to ensure the success of the Mission.”

The program’s legality is unclear: U.S. law requires that any covert action by a Federal agency must have a presidential authorization. Officials at USAID would not say who had approved the program or whether the White House was aware of it. McSpedon, the most senior official named in the documents obtained by the AP, is a mid-level manager who declined to comment.

USAID spokesman Matt Herrick said the agency is proud of its Cuba programs and noted that congressional investigators reviewed them last year and found them to be consistent with U.S. law.

“USAID is a development agency, not an intelligence agency, and we work all over the world to help people exercise their fundamental rights and freedoms, and give them access to tools to improve their lives and connect with the outside world,” he said.

“In the implementation,” he added, “has the government taken steps to be discreet in non-permissive environments? Of course. That’s how you protect the practitioners and the public. In hostile environments, we often take steps to protect the partners we’re working with on the ground. This is not unique to Cuba.”

But the ZunZuneo program muddies those claims, a sensitive issue for its mission to promote democracy and deliver aid to the world’s poor and vulnerable—which requires the trust of foreign governments.

“On the face of it there are several aspects about this that are troubling,” said Sen. Patrick Leahy, D-VT and chairman of the Appropriations Committee’s State Department and Foreign Operations Subcommittee.

“There is the risk to young, unsuspecting Cuban cellphone users who had no idea this was a U.S. Government-funded activity. There is the clandestine nature of the program that was not disclosed to the appropriations subcommittee with oversight responsibility. And there is the disturbing fact that it apparently activated shortly after Alan Gross, a USAID subcontractor who was sent to Cuba to help provide citizens access to the Internet, was arrested.”

The Associated Press obtained more than 1,000 pages of documents about the project’s development. The AP independently verified the project’s scope and details in the documents—such as Federal contract numbers and names of job candidates—through publicly available databases, government sources and interviews with those directly involved in ZunZuneo.

Taken together, they tell the story of how agents of the U.S. Government, working in deep secrecy, became tech entrepreneurs—in Cuba. And it all began with a half a million cellphone numbers obtained from a Communist Government.

ZunZuneo would seem to be a throwback from the Cold War, and the decades-long struggle between the United States and Cuba. It came at a time when the historically sour relationship between the countries had improved, at least marginally, and Cuba had made tentative steps toward a more market-based economy.

It is unclear whether the plan got its start with USAID or Creative Associates International, a Washington, DC, for-profit company that has earned hundreds of millions of dollars in U.S. contracts. But a “key contact” at Cubacel, the state-owned cellphone provider, slipped the phone numbers to a Cuban engineer living in Spain. The engineer provided the numbers to USAID and Creative Associates “free of charge,” documents show.

In mid-2009, Noy Villalobos, a manager with Creative Associates who had worked with USAID in the 1990s on a program to eradicate drug crops, started an instant messaging (IM) chat with her little brother in Nicaragua, according to a Creative Associates email that captured the conversation. Mario Bernheim, in his mid-20s, was an up-and-coming techie who had made a name for himself as a computer whiz.

“This is very confidential of course,” Villalobos cautioned her brother. But what could you do if you had all the cellphone numbers of a particular country? Could you send bulk text messages without the government knowing?

“Can you encrypt it or something?” she texted.

She was looking for a direct line to regular Cubans through text messaging. Most had precious little access to news from the outside world. The government viewed the Internet as an Achilles’ heel and controlled it accordingly. A communications minister had even referred to it as a “wild colt” that “should be tamed.”

Yet in the years since Fidel Castro handed over power to his brother Raul, Cuba had sought to jumpstart the long stagnant economy. Raul Castro began encouraging cellphone use, and hundreds of thousands of people were suddenly using mobile

phones for the first time, though smartphones with access to the Internet remained restricted.

Cubans could text message, though at a high cost in a country where the average wage was a mere \$20 a month.

Bernheim told his sister that he could figure out a way to send instant texts to hundreds of thousands of Cubans— for cheap. It could not be encrypted though, because that would be too complicated. They wouldn't be able to hide the messages from the Cuban Government, which owned Cubacel. But they could disguise who was sending the texts by constantly switching the countries the messages came from.

"We could rotate it from different countries?" Villalobos asked. "Say one message from Nica, another from Spain, another from Mexico?"

Bernheim could do that. "But I would need mirrors set up around the world, mirrors, meaning the same computer, running with the same platform, with the same phone."

"No hay problema," he signed off. No problem.

After the chat, Creative hired Bernheim as a subcontractor, reporting to his sister. (Villalobos and Bernheim would later confirm their involvement with the ZunZuneo project to AP, but decline further comment.) Bernheim, in turn, signed up the Cuban engineer who had gotten the phone list. The team figured out how to message the masses without detection, but their ambitions were bigger.

Creative Associates envisioned using the list to create a social networking system that would be called "Proyecto ZZ," or "Project ZZ." The service would start cautiously and be marketed chiefly to young Cubans, who USAID saw as the most open to political change.

"We should gradually increase the risk," USAID proposed in a document. It advocated using "smart mobs" only in "critical/opportunistic situations and not at the detriment of our core platform-based network."

USAID's team of contractors and subcontractors built a companion website to its text service so Cubans could subscribe, give feedback and send their own text messages for free. They talked about how to make the Web site look like a real business. "Mock ad banners will give it the appearance of a commercial enterprise," a proposal suggested.

In multiple documents, USAID staff pointed out that text messaging had mobilized smart mobs and political uprisings in Moldova and the Philippines, among others. In Iran, the USAID noted social media's role following the disputed election of then President Mahmoud Ahmadinejad in June 2009—and saw it as an important foreign policy tool.

USAID documents say their strategic objective in Cuba was to "push it out of a stalemate through tactical and temporary initiatives, and get the transition process going again towards democratic change." Democratic change in authoritarian Cuba meant breaking the Castros' grip on power.

USAID divided Cuban society into five segments depending on loyalty to the government. On one side sat the "democratic movement," called "still (largely) irrelevant," and at the other end were the "hard-core system supporters," dubbed "Talibanes" in a derogatory comparison to Afghan and Pakistani extremists.

A key question was how to move more people toward the democratic activist camp without detection. Bernheim assured the team that wouldn't be a problem.

"The Cuban Government, like other regimes committed to information control, currently lacks the capacity to effectively monitor and control such a service," Bernheim wrote in a proposal for USAID marked "Sensitive Information."

ZunZuneo would use the list of phone numbers to break Cuba's Internet embargo and not only deliver information to Cubans but also let them interact with each other in a way the government could not control. Eventually it would build a system that would let Cubans send messages anonymously among themselves.

At a strategy meeting, the company discussed building "user volume as a cover . . . for organization," according to meeting notes. It also suggested that the "Landscape needs to be large enough to hide full opposition members who may sign up for service."

In a play on the telecommunication minister's quote, the team dubbed their network the "untamed colt."

At first, the ZunZuneo team operated out of Central America. Bernheim, the techie brother, worked from Nicaragua's capital, Managua, while McSpedon supervised Creative's work on ZunZuneo from an office in San Jose, Costa Rica, though separate from the U.S. Embassy. It was an unusual arrangement that raised eyebrows in Washington, according to U.S. officials.

McSpedon worked for USAID's Office of Transition Initiatives (OTI), a division that was created after the fall of the Soviet Union to promote U.S. interests in quickly changing political environments—without the usual red tape.

In 2009, a report by congressional researchers warned that OTI's work "often lends itself to political entanglements that may have diplomatic implications." Staffers on oversight committees complained that USAID was running secret programs and would not provide details.

"We were told we couldn't even be told in broad terms what was happening because 'people will die,'" said Fulton Armstrong, who worked for the Senate Foreign Relations Committee. Before that, he was the U.S. intelligence community's most senior analyst on Latin America, advising the Clinton White House.

The money that Creative Associates spent on ZunZuneo was publicly earmarked for an unspecified project in Pakistan, Government data show. But there is no indication of where the funds were actually spent.

Tensions with Congress spiked just as the ZunZuneo project was gearing up in December 2009, when another USAID program ended in the arrest of the U.S. contractor, Alan Gross. Gross had traveled repeatedly to Cuba on a secret mission to expand Internet access using sensitive technology typically available only to governments, a mission first revealed in February 2012 by AP.

At some point, Armstrong says, the Foreign Relations Committee became aware of OTI's secret operations in Costa Rica. U.S. Government officials acknowledged them privately to Armstrong, but USAID refused to provide operational details.

At an event in Washington, Armstrong says he confronted McSpedon, asking him if he was aware that by operating secret programs from a third country, it might appear like he worked for an intelligence agency.

McSpedon, through USAID, said the story is not true. He declined to comment otherwise.

On September 20, 2009, thousands of Cubans gathered at Revolution Plaza in Havana for Colombian rocker Juanes' "Peace without Borders" concert. It was the largest public gathering in Cuba since the visit of Pope John Paul II in 1998. Under the watchful gaze of a giant sculpture of revolutionary icon Ernesto "Che" Guevara, the Miami-based Juanes promised music aimed at "turning hate into love."

But for the ZunZuneo team, the concert was a perfect opportunity to test the political power of their budding social network. In the weeks before, Bernheim's firm, using the phone list, sent out a half a million text messages in what it called "blasts," to test what the Cuban Government would do.

The team hired Alen Lauzan Falcon, a Havana-born satirical artist based in Chile, to write Cuban-style messages. Some were mildly political and comical, others more pointed. One asked respondents whether they thought two popular local music acts out of favor with the government should join the stage with Juanes. Some 100,000 people responded—not realizing the poll was used to gather critical intelligence.

Paula Cambronero, a researcher for Mobile Accord, began building a vast database about the Cuban subscribers, including gender, age, "receptiveness" and "political tendencies." USAID believed the demographics on dissent could help it target its other Cuba programs and "maximize our possibilities to extend our reach."

Cambronero concluded that the team had to be careful. "Messages with a humorous connotation should not contain a strong political tendency, so as not to create animosity in the recipients," she wrote in a report.

Falcon, in an interview, said he was never told that he was composing messages for a U.S. Government program, but he had no regrets about his involvement.

"They didn't tell me anything, and if they had, I would have done it anyway," he said. "In Cuba they don't have freedom. While a government forces me to pay in order to visit my country, makes me ask permission, and limits my communications, I will be against it, whether it's Fidel Castro, (Cuban exile leader) Jorge Mas Canosa or Gloria Estefan," the Cuban American singer.

Carlos Sanchez Almeida, a lawyer specializing in European data protection law, said it appeared that the U.S. program violated Spanish privacy laws because the ZunZuneo team had illegally gathered personal data from the phone list and sent unsolicited emails using a Spanish platform. "The illegal release of information is a crime, and using information to create a list of people by political affiliation is totally prohibited by Spanish law," Almeida said. It would violate a U.S.-European data protection agreement, he said.

USAID saw evidence from server records that Havana had tried to trace the texts, to break into ZunZuneo's servers, and had occasionally blocked messages. But USAID called the response "timid" and concluded that ZunZuneo would be viable—if its origins stayed secret.

Even though Cuba has one of the most sophisticated counter-intelligence operations in the world, the ZunZuneo team thought that as long as the message service looked benign, Cubacel would leave it alone.

Once the network had critical mass, Creative and USAID documents argued, it would be harder for the Cuban Government to shut it down, both because of popular demand and because Cubacel would be addicted to the revenues from the text messages.

In February 2010, the company introduced Cubans to ZunZuneo and began marketing. Within 6 months, it had almost 25,000 subscribers, growing faster and drawing more attention than the USAID team could control.

Saimi Reyes Carmona was a journalism student at the University of Havana when she stumbled onto ZunZuneo. She was intrigued by the service's novelty, and the price. The advertisement said "free messages" so she signed up using her nickname, Saimita.

At first, ZunZuneo was a very tiny platform, Reyes said during a recent interview in Havana, but one day she went to its Web site and saw its services had expanded. "I began sending one message every day," she said, the maximum allowed at the start. "I didn't have practically any followers." She was thrilled every time she got a new one.

And then ZunZuneo exploded in popularity.

"The whole world wanted in, and in a question of months I had 2,000 followers who I have no idea who they are, nor where they came from."

She let her followers know the day of her birthday, and was surprised when she got some 15 personal messages. "This is the coolest thing I've ever seen!" she told her boyfriend, Ernesto Guerra Valdes, also a journalism student.

Before long, Reyes learned she had the second highest number of followers on the island, after a user called UCI, which the students figured was Havana's University of Computer Sciences. Her boyfriend had 1,000. The two were amazed at the reach it gave them.

"It was such a marvelous thing," Guerra said. "So noble." He and Reyes tried to figure out who was behind ZunZuneo, since the technology to run it had to be expensive, but they found nothing. They were grateful though.

"We always found it strange, that generosity and kindness," he said. ZunZuneo was "the fairy godmother of cellphones."

By early 2010, Creative decided that ZunZuneo was so popular Bernheim's company wasn't sophisticated enough to build, in effect, "a scaled down version of Twitter."

It turned to another young techie, James Eberhard, CEO of Denver-based Mobile Accord Inc. Eberhard had pioneered the use of text messaging for donations during disasters and had raised tens of millions of dollars after the January 2010 earthquake in Haiti.

Eberhard earned millions in his mid-20s when he sold a company that developed cellphone ring tones and games. His company's Web site describes him as "a visionary within the global mobile community."

In July, he flew to Barcelona to join McSpedon, Bernheim, and others to work out what they called a "below the radar strategy."

"If it is discovered that the platform is, or ever was, backed by the United States Government, not only do we risk the channel being shut down by Cubacel, but we risk the credibility of the platform as a source of reliable information, education, and empowerment in the eyes of the Cuban people," Mobile Accord noted in a memo.

To cover their tracks, they decided to have a company based in the United Kingdom set up a corporation in Spain to run ZunZuneo. A separate company called MovilChat was created in the Cayman Islands, a well-known offshore tax haven, with an account at the island's Bank of N.T. Butterfield & Son Ltd. to pay the bills.

A memo of the meeting in Barcelona says that the front companies would distance ZunZuneo from any U.S. ownership so that the "money trail will not trace back to America."

But it wasn't just the money they were worried about. They had to hide the origins of the texts, according to documents and interviews with team members.

Brad Blanken, the former chief operating officer of Mobile Accord, left the project early on, but noted that there were two main criteria for success.

"The biggest challenge with creating something like this is getting the phone numbers," Blanken said. "And then the ability to spoof the network."

The team of contractors set up servers in Spain and Ireland to process texts, contracting an independent Spanish company called Lleida.net to send the text messages back to Cuba, while stripping off identifying data.

Mobile Accord also sought intelligence from engineers at the Spanish telecommunications company Telefonica, which organizers said would “have knowledge of Cubacel’s network.”

“Understanding the security and monitoring protocols of Cubacel will be an invaluable asset to avoid unnecessary detection by the carrier,” one Mobile Accord memo read.

Officials at USAID realized however, that they could not conceal their involvement forever—unless they left the stage. The predicament was summarized bluntly when Eberhard was in Washington for a strategy session in early February 2011, where his company noted the “inherent contradiction” of giving Cubans a platform for communications uninfluenced by their government that was in fact financed by the U.S. Government and influenced by its agenda.

They turned to Jack Dorsey, a co-founder of Twitter, to seek funding for the project. Documents show Dorsey met with Suzanne Hall, a State Department officer who worked on social media projects, and others. Dorsey declined to comment.

The State Department under then-Secretary Hillary Rodham Clinton thought social media was an important tool in diplomacy. At a 2011 speech at George Washington University, Clinton said the U.S. helped people in “oppressive Internet environments get around filters.” In Tunisia, she said people used technology to “organize and share grievances, which, as we know, helped fuel a movement that led to revolutionary change.”

Ultimately, the solution was new management that could separate ZunZuneo from its U.S. origins and raise enough revenue for it to go “independent,” even as it kept its long-term strategy to bring about “democratic change.”

Eberhard led the recruitment efforts, a sensitive operation because he intended to keep the management of the Spanish company in the dark.

“The ZZ management team will have no knowledge of the true origin of the operation; as far as they know, the platform was established by Mobile Accord,” the memo said. “There should be zero doubt in management’s mind and no insecurities or concerns about United States Government involvement.”

The memo went on to say that the CEO’s clean conscience would be “particularly critical when dealing with Cubacel.” Sensitive to the high cost of text messages for average Cubans, ZunZuneo negotiated a bulk rate for texts at 4 cents a pop through a Spanish intermediary. Documents show there was hope that an earnest, clueless CEO might be able to persuade Cubacel to back the project.

Mobile Accord considered a dozen candidates from five countries to head the Spanish front company. One of them was Francoise de Valera, a CEO who was vacationing in Dubai when she was approached for an interview. She flew to Barcelona. At the luxury Mandarin Oriental Hotel, she met with Nim Patel, who at the time was Mobile Accord’s president. Eberhard had also flown in for the interviews. But she said she couldn’t get a straight answer about what they were looking for.

“They talked to me about instant messaging but nothing about Cuba, or the United States,” she told the AP in an interview from London.

“If I had been offered and accepted the role, I believe that sooner or later it would have become apparent to me that something wasn’t right,” she said.

By early 2011, Creative Associates grew exasperated with Mobile Accord’s failure to make ZunZuneo self-sustaining and independent of the U.S. Government. The operation had run into an unsolvable problem. USAID was paying tens of thousands of dollars in text messaging fees to Cuba’s communist telecommunications monopoly routed through a secret bank account and front companies. It was not a situation that it could either afford or justify—and if exposed it would be embarrassing, or worse.

In a searing evaluation, Creative Associates said Mobile Accord had ignored sustainability because “it has felt comfortable receiving United States Government (USG) financing to move the venture forward.”

Out of 60 points awarded for performance, Mobile Accord scored 34 points. Creative Associates complained that Mobile Accord’s understanding of the social mission of the project was weak, and gave it 3 out of 10 points for “commitment to our Program goals.”

Mobile Accord declined to comment on the program.

In increasingly impatient tones, Creative Associates pressed Mobile Accord to find new revenue that would pay the bills. Mobile Accord suggested selling targeted advertisements in Cuba, but even with projections of up to a million ZunZuneo subscribers, advertising in a state-run economy would amount to a pittance.

By March 2011, ZunZuneo had about 40,000 subscribers. To keep a lower profile, it abandoned previous hopes of reaching 200,000 and instead capped the number of subscribers at a lower number. It limited ZunZuneo’s text messages to less than 1 percent of the total in Cuba, so as to avoid the notice of Cuban authorities. Though

one former ZunZuneo worker—who spoke on condition of anonymity because he was not authorized to speak publicly about his work—said the Cubans were catching on and had tried to block the site.

Toward the middle of 2012, Cuban users began to complain that the service worked only sporadically. Then not at all.

ZunZuneo vanished as mysteriously as it appeared.

By June 2012, users who had access to Facebook and Twitter were wondering what had happened.

“Where can you pick up messages from ZunZuneo?” one woman asked on Facebook in November 2012. “Why aren’t I receiving them anymore?”

Users who went to ZunZuneo’s Web site were sent to a children’s Web site with a similar name.

Reyner Agüero, a 25-year-old blogger, said he and fellow students at Havana’s University of Computer Sciences tried to track it down. Someone had rerouted the Web site through DNS blocking, a censorship technique initially developed back in the 1990s. Intelligence officers later told the students that ZunZuneo was blacklisted, he said.

“ZunZuneo, like everything else they did not control, was a threat,” Agüero said. “Period.”

In incorrect Spanish, ZunZuneo posted a note on its Facebook page saying it was aware of problems accessing the Web site and that it was trying to resolve them.

“¡Que viva el ZunZuneo!” the message said. Long live ZunZuneo!

In February, when Saimi Reyes, and her boyfriend, Ernesto Guerra, learned the origins of ZunZuneo, they were stunned.

“How was I supposed to realize that?” Guerra asked. “It’s not like there was a sign saying ‘Welcome to ZunZuneo, brought to you by USAID.’”

“Besides, there was nothing wrong. If I had started getting subversive messages or death threats or ‘Everyone into the streets,’” he laughed, “I would have said, ‘OK,’ there’s something fishy about this. But nothing like that happened.”

USAID says the program ended when the money ran out. The Cuban Government declined to comment.

The former Web domain is now a placeholder, for sale for \$299. The registration for MovilChat, the Cayman Islands front company, was set to expire on March 31.

In Cuba, nothing has come close to replacing it. Internet service still is restricted.

“The moment when ZunZuneo disappeared was like a vacuum,” Guerra said. “People texted my phone, ‘What is happening with ZunZuneo?’”

“In the end, we never learned what happened,” he said. “We never learned where it came from.”

[CLERK’S NOTE: The information below is USAID’s response to the Associated Press story.]

[A Blog From the United States Agency for International Development,
Apr. 7, 2014]

EIGHT FACTS ABOUT ZUNZUNEO

(Posted by Matt Herrick, *Spokesperson*)

On Thursday, April 3, the Associated Press published an article on a social media program in Cuba funded by the U.S. Agency for International Development. The article contained significant inaccuracies and false conclusions about ZunZuneo, which was part of a broader effort that began in 2009 to facilitate “twitter like” communication among Cubans so they could connect with each other on topics of their choice. Many of the inaccuracies have been re-reported by other news outlets, perpetuating the original narrative, or worse.

The article suggested that USAID spent years on a “covert” program to gather personal information to be used for political purposes to “foment” “smart mobs” and start a “Cuban Spring” to overthrow the Cuban Government. It makes for an interesting read, but it’s not true.

USAID’s work in Cuba is not unlike what we and other donors do around the world to connect people who have been cut off from the outside world by repressive or authoritarian governments. *USAID’s democracy and governance work* focuses on strengthening civil society, governance, and promoting human rights.

Here are eight claims made by article, followed by the facts:

(1) The story says the “program’s legality is unclear” and implies the program was “covert.”

FACT: USAID works in places where we are not always welcome. To minimize the risk to our staff and partners and ensure our work can proceed safely, we must take certain precautions and maintain a discreet profile. But discreet does not equal covert.

The programs have long been the subject of congressional notifications, unclassified briefings, public budget requests, and public hearings. All of the Congressional Budget Justifications published from 2008 through 2013, which are public and online, explicitly state that a key goal of USAID's Cuba program is to break the "information blockade" or promote "information sharing" amongst Cubans and that assistance will include the use or promotion of new "technologies" and/or "new media" to achieve its goals.

In 2012, the Government Accountability Office—the U.S. Government's investigative arm—spent months looking at every aspect of USAID's Cuba programs. GAO's team of analysts had unrestricted access to project documents, extended telephone conversations with Mobile Accord (ZunZuneo) and even traveled to Cuba. The GAO identified no concerns in the report about the legality of USAID's programs, including ZunZuneo, and offered USAID zero recommendations for improvements.

(2) The article implies that the purpose of the program was to foment "Smart Mobs," funnel political content and thereby trigger unrest in Cuba.

FACT: The "USAID documents" cited in the article appear to be case study research and brainstorming notes between the grantee and the contractor. The specific reference to "Smart Mobs" had nothing to do with Cuba nor ZunZuneo. The documents do not represent the U.S. Government's position or reflect the spirit or actions taken as part of the program in Cuba. The project initially sent news, sports scores, weather, and trivia. After which, the grantee did not direct content because users were generating it on their own.

(3) The story states there was a "shell company" in Spain formed to run the program.

FACT: No one affiliated with the ZunZuneo program established a private company in Spain as part of this program. The project sought to do so if it was able to attract private investors to support the effort after USAID funding ended. Private investment was never identified and thus no company was ever formed.

(4) The story implies that the United States Government (USG) tried to recruit executives to run ZunZuneo without telling them about USG involvement.

FACT: A USAID staff member was present during several of the interviews for candidates to lead ZunZuneo. The staff member's affiliation with USAID was disclosed and it was conveyed that the funding for the program was from the U.S. Government.

(5) The article states that private data was collected with the hope it would be used for political purposes.

FACT: The ZunZuneo project included a Web site, as is typical for a social network. Users could voluntarily submit personal information. Few did, and the program did not use this information for anything.

(6) The article says that the funding was "publicly earmarked for an unspecified project in Pakistan," implying that funds were misappropriated.

FACT: All funds for this project were congressionally appropriated for democracy programs in Cuba, and that information is publicly available.

(7) The story stated, "At its peak, the project drew in more than 40,000 Cubans to share news and exchange opinions."

FACT: At its peak, the platform had around 68,000 users.

(8) The article suggests there was an inappropriate base of operations established in Costa Rica outside of normal U.S. Government procedures.

FACT: The Government of Costa Rica was informed of the program on more than one occasion. The USAID employee overseeing the program served under Chief of Mission Authority with the U.S. Embassy, as is standard practice.

Dr. SHAH. Okay.

Senator LEAHY. Having said that, do you know whose idea it was?

Dr. SHAH. I do not specifically, but I will say this, that working on creating platforms to improve communication in Cuba, and in many other parts of the world, is a core part of what USAID has done for some time and continues to do.

Senator LEAHY. Did—

Dr. SHAH. Part of the Administration's policy is to continue to support efforts to allow for open communications. To the extent

that the AP story, or any other comment, creates the impression that this effort, or any other, goes beyond that for other ulterior purposes, that is simply inaccurate.

Senator LEAHY. Was it a covert program?

Dr. SHAH. Absolutely not. It was conducted——

Senator LEAHY. Was anyone at the U.S. Interests Section, at either the Department of State or the White House, aware of the facts of this program?

Dr. SHAH. This program has been notified publicly in congressional budget justifications dating back to 2008——

Senator LEAHY. I have read those and you are talking about bureaucratise. If you could figure out that it meant this, you are a lot better than most of us.

Now, Alan Gross——

Dr. SHAH. Well, sir, may I speak to that?

The notifications point out that we are working to increase the free flow of information and support civil society and engagement using new technology. They specifically highlight work to reduce Internet restrictions to information. They highlight using new digital methods to increase information flow in and out of the island, and they talk about work on Internet freedom. More detailed conversations took place in staff briefings.

Senator LEAHY. And we have spent millions of dollars, for example, on the Martí program even though we just made a lot of people wealthy, but it has not done much of any good whatsoever, but it makes people feel good to spend the money.

Alan Gross was arrested in December of 2009. Did USAID consider what the possible discovery of this program by the Cuban Government, did anybody consider what that might have meant for Alan Gross?

Dr. SHAH. Look, Alan's detention is wrong. The responsibility for his detention rests with Cuban authorities. And our administration has worked, and since you mentioned it, I should highlight that the State Department has led an aggressive effort to help Alan secure his release. And specifically, Under Secretary Sherman has worked this issue at the highest levels, it has been addressed.

Senator LEAHY. I have seen some nice press releases, but I have not seen any steps that would actually get him out.

Dr. SHAH. We can share that with you in a private setting, I am sure. She would be eager to do that.

Senator LEAHY. Okay.

Dr. SHAH. Because I know that——

Senator LEAHY. Let me ask you this——

Dr. SHAH [continuing]. There is a lot of focused work on behalf of the Gross family, whom we think about and care about deeply.

Senator LEAHY. Is the program that Alan Gross was sent down there to carry out, did USAID consider the fact that if he was discovered in that program that he would be arrested? Was that ever a consideration of USAID?

Dr. SHAH. Yes, these programs are conducted more discreetly precisely because of a recognition that providing Internet access in an authoritarian environment——

Senator LEAHY. Then why has——

Dr. SHAH [continuing]. Exposes partners to certain risks.

Senator LEAHY. There are USAID people who are doing wonderful things that you and I would applaud all over the world, many at great risk to themselves because of the places they are in. And they are constantly faced with the suspicion “You are not here to help us. You are really a spy.” And they have to say, “Well, no. We do not work for the CIA. We work for USAID.”

Did you not worry that having a USAID employee do this, knowing how the Cuban secret police and informants work, that he would be discovered? Does that not taint all USAID employees around the world as spies? I mean, we are already getting emails from USAID employees, current and past, saying, “How could they do this and put us in such danger?”

Dr. SHAH. Sir, we support civil society. We support and implement the fiscal year 2014 appropriations language that directs us to improve access to information and Internet freedom in many parts of the world. We do it transparently and with public notifications. The fact that we are discussing it in this hearing highlights the reality that these are publicly notified programs.

Senator LEAHY. Where are some other countries where you do it openly?

Dr. SHAH. Literally, around the world. And we have had efforts in Kenya to support the Yes Youth Can——

Senator LEAHY. Have they always been done with——

Dr. SHAH [continuing]. Movement student groups.

Senator LEAHY. Has it always been done with full knowledge and support of our U.S. ambassadors in those countries in every instance?

Dr. SHAH. That is the aspiration.

Senator LEAHY. Is that the reality?

Dr. SHAH. I think for the major ones that I am most familiar with, absolutely. There are things we review. There are things that our Embassy teams are more than aware of.

And, in fact, the Yes Youth Can program in Kenya is a great example. They can work. Sometimes they help lean and tip the scales towards protection of communities and rights, allowing people to gain access, promoting democratic transitions from one administration to the next, supporting safe participation in elections, and we have seen it time and time again. They do not always work, and I will be the first to admit that, but often they do.

Senator LEAHY. This one had, this one from the get-go had no possibility of working. That is my problem with it.

Senator Graham.

AFGHANISTAN

Senator GRAHAM. Thank you, Mr. Chairman.

There is an article, I think, in “USA Today,” April the 2nd. The title was, “AID Agency Accused of Cover Up in Afghanistan.” The Special Inspector General for Afghanistan Reconstruction issued a report asserting that USAID kept information from congress and the American people regarding Afghan ministries unable to account for cash and other assistance. And the concern was that some of this money was going to suppliers and beneficiaries of the funds that have links with terrorist organizations.

Could you comment on that article?

Dr. SHAH. Yes, absolutely, and thank you for the opportunity, Senator.

First I will say that we have been fully open with all of these documents. These are assessments that we conduct in order to mitigate the risks of all of our partners, whether they are Government partners or others. We have made those full documents open without any redaction whatsoever to anyone who wants to be a part of an in-camera review, and that has taken place in the past.

We have also made documents that were jointly redacted by the USAID and State available externally, in terms of moving the documents forward to, I think in that case, it was the House Oversight and Government Reform Committee where personally identifiable information and other things that were deemed national security sensitive were redacted.

But the full, open documents are open. And, by the way, I am proud of these documents. These documents show that our teams are doing careful assessments, they assess 13 or 16 ministries. They found some deficiencies in the controls, and procurement, and financial management systems. So instead of moving money directly to those ministries, they used a mechanism called the Afghan Reconstructions Trust Fund run by the World Bank, and a different central bank mechanism that allows us to carefully monitor and measure where our resources are going, and only expend them when we know costs have been incurred.

And the final thing I will say about this, sir, is that, for 2 to 3 percent of the cost of this war, USAID has helped 8 million kids go to school, nearly 3 million girls. We have helped support elections over the past weekend. We have seen the fastest reduction in maternal and child death anywhere in the world in Afghanistan over the last decade, and the 44 year increase in women's longevity in Afghanistan is not something that I made up. It is actually coming from a properly conducted demographic and health survey which is the gold standard for data collection in these types of efforts.

The 2,200 kilometers of road have allowed real economic growth. And to the extent that Afghanistan has a shot at a secure and prosperous future, in large part, I believe, retrospectively people will see this 2 to 3 percent of our total investment as a very important part of giving that country a chance and of supporting American security interests in the long term.

Senator GRAHAM. I would agree with that assessment.

FEED THE FUTURE

Let us now go to Africa. Genetically modified organisms, GMO's: what role do they play in our Feed the Future initiative? How are you integrating them into Africa? And very briefly, could you tell me, are we making progress with our European partners regarding GMO's utilization in Africa?

Dr. SHAH. Well, thank you, sir. And I want to thank the committee for its support for the Feed the Future program.

When we launched Feed the Future, at the President's direction at the beginning of the first term, the goal was to help African institutions develop their own seeds, fertilizers, improved agricultural technologies that could help millions of people move beyond

needing food assistance, and become self-sufficient in their own right and commercially prosperous. Part of that transition is testing the use of all different kinds of technologies.

And so, we have engaged in a series of partnerships to develop improved, drought-resistant or water efficient corn for east Africa; improved, bio-fortified products for west Africa and southern Africa. And these products are being developed, tested and introduced based on the regulations and the science norms in those countries.

I think we are making tremendous progress. The fact that we have gone from virtually nothing to reaching 7 million farm households in a 4-year period, I believe, is an extraordinary effort. And the fact that we have motivated private companies to join us, most are local, African companies to make nearly \$4 billion of commitment—

Senator GRAHAM. And the goal—

Dr. SHAH [continuing]. And \$48 million of investments is a big step forward as well.

Senator GRAHAM. And the goal is to create some disposable income in these farming families so they will have some purchasing power, building roads to get their crops to the market, and having some trade agreements in Africa to further advance farming. Is that correct?

Dr. SHAH. That is exactly true, sir. And the goal is, furthermore, to recognize that when these countries and their economies stand on their own two feet, they become trading partners. That creates jobs and security, trade and prosperity for the United States as well as Ghana, or Tanzania, or Mozambique, or Bangladesh.

Senator GRAHAM. Thank you.

HEPATITIS C

Egypt has, I think, one of the highest levels of Hepatitis C infection in the world; over 12 million people infected. There is—I do not know if it is a new drug—but a drug available that can actually cure the disease.

Would you be willing to talk with this committee about a pilot program where we, the United States, could supplement what the Egyptian Government is doing in terms of treating people who are infected with Hepatitis C and try to leverage some of the Sunni Arab countries who provide aid to Egypt to put some of their money into this program, and see if we can turn this around?

Dr. SHAH. I would be eager to learn more about it, sir, yes.

Senator GRAHAM. I think it is an opportunity for the committee and the congress to really weigh-in and help the Egyptian people with a huge problem, which is Hepatitis C infection that creates a lot of drain on their economy, and health problems that have to be addressed.

UKRAINE

On Ukraine, do you have a presence in Ukraine?

Dr. SHAH. We do. Yes.

Senator GRAHAM. Where is it located?

Dr. SHAH. In Kiev.

Senator GRAHAM. I am very concerned that what you see in the east is a precursor to more Russian advancement that is pretty ob-

vious that Putin is setting up a scenario where he is coming to the aid of ethnic Russians in the east, justifying a further incursion into Ukraine.

Do you share those concerns? What purpose is our money being spent on? And is there any chance that the money that we are investing in Ukraine can yield results? And if we need to invest more, what would you advise the committee to do?

Dr. SHAH. Well, thank you, Senator and we have already significantly increased the investment just over the last few weeks in the Ukraine.

Our investment serves two major purposes. One is to support the elections and civil society and democratic processes, so they are implemented effectively. And the second is economic——

Senator GRAHAM. Do you believe that Putin is trying to undercut this election? That the actions in the east are trying to, basically, dismember the country according to the Prime Minister of Ukraine's statement that that is going on before our eyes?

Dr. SHAH. They appear significant, sir, but our role is to focus on supporting the economic reforms, getting the IMF package, which is tens of billions of dollars to help bolster the Ukrainian economy.

Specifically we will be, and are, providing technical assistance to do everything from providing land titles to 1.8 million Ukrainian farmers, so they can provide commercial activity; to supporting the Government to make transitions in its fuel policies so that it can be more fiscally secure and have an economy that is more resilient to some of the geopolitical realities.

Senator GRAHAM. Thank you for all your good leadership and hard work.

Dr. SHAH. Thank you, sir.

Senator LEAHY. Senator Landrieu.

Senator LANDRIEU. Thank you very much, Administrator. Thank you for the leadership you have provided and the partnerships that you have developed with other Governments, and nonprofit organizations, and businesses to leverage the money that the taxpayers of the United States are putting towards some of your, some of our very worthy goals.

NATIONAL ACTION PLAN FOR CHILDREN

I have three questions today, and one is about the National Action Plan for Children. Secretary Kerry sent me a letter in September of this year and he wrote that the State Department and USAID were moving forward aggressively to implement the first-ever U.S. Action Plan for Children in Adversity, which the White House released in December of 2012. More specifically, he stated, "USAID and State recently formed a senior policy operating group." So I have a few questions about that.

In the 15 months since the National Action Plan on Children was released, what concrete actions has USAID, under the direction of this senior advisory committee, taken to advance the plan's implementation? And specifically, how many people have been assigned and how much money has been spent in standing up this Action Plan for Children in Adversity?

Dr. SHAH. Thank you, Senator Landrieu, and thank you for your strong support for USAID, for our reforms all around the world, and for your tremendous leadership on the issue of Children in Adversity in particular.

As Secretary Kerry noted, we have made great strides moving forward. We have a coherent strategy that prioritizes birth registration efforts to move children to family care and out of orphanages, and to support efforts to help children survive and thrive as they grow into adolescence.

We at USAID, to contribute to that strategy most effectively, have restructured our work, merging a few of our offices and moving them from global health to our humanitarian assistance bureau which, I think, will help take this forward.

We have also increased our budget commitments to this area. The fiscal year 2015 request in addition to the 10 percent of the PEPFAR program that focuses on orphans and vulnerable children, will include additional resources specifically for this Center of Excellence. And we intend to support both new grand challenges in this area that will allow innovators and new partners to work with us in partnerships with companies like IKEA, H&M, and the Lumos Foundation, which was created by J.K. Rowling, to help leverage our resources and drive other people's money into this space as well.

The one other thing I would like to highlight is that because of your leadership, and as a result of our mutual actions, last year, 500 kids were moved from orphanages in Cambodia, Rwanda, and Guatemala to family care in those settings. And our Children in Adversity advisor, our program partners, and certainly your office, have played a critical role. And for that, I want to thank you.

Senator LANDRIEU. Well, thank you, Administrator.

But we have, as you know, a lot more work to be done and there are 5 members of this committee, and over 60 members of congress, that have signed on to a piece of legislation called Children and Families First. And you would not think that a piece of legislation like that would be necessary. Think about it. Children and Families First, where else would children be?

So I tell myself every day, it is interesting that I have to try to pass a bill in congress because when I read your statement today, even though that we have made a lot of progress, and I do believe that you are sincere. I cannot find the word "family" in, on any one of these pages. I see "children." I see "young people." I see "girls." I see "child." I see "childhood," on and on and on.

But as I have tried to explain to the chairman and he is, I think, very sympathetic, one of my big problems in this whole State Department, whole USAID space is I cannot find the word "family." And when you talk to regular Americans, regular Americans, Americans whether they are in Delaware or Louisiana or Vermont, the basis of society is family. Children belong in families. Families belong together.

And I am sure you are aware of the studies that have been done by some of the outstanding doctors in our country. Are you aware of the Bucharest Early Intervention, Harvard Early Childhood Development, the work of Charles Zeanah at Tulane? Would you give

a minute to explain to the committee what the findings of this work have been?

Dr. SHAH. Well, Senator, I do not have the specific findings in front of me, but the studies that I have been briefed on show very clearly that family care is good for kids, and my kids appreciate being in a family, sometimes.

And so the reality is that you are right. We are trying to use the flexibilities and the capabilities we have to help support children to make the transition into families where that is not possible.

I have met with kids in eastern Congo, just recently, who are working with our partners there to help them get placed into families, coming out of the conflict and the war that has been taking place there, and this should be a bigger part of what we do.

Senator LANDRIEU. Okay. Well, let me ask you this question. Do you agree, then, that child welfare, particularly international child welfare, is more than a counselor issue? And needs to be handled in a way that represents or supports its importance in building civil societies?

Dr. SHAH. Yes.

Senator LANDRIEU. Okay. Because this piece of legislation, which will be moving through, that is exactly what it attempts to do, to use the models that are very effective.

And we have, on this committee, helped to create some of these very effective models for combating trafficking, providing humanitarian assistance for resettlement of refugees, AIDS relief, fighting terrorism. I mean, those are four really extraordinary successes that this chairman, and we have, and our authorization committee have led.

That is what we are talking about with CHIFF is focusing the work so that we can put our money and our strategies in line with our views and values for children belong in families. Keeping them to the one they are born into, keeping that family together. If they are separated, reuniting them. And if we cannot keep the family together or reunite, find another family for them, in-country preferably, and if not, inter-country adoption.

The chair is—I am on my last 3 seconds—the chair is aware that our numbers for inter-country adoption have fallen from a high of 20,000 down to 7,000. If we do not change this—20,000 just 8 years ago to 7,000—we will be down to zero.

Now, what that means to me is that we are not doing the very best job we can to help children find families. Most of them will find families in their own country. But inter-country adoption is an important—not the only, not the first, not the central—but an important part of that equation.

So I thank you, Mr. Chairman, for your support and the members of this committee will continue to work on this. My other questions were about the Lord's Resistance Army and about the children in Syria, but I will submit those for the record.

Senator LANDRIEU. Thank you.

Senator LEAHY. Thank you very much. We will continue to work on this issue. Thank you very much for that.

Senator JOHANN. S.

Senator JOHANN. Mr. Chairman, thank you.

If I might start out, I do not have any questions to follow up on the chairman's comments relative to Cuba. I think those comments are extremely important, and I would strongly suggest that somebody in the Administration should pay attention to those comments. But here is just a general observation having worked with USAID as the ex-Secretary and now with you.

I really like what you are doing, and I think you have bipartisan support on this committee for what you are doing. I think in many ways, you and your team have revitalized the image of USAID and I just see progress wherever I look.

But when I think about USAID, I think about words like "humanitarian," "caring," "road-builders," people who are really trying to get in the midst of very difficult situations, some of the worst poverty in the world, for example, and change the course of that country.

I cannot imagine why USAID would want to be involved, or even should be involved—maybe that is the more appropriate comment—in something like going into a country and dealing, and trying to get Internet access for people opposing the regime or some other. Not to say that that is not an important mission. But why would we put that mission in USAID? Why would you not look at some other part of the Federal Government to place that mission? And you do not have to comment on this, Dr. Shah, but to me, it seems crazy. It just seems crazy that you would be in the middle of that. That is just my observation.

FOOD AID

Let me, if I might now, turn my focus to something that everybody on this committee cares very deeply about, and that is food aid. Just within the last few days, on April 4th, I wrote a letter to Mark Pryor, Senator Mark Pryor, the chairman of the subcommittee on Agriculture, Rural Development, FDA, and Related Agencies, and to Senator Roy Blunt, who is the ranking member. The letter was my opportunity to urge them to do this and that on their appropriation.

I am going to read something to you that I put in that letter, and I would ask you comments on it. "Over the past decade," I say, "Funding has declined in Public Law 480—Title II as commodity prices have gone up. This has meant fewer commodities have been made available while global hunger has remained at alarming levels. While I know the committee has competing priorities, food aid can literally save the lives of hungry people around the world, generating good will towards the United States."

And then I say, "This request that I am making would simply restore the average of funding levels over the past decade." So it would boost funding to the average. I could make, I think, a very compelling case that it should be higher than that. What is your reaction to that request? And is that a request that you would support, the Administration would support?

Dr. SHAH. Well, thank you, Senator. Thank you for your strong advocacy for food aid reform that is carried out responsibly.

On face value, just hearing that for the first time, I am supportive of the basic idea that you are articulating, which is if we can reform the way we provide our food assistance, we can update

and modernize our programs, save more lives, reach more children and families in critical need, and do that without costing the Federal Government extra resources. And that was the motivation behind President Obama's budget proposal last year. It continues to be his motivation behind this year's request for some additional flexibility in the program.

I will say one additional thing, which is the farm bill combined with some efforts that you, personally, engaged in and that Senator Pryor and others supported, will allow us in fiscal year 2014 to reach 800,000 additional children whom we otherwise would not have because of partially adopting the President's proposal.

That is 800,000 kids at a time when in and around Syria, in and around the Central African Republic, in and around South Sudan, we are going to have needs that far outstrip our capacities in terms of humanitarian response. And that is a real, in my view, step forward we can all jointly take pride in.

Senator JOHANNNS. I will make sure you get a copy of this letter. I am hoping that the chairman and ranking member of this committee will also take a look at it. You are almost never going to see me come down to a subcommittee hearing and say, "We need more funding." It is not in my DNA, typically.

But having said that, again, based on my experience in looking at what you are dealing with Syria, Sudan, etcetera, I do not think there is any other conclusion to that. I think the resources are just disappearing and, of course, we went through a very difficult time where prices were extremely high. That has changed a little bit here, but I just think at the end of the day, we are trying to stretch the rubber band too tight and at some point, it breaks.

Dr. SHAH. Thank you, sir.

Senator JOHANNNS. Let me, if I might, ask about the proposal that the Administration has made on the Food for Peace Title II program. It is scaled back from last year's proposal. You are still supportive of local and regional purchases. And, as you know, I have got some history with that proposal too. In fact, I think you have used the same proposal that I made when I was Secretary.

Talk to us about local and regional purchases, what you are trying to do here, and why you think that could be a difference-maker. And that will wrap up my questions.

Dr. SHAH. Well, thank you. And I will just say we have been really recognized for the strength, speed, and effectiveness of the response in the Philippines.

Almost all of the food that you saw provided in the first few weeks, and even months, were the result of local and regional purchased and prepositioned food stocks with the American shipped foods then coming in 8 to 12 weeks later. And your leadership as the Secretary of Agriculture helped make that possible, helped feed those kids.

We have a lot of data from that program that shows that we can do this at a lower cost, more effectively buying the types of food products that have more nutrition value, can be delivered quicker, safer, are more preferred for communities. And, frankly, can help communities then get back on their feet because we are buying from those local environments, creating incentives for local farmers.

You pioneered this effort, sir, and I think we are excited to have the opportunity to continue to build bipartisan support to take it forward. And if the Senate and the House were to adopt this year's proposal from the President, we would reach another 2 million additional children at the end of this year when it is absolutely, critically needed in core and emergency environments.

So thank you, very much, for your leadership, and I look forward to continuing to take your guidance.

Senator JOHANNNS. Well, thank you. It is a difference maker.

Thank you, Mr. Chairman.

Senator LEAHY. Thank you, Senator Johannns.

I completely agree with your concept that we have got to make it possible for the people in the area to do things, to be able to help themselves. We can give them the help to help themselves. And Dr. Shah, I appreciate the fact that you have taken that attitude as strongly as you have since you have been here.

Senator Coons, you visited many of the areas, some very unglamorous areas wherever the USAID has been very helpful, and I am glad to have you here.

Senator COONS. Thank you, Mr. Chairman. I am grateful for the opportunity you gave me to travel to Cuba with you, and to be able to meet Alan Gross in person, to be able to see the conditions of his imprisonment, and to get to hear personally how difficult his experience has been. I just want to say that I share and support the chairman's concerns about doing everything we can to secure Alan's release.

I also have enjoyed working with my colleague, Senator Johannns, on food aid reform, and I look forward to continuing to work together on responsible reform that sustains our investment in food aid relief, but that also makes it more efficient and more effective. So if we can strike the midpoint that sustains our relief around the world, but also makes a better use of American taxpayer dollars, well, that would be a great outcome.

POWER AFRICA

I recently chaired a hearing in my senate subcommittee on Africa about Power Africa with Senator Flake of Arizona, and I am optimistic about the potential power of this Administration initiative to tackle energy poverty and to really make a lasting difference as we work together towards your ambitious goal of ending extreme poverty and making other significant advances in development and in security.

What steps are you planning to take to ensure that Power Africa is sustained? Some of the most significant initiatives in development today, such as PEPFAR and the Millennium Challenge Corporation, were started under the Bush Administration, but structured in a way that they have lasted well beyond it, and have a made a real difference.

How can Power Africa be funded, authorized, and sustained? And have you thought of a future expansion that would allow it to function beyond the initial six countries, and that would allow it to have a timeline that is more appropriate for power infrastructure projects?

Dr. SHAH. Thank you, Senator.

Thank you for your extraordinary leadership on development. The depth of your knowledge, experience, and your help in connecting us to great businesses, universities, and others who can be part of this effort to end extreme poverty have been invaluable.

I want to thank you specifically for the efforts you have made on food aid reform. I know that it is a difficult topic on which we need to work together, and I am very hopeful that the President's proposal of this year is perceived as and is, in fact, an effective midpoint that can help us continue to make the kind of progress that people have not previously expected, but we have, with your leadership Senator, have been able to deliver.

With respect to Power Africa, I believe this is the key to unlocking growth and development, particularly in sub-Saharan Africa where around 550 million people still go without real, consistent power access. And we can only imagine how hard it would be to start a business or to create economic opportunity in your community if you were paying exorbitant prices for diesel that is trucked in and put into generators because there is no proper energy access.

Power Africa is structured to bring a lot of different American agencies together. USAID coordinates the effort and the coordinator is based in Nairobi, but we work hand in glove with the Overseas Private Investment Corporation, the Export-Import Bank, State Department and, very importantly, the Treasury Department that brings all the multilateral partners together in support of this effort.

We are supportive of the Electrify Africa legislation in the House and look forward to further authorizing and appropriations language in both the House and the Senate to, in fact, codify this as something America can do in Africa over the long term. And we believe that it will need appropriate funding. We have committed upwards of \$250 million of appropriated resources, which then leverages billions of dollars of private investment commitments. But we should not be too excited about the private investment commitments if the appropriations do not come through.

And so, your advocacy for the Development Assistance Account, specifically, which funds Power Africa, as well as education, water, Feed the Future, and so many of our other high priority development initiatives, and is under a lot of pressure is particularly valued for the Power Africa program.

And finally, I think with respect to partnerships, this has unlocked a new level of public-private partnership that can really dramatically improve energy access. We have seen of the 10,000 megawatts we committed to supporting in six countries, we have already identified more than 5,000 of the megawatts through specific projects and programs. Those are moving forward.

We are actively considering right now how to expand this program and also how to ensure that countries that are not formally Power Africa countries, but where there are businesses, and local leaders, and Governments that want to do the right thing, and allow for public-private partnerships to create low cost energy access, that we are supporting that effort as well.

Senator COONS. Thank you.

I share your concern that the Development Assistance Account is under significant pressure. My concern is that Power Africa and Feed the Future are funded out of it, but there are significant pressures on democracy, governance, and peace building around the world in a variety of countries addressed by other members of this subcommittee.

So I frankly think it could stand to have more robust funding and, frankly, to have a dedicated line that makes it clear that Power Africa is being separately sustained for the long term.

I have a number of other topics and relatively little time. There are, as you mentioned, three Level 3 crises going on in the world at the moment: Central African Republic and South Sudan being two of the three. I am worried about how we address the urgent short-term humanitarian needs in both countries, and the significant requirement for peacekeeping assistance, and then the requirements for USAID to provide support for stabilization and return to normalcy, if that is possible in these two countries. Let me just mention that as a first a question, and then a second and third, and give you a few minutes to answer, if I might.

Second, the Global Development Lab; I think one of the things that has been the hallmark of your leadership of USAID has been a focus on transparency, accountability, and innovation. When we combine science, innovation, and entrepreneurship, we really can solve the grand challenges of development, and the Global Development Lab really shows promise for making this possible.

What sort of additional legal authorities does USAID need from congress to maximize the efforts and the long term impact of the Lab?

Then last, I am concerned about wildlife trafficking. We do not yet have the details of your fiscal year 2015 budget, the detailed congressional budget justifications, and I look forward to reviewing them and seeing what sort of investment there will be in combating wildlife trafficking, particularly in Africa.

Dr. SHAH. Thank you, Senator.

On South Sudan, we agree with you. There, our Famine Early Warning System is noting that there is a very high famine risk for a variety of reasons, mostly due to violence. Last week, we announced \$83 million of food items that will be prepositioned. But it is going to be very, very difficult and we will appreciate your support through what is a difficult period.

With respect to wildlife trafficking, we also recognize that this is an important issue, and I think between fiscal year 2014 and 2015, we are doing some very innovative and important things, and I would look forward to following up with you on it. I am very excited about what the supply side and demand side efforts we are going to be pursuing.

On the Global Development Lab, I want to thank you for raising it. We have worked for years on an effort that both President Obama, and Secretary Clinton, and now Secretary Kerry have been very enthusiastic about. We have identified 32 partners including private companies, research universities, student groups, NGOs. They have all come together to say, "Let us work together to bring science, technology, innovation to global development so we can achieve the end of extreme poverty, better, cheaper, faster."

We are seeking some important, new authorities. There are some hiring authorities under Schedule A that we hope to pursue as part of this discussion. We are requesting the ability to use some amount of development assistance funding for health purposes so that we are not as sectorally focused going forward.

We are looking forward to having some, notwithstanding, authority that might help the Lab do its work. And we are supportive of efforts to, over time, have the ability to own and commercialize intellectual property.

So we look forward to working with you, but if American development institutions over the long term are going to have a DARPA-like institution that can bring high powered, high quality, well meaning American science and innovation to the field of development, we would, in fact, need those types of authorities. And we value the continued support in helping us find the partners to build this Lab.

Senator COONS. Well, thank you, Administrator and I value your tireless leadership, your personal commitment to making sure that USAID is transparent, is responsive to congress, and spends taxpayer money as responsibly as possible. I look forward to continuing to work with you on these very important issues. Thank you.

Dr. SHAH. Thank you.

Senator LEAHY. Senator Boozman.

Senator BOOZMAN. Thank you, Mr. Chairman and thank you for being here. We appreciate your leadership, and you and your Agency's hard work.

CHILD SURVIVAL

Can you talk a little bit about, there is concern about decreasing maternal and child health funds, and especially cuts to the bilateral programs. Talk a little bit about how that is going to impact child survival.

Dr. SHAH. Thank you, Senator.

First, let me say, thank you for your partnership and support for child survival, for malaria, for all the issues you have fought and worked hard on over the years. And I know you know, but your efforts have helped generate some real successes that mean that more children survive in many, many parts of the world. So thank you for that.

With respect to this year's commitments in maternal and child health, they do represent a small increase in our commitment relative to the fiscal year 2014 request level. And I, of course, always want more resources in general from the U.S. Government, from private partners, from countries themselves that still pay for the bulk of this, to help accelerate the end of preventable child death.

We have worked aggressively with more than 170 countries now to have everyone commit to an evidence-based, results-oriented approach to end preventable child deaths. In 24 countries specifically, we have restructured our programs to invest in the most cost-effective ways to save children's lives. Those 24 countries account for just over 70 percent of the 6.6 million children that die every year unnecessarily.

I am confident that these resources, especially if we can continue the successful track record we have had of getting companies, faith institutions, NGOs, and just as importantly, the countries themselves to put more in, will allow us to be successful to achieve our goal.

NUTRITION

Senator BOOZMAN. In relation to that, talk a little bit about the U.S. Global Nutrition Strategy, which I know that you are working very, very hard to develop. We appreciate your leadership in that, and talking about that as a roadmap to achieve some of the goals that we want to achieve.

Dr. SHAH. Well, thank you, Senator.

As part of both Feed the Future and our global health efforts, we have seen a lot of new science that shows that children who are malnourished early in their lives are stunted and have less effective and full brain development that then affects their capacity to contribute to society for the rest of their lives.

We also know that there are targeted, specific ways to prevent that kind of disastrous consequence of large scale child malnutrition. So we are leading an interagency process to create a U.S. nutrition strategy.

Last year at the G8 meeting, I committed on behalf of the United States, that we would make significant investments in health and agriculture that focus on child and maternal nutrition in particular. We are the world's largest funder of nutrition efforts with, over a 3 year period, nearly \$1 billion going to specifically child and maternal nutrition efforts according to our analysis.

And our strategy will show a very clear way to set a target, which will be reducing stunting by 2 million kids, to measure outcomes in the countries where we are going to focus, and to bring together public-private partnerships and NGOs to expand the resource commitment in this area.

But this, I think, is the one area where we work in this space, in which the science has evolved tremendously over just the last few years. And so, our ability to produce new and improved food products as part of our food assistance programs; our ability to target women, pregnant women with clean water interventions to ensure that they avoid disease during a period of time when they are at high-risk; and our ability to support child nutrition during pregnancy, but also just after, with specific, low cost, supplemental feeding can really help change the trajectory for some of these countries that have 40–50 percent child stunting rates.

CHILDREN'S VACCINES

Senator BOOZMAN. Very good. Again, along the same vein, the GAVI Alliance, Global Assistance Vaccination, for those that are listening that are not familiar, but do you feel our contribution is being leveraged to the maximum to get the results that we need?

And, the other thing is what more can we do, what more can the United States do—and it does a tremendous amount—to ensure that our work with GAVI countries has the high rate of success that it has enjoyed?

Dr. SHAH. Well, thank you.

The fiscal year 2015 budget includes a \$200 million commitment for the Global Alliance on Vaccines and Immunization. We, like Bill Gates and so many others, who have invested in this effort, believe this is one of the most cost effective ways to save children's lives and that is why we are proposing a unique increase in our commitment.

We also recognize that GAVI helps low income countries reach children with new vaccines that they simply would not get otherwise. By doing deals with pharmaceuticals and vaccine manufacturers, they secure the vaccines at lower prices for those countries than they would otherwise gain access to.

USAID then works to supplement GAVI's work in countries to help train health workers, to help provide some infrastructure, whether it is motorbikes or bicycles or refrigerators to make sure that those vaccines can get to where they are most needed.

One of the most hopeful moments I have had in this role was walking through a refugee camp in Dadaab during the Somali famine and seeing that these emaciated Somali children were actually getting a world-class pneumococcus vaccine because of the efforts of GAVI and the United States together.

Senator BOOZMAN. That is great.

Finally, and I think this is really important, but last year, you announced USAID would be scaling back and winding down missions in certain countries in order to focus its resources on areas with the most potential impact, and USAID has recently closed some countries. You also noted that USAID could graduate at least seven countries from assistance by 2015.

What progress have you made in moving more countries beyond aid and, as you like to say, putting yourself out of business? Which, again, is really what this is all about, and you have done a great job, I think, in moving the Agency in that philosophy.

Dr. SHAH. Well, thank you, Senator. We absolutely believe our mission should be to work to end extreme poverty, but do it in a way that builds local capacity, so we do not have to be there over the long, long term. And in that context, I am proud to have supported this effort to close out of certain programs and missions.

Over my tenure, we have taken down 34 percent of our total programs around the world in order to be able to focus resources in food, Feed the Future, in child survival, in the kinds of programs that we think deliver the best return on investment for the American taxpayer in terms of supporting the world's most vulnerable people. And we are on track to fulfill our commitments that we made to change our mission structures and downscale in some of the places we highlighted by the end of fiscal year 2015.

Sometimes those mission close outs cost us a little money in terms of staff transitions and programmatic transitions. We are cognizant of trying to find local partners to pick up the costs of some of the programs that are ongoing because they are effective programs the countries value. So we are trying to do this in a very responsible and sensitive way.

But over my tenure, I have felt that this approach was the only way to, in a largely budget-neutral environment, have the flexibility to invest in the things that we think will make the biggest

difference in terms of serving the world's most vulnerable people. Thank you.

Senator BOOZMAN. Thank you. Thank you, Mr. Chair.

Senator LEAHY. Thank you very much.

CUBA

Let me ask about a couple of these other things. You said the Cuban Twitter program was not a covert program, it was just a discrete program. Is that correct?

Dr. SHAH. Yes.

Senator LEAHY. It was U.S. Government activity, correct?

Dr. SHAH. We supported the program, but it is no longer active.

Senator LEAHY. And its purpose was to influence political conditions abroad by gathering information about Cuban cell phone users to encourage opposition to the Cuban Government. Is that correct?

Dr. SHAH. No, that is not correct. The purpose of the program was to support access to information and to allow people to communicate with each other as we do in many other parts of the world. The program was not—

Senator LEAHY. And were the people—

Dr. SHAH [continuing]. For the purpose that you just articulated, sir.

Senator LEAHY. Were those people told that this was a U.S. Government program?

Dr. SHAH. Well, the platform was built and then people were able to communicate on the platform, and some 48,000-plus people did.

Senator LEAHY. Did they know that it was a U.S. Government—

Dr. SHAH. I do not believe so, no.

Senator LEAHY. Thank you.

Dr. SHAH. That was part of discretion.

Senator LEAHY. And, in fact, there were quite a few efforts made to conceal the fact that it was a Government program. Is that correct?

Dr. SHAH. Well—

Senator LEAHY. Using shell companies and others?

Dr. SHAH. Well, the program was conducted discreetly. Some of the details to which you are referring, sir, in the AP story were inaccurate. There was no shell company, or Spanish company—

Senator LEAHY. So, there was no—

Dr. SHAH [continuing]. And there was no Pakistan money involved. We put out a point by point rebuttal, but—

Senator LEAHY. Did we tell them it was U.S. Government money and a U.S. Government program?

Dr. SHAH. I am sorry. Could you repeat that?

Senator LEAHY. Did we tell the people in Cuba that this was a U.S. Government program?

Dr. SHAH. No.

Senator LEAHY. Well, who did we tell them this was coming from?

Dr. SHAH. Well, we conduct programs in lots of different places without branding—

Senator LEAHY. On this particular one—

Dr. SHAH [continuing]. Or advertising USAID.

Senator LEAHY. You know, on this particular one, where were they told the program was coming from?

Dr. SHAH. I do not know. We did not advertise that this was a U.S. program just as we, as you know, sir, provide—We have provided 250,000 surgeries inside of Syria, and we do not disclose or highlight that those are American programs providing them medical support because—

Senator LEAHY. Did we tell them it was a Spanish company that was doing it?

Dr. SHAH. To be honest, we can go back and get you the details, sir, but I know that there was no Spanish company created, and that was one of the inaccuracies in the AP story.

Senator LEAHY. But there had to be somebody who was doing it.

Dr. SHAH. Well, I will—

Senator LEAHY. And they had to be told it was from somebody. Is that correct?

Dr. SHAH. Well, when you create a platform and then people would use the platform, we did not advertise that that platform was supported by the U.S. Government. So that is an inaccurate representation.

Senator LEAHY. If we did not have our embargo, you would have so many American companies down there, fighting for the chance to do this and very openly doing it, it would have accomplished a lot more than this program did.

Dr. SHAH. Sir, that—

Senator LEAHY. And probably put a lot fewer people at risk.

Dr. SHAH. Sir, let me speak to that because it highlights a reality that we struggle with. This is a program that we are specified to do and the restrictions on it are quite clearly specified as well. And, of course, as you are aware, sir, USAID does not define the full extent of that policy.

My goal is to make sure that we are implementing the program consistent with the law and managing it well. And if you look at the GAO report that came out in 2013, I believe the title of the report was “USAID Significantly Improves Management Over This Program.” And you compare that to the 2008 or 2006 GAO reports that, I think, the title of those reports were, “USAID Needs to Improve Management Over This Program.”

Senator LEAHY. I think everybody on this panel, both democrats and republicans, have praised you for improving—

Dr. SHAH. Thank you, sir.

Senator LEAHY [continuing]. As have I, but on this particular one, we are talking about Alan Gross. He was in Cuba. He was carrying out a USAID-funded program. He was given very little training about the enormous personal risk. He was arrested. He is now facing, in effect, a life sentence. I am told by everybody in the Administration, “Oh, we are working so hard on this,” but I do not see where they have achieved anything. He does not either. That is why he started a hunger strike.

Have you done anything specifically, personally, to get him home?

Dr. SHAH. I have, sir, but the responsibility and the leadership for this rests with the State Department, and the Secretary, the

prior Secretary, Under Secretary Sherman, and President Obama have all been involved in efforts to secure Alan's release.

And again, that is not something I can speak about publicly, but I am certain that Wendy Sherman or others that are responsible for that body of work would be, would appreciate the opportunity to disclose what they have done to you in the right setting.

Senator LEAHY. Well, I have asked——

Dr. SHAH. And I would also say——

Senator LEAHY. Let me read you what another USAID contractor wrote to me this morning about Alan Gross. He said, "I always held out the hope that maybe the silence by the USAID was an effort to find a quiet, diplomatic solution to secure Alan's release. Now, with the revelation of the Cuban Twitter program, it seems that the Agency was never very concerned with Alan's fate and their silence was really a reflection of callousness. I think the Agency and Congress need to think through the U.S. Government's moral responsibilities to any American, even a lowly contractor, that it puts into harms way by ordering them to engage in programs that are illegal under the host country's law. Either USAID needs to refrain from these programs entirely," he says that is preferable to him. "Or if it is going to run these types of programs, it needs to take steps to ensure in the event something goes wrong that it is ready to take a level of responsibility for the people hurt."

What about that?

Dr. SHAH. Well, sir, three things.

The first is we do care about work on behalf of and support Alan, and his family, and Judy and, we think about them all the time. But more importantly than thinking about him, we have a very, very sophisticated leadership team led out of the State Department that has been, has tried a number of things to secure his release.

Second, his incarceration is offensive and completely inappropriate, and entirely the responsibility of the Cuban authorities that are holding him for simply carrying out an effort to help people gain access to the Internet.

And third, I would like to just point out, because this was reflected in the letter you just read. There are environments like Uganda right now, where it would be inconsistent with their new law to try to find and provide antiretroviral drugs to people who are homosexual. We do that anyway and we do that because it is a reflection of our values and it is a part of our programmatic responsibilities.

So, these are difficult issues. I have struggled with the challenges of managing these efforts, but we are doing them better than they have been done in the past. We have external validation that has been pretty comprehensively assessed. Not just some desk review of what USAID is doing, but the GAO went, interviewed the partner, interviewed the sub-grantee, had access to all the documents, and highlighted and complimented our improved management performance in the title of their report.

And I think about Alan every day, but I also know that I am buffeted by a State Department that takes the lead in these types of issues, and they are highly sensitive and I would defer to them to be able to explain to you in the appropriate, private setting or classified setting what——

Senator LEAHY. I have had private——

Dr. SHAH [continuing]. Has taken place.

Senator LEAHY. I have had private settings with them; I have yet to hear any explanation whatsoever.

Thank you for mentioning Uganda. I struggle with that because of the absolutely irresponsible position taken by their government; unfortunately promoted by an American missionary and those associated with him. I struggle with whether we should cut off aid to Uganda or not. You do not want to hurt the people, but I question sending money to a country that would do something like that.

Senator Graham, thank you for coming back.

Senator GRAHAM. Thank you, Mr. Chairman. You bring up a good point, and you are in countries where women, young girls, are basically denied opportunity for an education. Afghanistan, obviously, is trying to move forward.

We have to be somewhat practical in our aid, but also not abandon our values, and one of our values is people should be able to freely communicate. You should be able to get drugs when you are in a lethal situation regardless of your sexual orientation and regardless of your gender. You should be able to have access to schools and that is what we believe in as a Nation, so it is a complicated world.

Let us go to the West Bank right quick. President Abbas, of the Palestinian Authority, signed letters of accession for 15 international conventions and treaties. They are threatening to try to seek membership at different levels in the United Nations, going around the peace process. We have legislation cutting off funds if they continue to seek membership in the U.N. and become an independent State without negotiating with their neighbor Israel.

How do you see these actions of President Abbas? Do you believe it violates existing law? And what would the effect be if we had to terminate our aid programs in the West Bank and Gaza?

Dr. SHAH. Well, thank you, Senator, for your comment about women and girls in Afghanistan and Uganda.

With respect to the West Bank, and I appreciate the question. Immediately, the signing of those particular documents did not trigger any of the concerns with respect to specific U.N. organizations and American funding for them.

With respect to our work in the West Bank, and I was just there with Secretary Kerry a few——

Senator GRAHAM. Would you consider these letters provocative?

Dr. SHAH. I will let Secretary Kerry best characterize the reaction to that.

Senator GRAHAM. I do.

Dr. SHAH. I know he is working very, very hard and the whole team is working hard to abide by and try to honor the fact that both parties have said they want to continue to be a part of negotiations.

Now, with respect to what we do in the West Bank, we provide a significant amount of resources to the authority there to help provide basic services and support for its communities. We have public-private partnerships that help create some economic opportunity and micro enterprise.

I had a chance to visit many of the farmer co-ops and things that we have, where we provide support, and I personally think it would be a significant step back for the people of the West Bank if our support were to go away. In addition to all of the direct support we provide, we are their lead partner in trying to mobilize international private investment commitments should the economy open up. And Secretary Kerry and Tony Blair have announced a \$4 billion investment package from a series of companies. This puts all of that, of course, at risk and I think those are important steps.

Senator GRAHAM. Let me just make it clear. This Administration's position is the Palestinians should negotiate with the Israelis and vice versa—

Dr. SHAH. Absolutely.

Senator GRAHAM [continuing]. Before they try to seek independent State status at the U.N.

Dr. SHAH. Yes.

Senator GRAHAM. That is the congress' decision.

Thank you very much.

Senator LEAHY. Well, certainly, I have, you can imagine, other questions, but I also understand the constraints you have in answering some of them.

You have, incidentally, a terrific record on child survival, for which I have applauded you both publicly and privately.

Have you considered working with the Cuban Government on child survival programs, something that could be done openly?

Dr. SHAH. Sir, my understanding of the Helms-Burton legislation is that we would not. We would be precluded from engaging in those kinds of—

Senator LEAHY. So the Helms-Burton Act would make sure that, to show how tough we are, we could not help Cuban children who have health needs.

You know, I kind of, you do not have to answer this, but I look at some of these programs and the money we waste on Radio Martí and other things, and I would like to see free markets in Cuba. I would like to see an openness there. I would like to see an end to the repression of people who speak up for their rights in Cuba. I am not blind to things that every one of us could disagree with in Cuba.

But I have to think that some of these programs, somebody dusts off a memo that says, "If we had just carried this out, we would get rid of those Castro's." And they strike out the fact of who that memo was given to, first, to President Eisenhower, and then to President Kennedy, and then to President Johnson, and then to President Nixon, and then to President Ford; you get the drift of where I am going.

And of course, the Castro's are still there. I often think, "What would have happened if we had tried the kind of direct engagement as we have with other countries that have been historically repressive or communist?" But when we have flooded them with American tourists, and students, and exchange programs, and programs that improve health, and education, and other things, how much they have changed afterward.

I think if we had had that kind of a non-embargo, you would have had, as I mentioned earlier, so many telecommunication com-

panies from the United States to set up the things that you were trying to set up clandestinely. And that Cubans would have no more ability to cut that off than Turkey had to cut it off when they wanted to cut off Twitter accounts.

There will come a time, I suppose, when we will move from the 1950's maybe to the 1970's or even the 1980's, and the United States would be better off for it. We know how it is reflected in the rest of Latin America.

Here we are, the most powerful Nation on earth, and we act as if we are afraid of a tiny island country, a country where, when I visited there, most of the people would love to be able to communicate more with the United States, eager to hear about life here.

I would like to be able to see you doing the things you do so well. I mention child health, and that is something that you can be proud of, and you have done so much personally around the world; just think how great it would be if we were doing that in Cuba. You do not have to answer, but I have no further questions.

ADDITIONAL COMMITTEE QUESTIONS

I will keep the record open for written questions until Friday.

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

QUESTIONS SUBMITTED TO DR. RAJIV SHAH

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

Question. Development Experience. I wonder to what extent significant experience in overseas development is a requirement for working at USAID? I am struck by the fact that few if any of USAID's senior officials appear to have that background. They are very experienced in their own specialized fields, but it is not the same as sustainable development—meaning, extensive field work building relationships with local organizations and institutions in a way that helps them achieve their goals. Can you respond?

Follow Up. Since 2008, USAID's Development Leadership Initiative has hired 820 new permanent Foreign Service Officers increasing USAID's permanent Foreign Service corps by 80 percent. How many of these recruits have strong backgrounds in development?

Answer. The Development Leadership Initiative (DLI) hiring from 2008 through 2012 capitalized on the low rate of hiring by USAID during the previous decade, which created an eager and well qualified group of applicants for almost all of the specialty areas (backstops) needed by USAID. The combination of minimum requirements of a master's degree in most backstops and strong competition resulted in a talented and experienced group of new Foreign Service Officers (FSOs) who have already made valuable contributions to the Agency since joining USAID. Additional qualifications are required for specific backstops, such as law degrees and accounting majors.

The average of about 3 years of relevant overseas experience for the entire group does not adequately capture the range of experience and skills that all of the new officers have brought to the Agency. Thirty percent (246) of the new FSOs have Peace Corps experience as volunteers and/or staff. A majority of the new hires also brought relevant foreign language skills to the Agency which helped them meet the mandatory language requirements before deployment.

The smaller group of mid-level DLI hires had considerably more overseas experience as contractors or working in other capacities with USAID, other development agencies, or non-governmental organizations. Our estimate is that the group of mid-career DLIs has an average of over 10 years of development experience, most of which is overseas.

Question. Local Organization Capacity. I recently learned about a \$600 million "Indefinite Delivery—Indefinite Quantity Contract" for capacity development of national and sub-national governments, private sector entities, and non-governmental

organizations (NGOs). The performance period of the contract is 2013 through 2020. The implementers are mostly the usual big U.S. contractors. Is this an example of USAID Forward?

Answer. A key element of USAID Forward is increasing the Agency's work directly with local governments, NGOs and private sector—and building those actors' ability to perform without U.S. assistance. The Agency's Human and Institutional Capacity Development (HICD) initiative is a model of structured and integrated processes designed to identify fundamental causes of performance gaps in host country partner institutions, address those gaps through a wide array of performance solutions in the context of all human performance factors, and enable cyclical processes of continuous performance improvement through the establishment of performance monitoring systems.

The ultimate goal of HICD is to help USAID's partners improve performance in critical areas leading to measurable results in achieving the organization's goals and objectives. In undertaking HICD initiatives, USAID missions will strengthen their partner organizations' abilities to more effectively perform for their constituents and stakeholders and will increase the effectiveness of ongoing technical assistance provided by the United States Government and other International Donors.

HICD is implemented through two mechanisms: the Human and Institutional Capacity Development (HICDpro) indefinite delivery/indefinite quantity contract (IDIQ) and HICDpro for Critical Priority Countries (CPCs) IDIQ.

The HICDpro IDIQ is a mechanism under which all awards were reserved for small businesses. This 100 percent small business mechanism has a maximum ordering limitation of \$300 million over a 5-year ordering period for programs worldwide.

The HICDpro for CPCs IDIQ provides an overarching framework for capacity development programs. Under the HICDpro IDIQ for CPCs, there is a maximum ordering limitation of \$500 million over a 5-year ordering period. Two of the five prime awards were reserved for small businesses, increasing competition and further contributing to the diversification of contractors doing business with USAID.

Task orders under HICDpro and HICDpro for CPCs are subject to a comprehensive review involving the Bureau for Economic Growth, Education and Environment's Office of Education (E3/ED) and mission technical staff, technical offices throughout the Agency, and both mission and headquarters senior management who are well versed in best practices of implementing USAID Forward initiatives. These safeguards help ensure that USAID funding directly impacts local organizations and host country governments.

All six awards under the HICDpro IDIQ were made to U.S.-based small businesses, including one minority-owned firm. Under the HICDpro for CPCs IDIQ, two (2) of the five (5) awards were also made to U.S.-based small businesses, one of which is a minority-owned, SBA-certified 8(a) disadvantaged, and woman-owned firm from an Historically Underutilized Business Zone. These eight HICDpro prime contracts ensure maximum practicable small business participation in HICDpro activities and are in full support of the Agency's mission for small and disadvantaged business utilization. This exemplifies another aspect of USAID Forward, which is broadening the Agency's partner base.

Building on already existing capacity of host country governments and local organizations, technical design features and required outcomes of the HICDpro model include:

- Transferring HICD knowledge and expertise to local key performers and other local staff for the organization's own internal use and functionality.
- Sub-contracting or otherwise outsourcing HICDpro technical expertise and services to local organizations.
- Host country governments and local organizations designating engaged and participatory leaders and key staff to coordinate and provide HICDpro activities, expertise, and performance solutions. Most institutional performance solutions are internal business changes and can only be implemented by each organization itself.
- Host country partner organizations institutionalizing an internal performance monitoring system that enables the host country partner to regularly monitor its own organizational performance for its own evidence-based management and reporting.

USAID is confident of the HICDpro model's contribution to USAID Forward objectives and principles. The HICDpro model equips host country governments and local organizations with methodologies and tools designed to strengthen each organization's capability of providing quality services and products to their constituents and stakeholders.

Question. Follow Up. For years, I have been asking why USAID “Requests for Proposals” are so mind-numbingly technical and bureaucratic and impossible for anyone but a USAID procurement officer or U.S. contractor to understand. It makes it very hard for local organizations to compete. What is being done about this?

Answer. USAID appreciates your support for our efforts, under the Local Solutions (LS) initiative, to increase the use and participation of local organizations where prudent and appropriate. We also share your desire to make our Requests for Proposals (RFP) and other solicitations comprehensible to all potential partners, including local ones.

As you know, this is a key goal of the Agency’s LS initiative and we have taken a number of steps to make things easier for local organizations. For example, we have:

- created Webinars, e-learning modules that explain USAID contract and grant making procedures to potential new partners;
- encouraged two-step application processes that start with submission of a concept paper followed by a full proposal that often include how-to information sessions;
- translated procurement documents and standard agreement provisions to the extent the law allows (see below) into local languages;
- conducted in person, pre-award conferences to explain procurement procedures to local organizations, as well as answer questions raised about the RFPs or other Agency solicitations; and
- offered post award, new partner conferences which explain in local working languages USAID’s standard form agreements, including terms and conditions of the award that may be difficult for speakers of English as a second language to understand.

To further facilitate our work with local organizations, USAID conducts outreach to current and potential partners through training, industry days, and other events. As part of the LS initiative, we are also establishing a feedback mechanism to spot and address further instances where red tape or overly technical communications frustrate our attempts to work more with local partners.

More broadly, USAID has developed “Principles of Plain Language” and related training courses to promote clear government communications that the public can understand and use, and requires all Agency guidance to be written in plain language. While we acknowledge that this is a work in progress, we understand that clarity of communications and to the extent possible, in local working languages, is critical to the success of our Agency’s mission.

That said, there are some limitations on what we can do under current law. USAID’s RFPs and other solicitations for contracts must comply with the Federal Government’s laws and regulations applicable to government contracts, including the Federal Acquisition Regulation (FAR) (48 CFR Parts 1–53) for all acquisitions using appropriated funds.

The FAR requires that Contracting Officers use the Uniform Contract Format (UCF) when drafting RFPs. The FAR prescribes forms and approximately 580 possible solicitation provisions and contract clauses. These are used to prepare 8 of the 13 sections required by the UCF. To comply with the FAR, a typical RFP may contain more than 100 prescribed FAR solicitation provisions and contract clauses.

Due primarily to new and amended Federal legislation and Executive orders, the number of FAR provisions and clauses continues to grow each year. For example, FAR Part 52 Solicitation Provisions and Contract Clauses now requires over 600 pages to set out these often complex provisions and clauses.

The FAR also limits the use of languages other than English; FAR 52.214–34 explicitly provides that all offers in response to contract solicitations must be in English and those in other languages must be rejected.

USAID does have more flexibility in designing Requests for Applications (RFA) for assistance awards (cooperative agreements and grants), which is where the bulk of USAID awards to local organizations are occurring, as the FAR does not apply to grants and cooperative agreements.

However, in accordance with the Federal Grant and Cooperative Agreement Act, USAID may only use an RFA when the anticipated purpose of the relationship between USAID and the cooperative agreement or grant recipient is to transfer something of value (such as money, property, or services) to the recipient to carry out a public purpose authorized by U.S. law. An RFP for a contract must be used when USAID seeks to acquire, by purchase, property or services for the direct benefit or use of the Agency in achieving its mission.

Question. Afghanistan. The Special Inspector General for Afghanistan Reconstruction has identified lessons learned from USAID’s programs in Afghanistan based on the numerous audits and inspections that the Inspector General has conducted since 2008.

According to the Inspector General, USAID programs must take into account the recipient country's ability to afford the costs of operating and sustaining completed projects. SIGAR's recommendation comes 2 years after USAID's budget justification for Afghanistan said this: "The United States has structured its partnership with Afghanistan to be sustainable, durable, and realistic in terms of funding levels."

Over the past dozen years, USAID has obligated more than \$18 billion for Afghanistan. Do you think those amounts were realistic and sustainable?

Answer. In 2001, Afghanistan was a country wracked by decades of conflict and a safe haven for terrorists from which emanated the attacks of 9/11 on the United States. The United States' core policy objective in Afghanistan is to ensure that the country is never again a safe haven for terrorists who threaten the United States or our allies. Over the past 13 years, civilian assistance has supported our national security objective by investing in improvements in governance, the provision of basic services, private sector-led economic growth, and the strengthening of civil society, starting from a very low level in 2001. In addition, through multi-sectoral, mutually reinforcing investments, the U.S. has made a concerted effort to prioritize the advancement of the political, social, and economic rights of Afghan women and girls.

Since 2001, Afghanistan has made remarkable development gains across multiple sectors, as a result of the investment and programming provided by the United States and other donors, along with our international partners, the Afghan Government and the Afghan people. In recent years, USAID has made a concerted effort to ensure the sustainability of these investments.

Weaning Afghans from extraordinary levels of assistance is necessary for us, and essential for them. To achieve this goal without triggering a crisis that could ensue should U.S. and related donor investment precipitously decline, the U.S. seeks to continue to provide assistance in areas critical to Afghan development and stability, and to request the resources needed to establish a funding glide path to a more sustainable level of annual funding. Following on the issuance of the June 2011 Administrator's Sustainability Guidance for USAID in Afghanistan, utilized in the Fiscal Year 2012 Appropriations Act, USAID has regularly reviewed and adjusted its programs in an ongoing effort to ensure that they are achievable and sustainable.

The effort to promote sustainability has several facets. USAID performs regular portfolio reviews of USAID programs, both internally and coordinated with the Afghan Government. Through portfolio reviews, USAID has oriented its programming to support the development of Regional Economic Zones that cover major population centers and promoted regional trade and economic opportunities—especially with regional markets in Central and South Asia. In addition, through technical assistance and direct government-to-government assistance that is subject to stringent safeguards, USAID is building the capacity of the Afghan Government to implement programs, provide services, and preserve key development gains, as well as raise the revenue necessary to financially support services.

Throughout our efforts, we are applying important lessons from the past 12 years in Afghanistan, as well as from other high-risk environments in which USAID has worked. As USAID navigates through the 2014 transition period and looks to 2015 and beyond, we are committed to expending every effort to safeguard taxpayer funds and ensure that the remarkable development progress in Afghanistan is maintained and made durable, in order to secure our overall national security objectives.

Question. For fiscal year 2015 you are requesting hundreds of millions of dollars in additional aid for Afghanistan. Since sustaining our investment there seems to depend on continuing to spend large amounts of U.S. funds, how is that sustainable?

Answer. Weaning Afghanistan from unsustainable levels of assistance is necessary for us, and essential for them. To achieve this goal without triggering a crisis, we believe it is essential to continue to provide assistance in areas critical to Afghan development and stability. We are making tough decisions and prioritizing investments that have the greatest potential for long-term sustainability.

USAID has placed an overriding emphasis on promoting sustainability across all of the Agency's programs in Afghanistan, outlined in the Administrator's 2011 Sustainability Guidance which emphasizes the principles of (1) increasing Afghan ownership and capacity; (2) contributing to stability and confidence; and (3) effective and cost-efficient programming.

In Afghanistan over the past 3 years, USAID has shifted the focus of its programs from stabilization and infrastructure to creating the basis for sustainable, long-term development. USAID's strategy in Afghanistan is threefold:

- Maintaining and making durable the gains made in health, education, and for women;
- Supporting continued economic growth and employment through a focus on the agriculture sector and private sector development, operations and maintenance

of infrastructure investments, and responsibly developing the extractives industry, all key to ensuring future fiscal sustainability; and
 —Fostering legitimate and effective Afghan governance, the rule of law, and a robust civil society.

- a. USAID is also promoting sustainability by conditioning a significant percentage of its assistance to the government on progress toward economic and governance reforms. This process was formalized by the international donor community and agreed to by the Afghan Government in the 2012 Tokyo Mutual Accountability Framework, which outlined reform indicators in areas such as elections; governance, rule of law, and human rights; public finance and commercial banking; government revenues, budget execution and sub-national governance; and inclusive and sustained growth and development.
- b. USAID will use fiscal year 2015 funds to continue support for economic growth and employment through the agriculture sector and private sector development; work with the Afghan Government on commercialization and cost recovery so it will be able to fund operations and maintenance of infrastructure investments; and assist them in responsibly developing the extractives industry for the benefit of all Afghan citizens. These efforts will help foster economic growth, connect Afghanistan to its neighbors, improve the functioning of government, and reduce dependence on international assistance, while helping the Afghan Government increase revenue generation to mitigate the impact of the troop drawdown.

Question. SIGAR has brought to my attention a study USAID contracted for in 1988 which reviews 30 years of U.S. assistance programs in Afghanistan from 1950 to 1979. The study makes one wonder how many times we have to repeat the same mistakes. Here are some of the findings:

- USAID's assistance programs in Afghanistan after 1955 were overly ambitious in scale and timing, and were larger than could be effectively administered by the U.S. or Afghan Governments. The U.S. expectations of the time required to achieve effective project results were generally unrealistic;
- The U.S. placed too much confidence in the applicability of technical solutions and U.S. values to complex social and economic development issues in Afghanistan;
- Infrastructure projects were too often done before planning for institutional adaptation in the use of the facilities and the training of personnel;
- U.S. government-to-government assistance programs were at a disadvantage because the Afghan Government was overly centralized, largely ineffective, and out of touch with the local communities; and
- The use of assistance for short-term political objectives tends to distort sound economic rationale for development and weaken the longer-term political interests of the U.S.

Does any of that sound familiar? Were you aware of this 1988 study and did it inform any of the approaches to USAID programs in Afghanistan? How can these and future lessons learned be incorporated into the culture and management of USAID so that they are not forgotten?

Answer. USAID is aware of this study and, along with the project files of the earlier USAID programs in Afghanistan, utilized this information and lessons learned in the development of the USAID reconstruction program in 2001 and continues to incorporate these lessons in the implementation of the Agency's strategy in Afghanistan.

USAID's development assistance, which represents approximately 3 percent of the total military and civilian financial cost of the war, has helped Afghans achieve extraordinary gains for a country that in 2002 had virtually no access to reliable electricity, roads or modern telecommunications, and disadvantaged almost half of its population—women and girls—by prohibiting them from contributing fully to Afghan society and the economy. Specific examples include:

- Health:* Life expectancy has increased from 42 years to over 62 years since 2002; the maternal mortality rate has declined by 80 percent from 1,600 to 327 deaths per 100,000 births; and child mortality decreased by 44 percent from 172 to 97 deaths per 1,000 live births.
- Education:* In 2002, there were approximately 900,000 Afghan children in school, and virtually none were girls. Today, approximately 8 million children are registered to attend school and more than one-third of them are girls.
- Mobile Technology:* In 2002, there were few fixed telephone lines and making calls outside of Afghanistan required a satellite phone. Today, the combined phone network covers 90 percent of the Afghan population. Eighty-five percent of women have access to a mobile phone. The telecommunications sector is Af-

ghanistan's greatest source of foreign direct investment, largest remitter of taxes to the government, and biggest licit employer, providing jobs for over 100,000 Afghans.

USAID's current program is putting assistance on a more sustainable footing, focusing on operations and maintenance of infrastructure, and increasing Afghan capacity, including through direct government-to-government assistance.

USAID's Development Strategy for Afghanistan

In Afghanistan over the past 3 years, USAID has focused our programs on creating the basis for sustainable, long-term development. We have seen the dire consequences of neglect and disengagement play out in this region before, and the Obama administration is committed to not letting history repeat itself.

USAID's strategy in Afghanistan is threefold:

- Maintaining and making durable the gains made in health, education, and for women;
- Supporting continued economic growth and employment through a focus on the agriculture sector and private sector development, operations and maintenance of infrastructure investments, and responsibly developing the extractives industry, all key to ensuring future fiscal sustainability; and
- Fostering legitimate and effective Afghan governance, the rule of law, and a robust civil society.

Sustainability

In June 2011 USAID implemented Sustainability Guidance for Afghanistan which includes the principles of increasing Afghan ownership and capacity, contributing to stability and confidence in the Afghan Government, and designing effective and cost-efficient programming. In line with this guidance, USAID also conducts annual portfolio reviews internally within the U.S. Government and then with the Afghan Government, to ensure USAID programming is fully aligned with U.S. Government-wide priorities and with Afghan priorities.

Infrastructure

USAID has made a concerted effort since 2011 to reduce new infrastructure investments, while increasing efforts to build Afghan Government capacity to maintain the recent investments in critical road and energy infrastructure. This effort includes the planned Road Sector Sustainability project, designed to strengthen the capacity of the Afghan Government to perform operations and maintenance (O&M). This support will include short-term O&M emergency operations, medium-term capacity-building activities, and a longer-term effort to establish a road authority and road fund that will equip the Afghan Government with the necessary tools to manage its transportation infrastructure in a sustainable way.

Government-to-Government Assistance

USAID has worked to responsibly increase on-budget assistance through Afghan Government mechanisms as an integral component of the Agency's strategy to build the government's capacity and enhance accountability. For example, in 2003, USAID, in partnership with the Ministry of Public Health (MoPH) and other donors, created an Afghan-led Grants and Contract Management Unit (GCMU) in the MoPH to procure, manage, and oversee donor-funded health contracts. Since 2009, the GCMU has worked to ensure proper procedures are followed for procurement of services, contract and financial management, monitoring and evaluation, and coordination with other donors and ministry stakeholders, including USAID's Partnership Contracts for Health Services Program. This includes issuing solicitations and contracts on behalf of the MoPH.

Utilizing Local Solutions

USAID believes that utilizing local solutions is integral to the sustainability of development efforts in Afghanistan, particularly in our efforts to build the capacity of the Afghan Government to be able to deliver goods and services to the Afghan people. USAID has incorporated local solutions across our portfolio, including through the World Bank-managed Afghanistan Reconstruction Trust Fund, direct assistance mechanisms, and by awarding grants and contracts directly to local organizations. During fiscal year 2014, approximately 45 percent of USAID's obligations were to mechanisms comprising local solutions.

Question. How do we respond to constituents—as well as to Afghans—who complain that we are supporting a government of thieves who have enriched themselves and their relatives and friends thanks to us?

Answer. Although there are inherent risks in conducting development programs in a country like Afghanistan, USAID prioritizes the effective and accountable use

of taxpayer dollars and does not assume any level of acceptable fraud, waste, or abuse. The Agency approaches oversight as a stringent process that involves continual re-examination of ongoing efforts and flexibility to adjust to new oversight needs as they arise. Tolerance of waste, fraud or abuse not only would run counter to our responsibility as stewards of U.S. taxpayer resources, but would undermine our development goals in Afghanistan. Accordingly, USAID views robust oversight as an essential component of our development programming in Afghanistan. In designing oversight measures, USAID has learned important lessons over its 12 year engagement, and has drawn on experiences in other challenging environments, including Iraq, Pakistan, Yemen, Sudan and Colombia, to ensure strong oversight of U.S. assistance funds.

In addition to standard USAID oversight measures implemented worldwide, USAID has implemented the Accountable Assistance for Afghanistan (A3) initiative, designed to prevent funds from being diverted from the development purpose to malign actors. Some of the approaches USAID employs in Afghanistan under A3 include:

1. *Award Mechanisms*.—We rely less on large agreements and have increased the number of smaller and more flexible agreements. We are also utilizing assistance awards that provide the most visibility on project costs, such as cost-reimbursable contracts and limiting layers of subcontracts to two.

2. *Partner Vetting*.—The USAID Mission established a Vetting Support Unit in February 2011. The unit conducts checks on non-U.S. companies and non-U.S. key individuals for prime contractors, sub-contractors, grant recipients and sub-grantees to minimize the risk that the Mission's programs might support, even inadvertently, malign entities or individuals. As of April 2014, we have kept over \$49 million from being awarded to those who did not meet our vetting requirements.

3. *Financial Controls*.—We are enhancing controls on project funds, such as using electronic funds transfers in lieu of cash payments, utilizing independent financial monitors to verify appropriate usage of funds, ensuring close review of recipients' claims prior to payment, and performing audits of locally incurred costs.

4. *Project Oversight*.—USAID uses a multi-tiered monitoring approach that includes, as appropriate, independent monitoring contractors; observation by U.S. Government staff; reporting by implementing partners, local non-governmental organizations and civil society; and use of technological tools, such as time- and date-stamped photos. By using multiple sources of monitoring data, USAID can compare information received from separate sources to ensure the greatest degree of oversight possible.

Approximately \$283 million out of \$14.4 billion dollars (or approximately 2 percent) disbursed by USAID has constituted direct government-to-government assistance to the Afghan Government, and there are stringent safeguards on this funding. USAID implements risk mitigation measures in order to ensure proper oversight of direct assistance funds, which may include:

- Establishing a non-commingled, separate bank account for each project;
- Regular review and reconciliation of the bank accounts;
- Disbursement of funds only after the ministry has achieved a performance milestone or USAID has verified incurred costs;
- Regular audits by a USAID OIG-approved firm;
- Substantial involvement and oversight by USAID staff in procurement processes; and
- Technical assistance to increase the capacity of ministries while addressing priority vulnerabilities or weaknesses identified in the assessments.

USAID requires that all direct assistance with the Afghan Government be in compliance with USAID accountability and oversight procedures, including site visits to ministries by USAID staff or independent contractors, as well as regular reporting. If Afghan ministries fail to adhere to these measures, the agreements are subject to immediate suspension or termination.

For instance in 2012, USAID suspended the \$24.5 million District Delivery Program (DDP), an on-budget program implemented by the Independent Directorate for Local Governance (IDLG) due to non-compliance with requirements for receiving USAID direct assistance. At the time of suspension, USAID had obligated \$4.9 million for the program and disbursed \$2.3 million. Following a USAID-conducted financial audit of the program, USAID submitted a bill to the Government of Afghanistan for \$703,884 to recover funds lacking supporting documentation.

USAID also actively engages in training Afghan entities to ensure they have the capacity to properly manage and account for all funds. Our efforts to strengthen these institutions include capacity building for legal and judicial institutions in order to improve application of rule of law and access to justice; capacity building in other Afghan Government institutions, particularly those involved in revenue col-

lection, financial supervision, and accountability and transparency—thereby reducing the space for corrupt practices; and direct engagement with Afghan civil society organizations in their efforts to address corruption in the provision of public goods and services and hold government accountable to its people.

In addition, audits provide useful oversight and discipline, and complement and reinforce USAID's own efforts to ensure U.S. taxpayer dollars are used effectively and efficiently. There are currently over 100 on-going audits of USAID programs in Afghanistan. In fiscal year 2013, the USAID Office of Inspector General, the Special Inspector General for Afghanistan Reconstruction, and the U.S. Government Accountability Office completed over 65 financial and program audits in Afghanistan.

Question. One thing everyone seems to agree about is the need to do whatever we can to protect the important progress that has been made for Afghan women, however limited it may have been for many who continue to face discrimination and abuse. Do you agree that this should be a top priority, and what are your plans?

Answer. Afghanistan will not be able to achieve sustainable peace, reconciliation, stability, and economic growth if Afghan women are not empowered. Though many challenges remain for Afghan women, Afghan women and girls have achieved dramatic progress over the last 12 years through the engagement and support of the United States, our international partners, and courageous Afghan women and men. With substantial assistance from USAID, more than a third of all school children in Afghanistan are now girls compared to virtually none in 2002. More than 120,000 young women have finished secondary school and 40,000 are working on university degrees. Over the last decade, Afghanistan has seen one of the most rapid declines in maternal mortality anywhere in the world and an increase in overall life expectancy of 15–20 years. Women have entered the business and political arenas with women comprising more than 25 percent of the Afghan Parliament.

Sustaining and maintaining these gains is a key objective of USAID's work in Afghanistan now and in the future. USAID's programming includes two women-specific programs as well as integration of gender into all sectors of programming. USAID's Gender Equality and Women's Empowerment Policy requires consideration of gender equity and female empowerment in all USAID project design and implementation across all sectors. Over 40 gender analyses have been done in Afghanistan, the findings of which help to ensure that opportunities arising from USAID investments are equitable. Our work in each sector supports women's progress.

Similarly important for the preservation of gains for women and girls is the overall level of funding sought in the President's budget request for civilian assistance to Afghanistan. That funding request is intended to provide resources for programs in Afghanistan that support the provision of security, justice, and basic services to women and men.

USAID has two projects that are designed specifically to advance women in Afghanistan. The Promoting Gender Equity in National Priority Programs ("Promote") project that is expected for award later this year will be USAID's largest gender program in the world. The 5-year program is designed to support a cadre of educated women ages 18 to 30 to enter and advance into decisionmaking and leadership positions in Afghanistan's public, private and civil society sectors. The program has four components: (1) Women's Economic Empowerment, (2) Women's Rights Groups and Coalitions, (3) Women in Government, and (4) Women's Leadership Development. The project will increase women's contributions to Afghanistan's development by strengthening women's rights groups, boosting female participation in the economy, increasing the number of women in decisionmaking positions within the Afghan Government, and helping women gain business and management skills. The project will help 75,000 women between 18 and 30 years of age who have at least a secondary education. USAID plans to allocate up to \$216 million with the potential for other donors to contribute \$200 million in additional funding.

In addition, the ongoing Ministry of Women's Affairs Organizational Restructuring and Empowerment (MORE) project is designed to strengthen the Afghan Government's capacity to develop and implement its National Action Plan for Afghan Women. This project works directly with the Ministry of Women's Affairs to implement national and provincial level ministerial restructuring and to improve public relations, awareness raising campaigns and women's rights.

In addition, USAID will continue to focus on increasing and improving primary healthcare, safe childbirth, healthier adolescent girls and women, and training and job opportunities in health for women. Strengthening women's economic opportunities is planned to be pursued through reinforcing women's land rights and providing a full range of business development services to existing and women-owned enterprises. In agriculture, USAID will target opportunities from micro/household- to macro/financial institution-strengthening, expanding women's income-generating po-

tential, improving access to markets, and addressing constraints that disproportionately affect women.

USAID is also supporting quality education through teacher training and placing emphasis on access to formal and community-based education for boys and girls. USAID's programs additionally focus on increased literacy and inclusive educational opportunities in basic and higher education, and technical and vocational educational training. Democracy, rights and governance projects will continue to support women's participation in democratic governance and political processes through investment in women's civic leadership; support to women journalists and media professionals; judicial training and outreach programs; access to justice and legal rights awareness; and activities to ensure informed participation of Afghan women as voters, candidates, elections administrators and observers.

Question. Partner Vetting. There is a lot of concern among U.S. non-governmental organizations (NGOs) about USAID's vetting of local partners. While steps need to be taken to prevent U.S. funds from ending up in the hands of a terrorist or terrorist organization, you also need to protect sensitive relationships with the local organizations we depend on to implement programs.

What is the status of this? Are you still in the pilot phase? What happens next?

Answer. The USAID Partner Vetting System (PVS) pilot program is in the implementation phase. USAID has completed PVS public rule making for acquisitions, identified contract actions in the pilot missions, and added notice of potential vetting of awards to pilot mission contract solicitations. USAID is completing public rule making for assistance awards under PVS. PVS pilot award applicants and their organizations will be vetted in accordance with established vetting protocols. USAID plans to analyze data collected from the pilot program, as well as from existing vetting programs, including those for West Bank/Gaza and Afghanistan, and produce a joint report to Congress with the Department of State in accordance with the requirements of Public Law 112-74, Section 7034(i).

USAID makes it a priority to consult with its partners about vetting and recognizes the importance of regular dialogue and feedback from partners about the impact of vetting on partner operations and effectiveness. USAID seeks to make adjustments where possible while maintaining the effectiveness of the vetting programs. For example, in the PVS pilot program, USAID has agreed to test direct vetting in certain pilot missions. Direct vetting is a concept proposed by implementing partners that involves direct communication between USAID and sub-awardees for purposes of vetting, rather than through prime awardees. Likewise, in the Afghanistan vetting program, the Mission Order on vetting has been updated to put in place certain modifications to the vetting process to accommodate requests of implementing partners, including the exemption of certain routine commercial transactions from vetting. We will continue to stay in touch with USAID's implementing partners and seek to accommodate requests, while maintaining the effectiveness of vetting as a means of ensuring U.S. taxpayer funds are used for their intended purpose.

Question. Many people have the same name and there have been many examples of personal information in U.S. databases being stolen or unintentionally released to the public. Do you tell individuals and organizations how information about them will be used and stored by the U.S. Government, including how a "positive match" would be handled and how to appeal such a match?

Answer. USAID has engaged in several public notices and rule makings that have provided the public with notice on the planned use of Personally Identifiable Information (PII) for vetting. These public notices and rule makings include:

Partner Vetting in USAID Assistance

—Proposed Rule—August 8, 2013

—Correction—November 21, 2013

Partner Vetting in USAID Acquisitions

—Final Rule—February 14, 2012

—Proposed Rule—June 6, 2009

Paperwork Reduction Act—Partner Information Form

—June 6, 2011

Privacy Act

—December 12, 2012

—February 2, 2009

Public Briefings

—August 8, 2011

—April 4, 2008

USAID has established procedures for the use of PII for vetting under the PVS pilot program. PII on key individuals of organizations applying for USAID funds, either as a prime awardee or as a sub-awardee, is entered into a secure USAID

database that is housed within USAID servers. Access to this data is strictly controlled and provided only to authorized U.S. Government staff with vetting responsibilities. Authorized U.S. Government personnel who have been assigned roles in the vetting process are provided role-specific training to ensure that they are knowledgeable in how to protect personally identifiable information. Access to this data is further restricted through role-based limitations.

Using the data provided by the applicant, USAID analysts search for any possible matches between the applicant organization or key individuals associated with that organization and one or more names contained in U.S. Government law enforcement and intelligence databases. Where a possible match is found, USAID staff will thoroughly analyze all available and relevant data to determine the likelihood of the match, and make a recommendation regarding the eligibility of the organization to receive USAID funding. In those instances where there is a positive match, USAID will update the existing public or non-public database records for those organizations or individuals with any pertinent data provided by the organization or individual.

The above process is also followed in the Afghanistan vetting program. Additionally, in an effort to improve the consistency of Afghanistan vetting among U.S. agencies, USAID participates in an Interagency Vendor Vetting Working Group facilitated by the U.S. Embassy. At these working group meetings, USAID shares its ineligible determinations and identifies significant assessments. USAID and the Embassy also participate in a weekly Vendor Vetting Advisory Panel convened by the Department of Defense regarding Afghanistan eligibility recommendations.

In the event of an ineligible determination by USAID under the PVS pilot program, the applicant will be notified of the decision and may request reconsideration. Once USAID reviews any additional information provided by the applicant in the PVS pilot program, USAID will make a final determination and communicate such determination to the applicant, as appropriate. In the case of vetting programs, USAID may reconsider ineligible determinations and has done so in particular cases when it had reason to conduct such reconsideration.

Question. Do you have the ability to waive the vetting requirement in order to avoid delays in responding to humanitarian crises?

Answer. USAID may approve awards without pre-award vetting that ordinarily would be required for a program, including the PVS pilot program, if pre-award vetting would impede the delivery of emergency aid to an immediate humanitarian crisis. In such cases, USAID may conduct post-award vetting following the response to the crisis or once emergency aid has moved to the reconstruction phase of the relief effort. USAID's policy of allowing approval of awards without pre-award vetting in order to avoid delays in responding to urgent humanitarian crises is documented in the PVS pilot mission order.

Question. Are USAID's partner vetting procedures the same as those used by the Department of State and other agencies implementing programs with overseas partners? What about the Department of Defense, which has gotten deeply involved in the foreign aid business in recent years?

Answer. Both USAID and the Department of State (State) conduct searches of public and non-public databases for vetting programs. There are some differences in USAID and State vetting procedures and systems, including for reasons related to their differing procurement models. USAID's procurements are often executed at the Agency's overseas missions, while State's procurement function is centralized in Washington, DC. As a result, in the PVS pilot program, USAID has staff at the pilot missions and in the Washington, DC area that work together on the vetting process, whereas State vetting is conducted out of Washington, DC. The same State and USAID approaches to the vetting process are maintained for Afghanistan vetting. Regarding interagency coordination, USAID coordinates the PVS pilot program with State. USAID coordinates its Afghanistan vetting program with State and the Department of Defense (DOD), as noted by the Special Inspector General for Afghanistan Reconstruction (SIGAR) in SIGAR Audit 13-14. We respectfully refer detailed questions regarding vetting procedures at State and DOD to those agencies.

Question. Disaster Relief Budget Request. Your request for International Disaster Assistance is \$1.3 billion, which is \$500 million below the fiscal year 2014 appropriations level of \$1.8 billion. What is that cut based on? Do you have reason to believe that the needs of victims of war and natural disasters will be significantly less in 2015, or was this just an Office of Management and Budget (OMB) decision unrelated to reality?

Follow Up. We cannot assume that there will be less humanitarian need in fiscal year 2015 than in 2014. Syria and the Central African Republic are the best examples of that. It means that Congress will have to make the hard choices. Are

there any programs which you regard as lower priority than disaster assistance that we should shift money from?

Answer. The administration remains dedicated to providing robust support for humanitarian programs worldwide. The President's fiscal year 2015 request includes \$1.3 billion for the International Disaster Assistance (IDA) account. The United States Agency for International Development plans to carry over fiscal year 2014 IDA funding into fiscal year 2015 to support humanitarian assistance needs. The President's request also includes \$1.4 billion in Title II to respond to development and emergency food assistance needs and \$2.097 billion for the Migration Refugee Assistance and the Emergency Refugee and Migration Assistance accounts. The administration has additional authorities, if needed, to draw upon to respond to humanitarian needs. Taken together, we anticipate having the funds needed to support our humanitarian assistance goals in Syria, Africa, and elsewhere. However, this is contingent upon avoiding a further deterioration in any of the current major emergencies, and no new large-scale emergencies before the end of the fiscal year.

The President's fiscal year 2015 request reflects the administration's ongoing commitment to humanitarian programs, while taking into account the current constrained budget environment.

Question. Global Health Budget Request. You propose cuts in several global health programs, from maternal and child health to neglected diseases, tuberculosis, vulnerable children, and nutrition. The overall cut in USAID's health programs below the fiscal year 2014 appropriated level is \$89 million. Was this OMB's decision, or do you think we are spending too much on global health? Should we be spending less, the same as 2014, or more?

Answer. The administration's fiscal year 2015 budget request for USAID's global health programs reflects difficult choices made in a constrained budget environment.

USAID has undertaken an ambitious review of every dollar the Agency spends in order to identify inefficiencies and accelerate reductions in child and maternal mortality in 24 countries, primarily in sub-Saharan Africa and South Asia, which account for 70 percent of child and maternal deaths and half of the unmet need for family planning. Our goal of ending preventable child and maternal deaths will be achieved through increasingly effective efforts to link diverse health programs—in maternal and child health, malaria, family planning's contribution to the healthy timing and spacing of pregnancy, nutrition, HIV/AIDS, and sanitation and hygiene improvement—and through global cooperation.

Our nutrition programs are effectively contributing to both the goals of Feed the Future and of ending preventable child and maternal deaths. On May 22, 2014, USAID released its new Multi-Sectoral Nutrition Strategy which aims to reduce the number of chronically malnourished or stunted children by at least 2 million over the next 5 years and hold global acute malnutrition below the agreed emergency threshold of 15 percent in places with humanitarian crises, like South Sudan and the Central African Republic.

USAID's approach will focus on the 1,000 days from pregnancy to a child's second birthday—the most critical time for a child's cognitive, intellectual, and physical development. Poor nutrition during these first 1,000 days can have negative, life-long impacts on children that prevent them from reaching their full potential. The strategy's new approach will bolster support for ongoing child and maternal health commitments, which aim to reach 500 million pregnant women and children under 2 years of age with improved nutrition, avert 20 million additional cases of stunting, and prevent 1.7 million deaths due to poor nutrition and health—goals laid out in the Global Nutrition for Growth Compact.

Further, USAID is a global leader in large-scale implementation of integrated treatment programs for neglected tropical diseases (NTDs), focusing on the scale-up of mass drug administration to target the control or elimination of lymphatic filariasis, blinding trachoma, onchocerciasis, schistosomiasis, and intestinal worms. The program currently supports 25 countries and regional programs in Africa and the Americas to reach treatment targets and monitor and evaluate the programs to document achievement of control and elimination goals. As a result of the support provided by USAID, 59 million people now live in areas where they are no longer at risk of acquiring lymphatic filariasis and treatment can be stopped, and 35 million people live in areas where active trachoma is no longer a public health problem. Over the past 7 years, the U.S. Government has leveraged \$6.7 billion in donated medicines, resulting in the delivery of more than 1 billion treatments to approximately 467.9 million people.

In part because of the USG's efforts, the rate of new TB cases has been declining for the past decade and the world is on track to meet the Millennium Development Goals of reversing TB incidence, along with a 50 percent reduction in the mortality

rate by 2015, compared to 1990. Since 1990, TB treatment has saved the lives of more than 22 million people.

There are 22 high-burden countries, which account for 80 percent of the world's TB cases. Five of these countries, which account for almost 50 percent of the TB cases—Brazil, Russia, India, China and South Africa—have the ability and capacity to increase domestic funding to address TB. All of these five countries are now providing development assistance to other countries. For example, Russia has increased funding for its National TB Control Program from less than \$500 million annually in 2007 to more than \$1 billion annually beginning in 2010, and Brazil has increased annual funding to its National TB Control Program and will provide an additional \$7.3 million in 2014.

The Global Health Programs-USAID request for TB does not represent the totality of the U.S. Government response to this disease. USAID collaborates with other agencies and the Global Fund to integrate and expand TB health services and strengthen delivery platforms, and with the President's Emergency Plan for AIDS Relief (PEPFAR) on TB/HIV co-infection interventions. It is important to note that three-quarters of annual international donor funding for TB is provided by the Global Fund, and the U.S. Government remains the largest donor to the Fund.

Through the Displaced Children and Orphans Fund, USAID supports programs in 14 countries to prevent family separation, promote family-based alternatives to institutional care for children and strengthen the capacity of families, communities and governments to care for children. As a result of our assistance, more than 14,000 child protective service providers were trained in fiscal year 2013 to provide comprehensive, sensitive care. In turn, these providers have directly reached more than 92,000 children and their family members, improving protection and wellbeing for vulnerable children.

Follow Up. For many years, United States law, known as the Hyde Amendment, has permitted Federal funding of abortions in cases of rape, incest or to protect the health of the mother. That was most recently reaffirmed in the fiscal year 2013 Defense Authorization Act. Does USAID provide funding for this purpose, particularly in places like Eastern Congo where rape is widely used as a weapon of war against women and girls? If not, why not?

Answer. USAID is committed to saving women's lives and advancing their health by investing in voluntary family planning and reproductive health programs, including in conflict settings and humanitarian emergencies. These programs have improved the health of women worldwide by helping to prevent unintended pregnancies, reducing the number of abortions and lowering the number of maternal deaths related to complications of pregnancy and childbirth.

USAID's Gender Equality and Female Empowerment Policy stipulates that USAID will strive to reduce gender-based violence and mitigate its harmful effects on individuals and communities. USAID provides a range of health services for victims of sexual violence, including reproductive healthcare, emergency contraception, psycho-social counseling, family mediation, socio-economic assistance, and referral for legal services. USAID does not provide funding for the performance of abortion.

Question. USAID Operating Costs. The USAID fiscal year 2015 request for operating costs are almost double what they were in fiscal year 2007. This trend is not sustainable. What is USAID doing to reduce its operating costs and bring them into line with the current budget environment? What impact has this increase in operating costs over the past 8 years had on improving the delivery and effectiveness of U.S. foreign aid?

Answer. Our mission to end extreme poverty and promote resilient, democratic societies while advancing the Nation's security and prosperity could not be achieved without the operational resources to support the delivery of our foreign assistance. The increase in operating costs since fiscal year 2007 was necessary for USAID to achieve its mission by rebuilding civilian capacity, improving development results and sustainability, regaining global development leadership, and supporting critical operations in Afghanistan and Pakistan vital to national security interests.

Beginning in fiscal year 2008, recognizing that development is key to national security, Congress appropriated funding to launch the Development Leadership Initiative (DLI) to rebuild the Agency's human capital capacity to meet the stewardship and technical demands of implementing the National Security Strategy. With continued bipartisan support, the Agency received funding for an additional 820 permanent Foreign Service Officers (FSOs) under DLI, allowing USAID to align human capital resources strategically with foreign assistance goals and increased program funding.

The main drivers of increases from fiscal year 2007 to fiscal year 2015 include the following:

- The U.S. Direct Hire (USDH) workforce grew by 81 percent, reflecting the hiring of 820 new FSOs under DLI and Civil Service staff to support USAID Forward reforms, the Presidential Initiatives, and the expanded overseas workforce.
- The cost for Afghanistan and Pakistan operations increased significantly to support a ramp-up in USAID’s presence in these Frontline States.
- Mandatory International Cooperative Administrative Support Services (ICASS) costs, excluding Afghanistan and Pakistan, from the Department of State increased by 351 percent due to challenging security environments overseas.

As a careful steward of taxpayer dollars, especially in this fiscally constrained environment, USAID strives to be more efficient and effective in its worldwide operations. The Agency continues to implement ambitious operational reforms to improve management processes and achieve efficiencies through real property disposals, in-sourcing, travel, conferences, information technology, and space optimization that generate cost savings and avoidance. USAID has achieved cost savings and avoidance of \$57.6 million in fiscal year 2011, \$92.6 million in fiscal year 2012, \$17.8 million in fiscal year 2013 and \$12.6 million thus far in fiscal year 2014. Further, USAID has restructured its overseas presence to realign resources with policy priorities, strengthening its ability to meet its foreign policy and national security mission.

Over the past 8 years, the increased budget for operating costs has allowed USAID to improve the delivery and effectiveness of U.S. foreign assistance through its new model of development. With the expanded workforce, USAID has been able to reform policy, harness innovation, and leverage private capital, thus maximizing development impact.

The results the Agency has achieved in recent years to end extreme poverty and promote democratic, resilient societies would not have been possible without the human and financial resources made available to recruit, hire, train, deploy, and equip USAID’s talented staff. The chart below illustrates the Agency’s recent foreign assistance achievements.

Corporate Priorities	Funding Level 2006–2009 v. 2010–2013	Result	Cost-Effectiveness and Leverage
Feed the Future	+ 206%	Helped 6.7M farmers grow more food and improved nutrition for 12.7M children in 2013.	Cost-benefit analyses show an average rate of return of 32% for Feed the Future investments.
Child Survival	+ 42%	Helped achieve 8% reduction in under-5 mortality in our 24 priority countries in 2 years alone, saving 560,000 lives.	Helping Babies Breathe Alliance leveraged \$3 for every \$1 we invested, raising an additional \$23M for this lifesaving partnership.
AIDS-Free Generation	+ 29%	With PEPFAR, we provided antiretroviral treatment to 6.7M people with HIV/AIDS in 2013—a four-fold increase since 2008.	The Global Fund raised \$2 for every \$1 pledged by the U.S. Government, leveraging billions for HIV/AIDS.
Power Africa	+ 420%	2,500MW of power projects have financially closed; another 5,500MW are in the planning stages—together enough to light over 10M homes.	For every \$1 the U.S. Government has committed, the private sector has committed \$2—over \$14 billion so far.
Resilience	+ \$451M	Reduced disaster risk for 27M people and strengthened resilience for 3.4M in targeted zones in the Horn of Africa in 2013.	Each \$1 of investment in resilience yields \$2.9 in development gains, avoided livestock losses, and unneeded aid.
Education	+ 28%	Expanded education opportunities for 19M students in 2013.	<i>All Children Reading: A Grand Challenge for Development</i> matched \$1 for every \$1 we invested.
Water	+ 38%	Provided 38M people with access to water and 17.7M with access to improved sanitation since 2006.	<i>Securing Water for Food: A Grand Challenge for Development</i> leveraged roughly \$2 for every \$1 we invested.

Question. Development Assistance Budget Request. Your request of \$2.6 billion for Development Assistance is \$113 million above the fiscal year 2014 appropriated level. Where do you plan to use the bulk of these additional funds?

Answer. The fiscal year 2015 DA request of \$2.6 billion is designed to achieve the goals outlined in Presidential Policy Directive–6 (PPD–6) by supporting programs fo-

cused on sustainable development, economic growth, democratic governance, development innovations, sustainable systems for meeting basic human needs, and building resilience.

The bulk of the additional resources of \$113 million will support the Presidential Initiatives for Global Climate Change and Feed the Future and further development goals in the areas of education, water, governing justly and democratically as well as empowering women.

Question. Follow Up. Do you expect higher or lower amounts in the countries of Central America, where poverty and violence are driving people to leave their homes and come to the United States?

Answer. The fiscal year 2015 request prioritizes the countries of Central America with a \$26.0 million increase in funding for the region as compared to the fiscal year 2014 Estimate.

[\$ in thousands for all items]

	Fiscal Year 2014 Estimate	Fiscal Year 2015 Request	Increase/Decrease
El Salvador	19,281	25,000	5,719
Development Assistance	19,281	25,000	5,719
Guatemala	57,789	70,387	12,598
Development Assistance	42,789	57,387	14,598
Global Health Programs—USAID	15,000	13,000	–2,000
Honduras	36,700	44,326	7,626
Development Assistance	36,700	44,326	7,626
Nicaragua	7,400	8,000	–400
Development Assistance	7,400	8,000	600
USAID Central America Regional	19,891	19,391	–1,500
Development Assistance	11,500	11,000	–1,500
Global Health Programs—USAID	8,391	8,391	—
TOTAL	141,061	167,104	26,043

In addition, through the Central America Regional Security Initiative, the fiscal year 2015 request includes \$60.0 million of ESF for Central America, the majority of which will be managed by USAID.

Question. Indigenous People. As you know, USAID now has an Advisor on Indigenous Peoples Issues, a position I established some years ago. This is important because many of the countries where USAID has programs have indigenous populations whose survival is threatened, particularly from extractive industries and the encroachment of agriculture and unchecked development. What steps is USAID taking to incorporate indigenous people as partners in the sustainable development process, to ensure that their rights and traditions are protected and their needs addressed?

Answer. USAID recognizes the important role that indigenous peoples play in sustainable development, biodiversity conservation, and adapting to—and mitigating the effects of—global climate change. For several years we have worked to incorporate the issues and concerns of indigenous peoples into our work in many countries, including Colombia, Peru, Brazil, Ecuador, Guatemala, and Honduras. Now, with the appointment of our new Advisor on Indigenous Peoples Issues, USAID is taking steps to ensure that all of USAID’s projects, programs and policies are designed and implemented to include indigenous peoples as partners in the entire development process, including:

- A. *Integrating Indigenous Peoples’ Issues into USAID Programs, Policies and Projects:*
 - Evaluating the impact of USAID’s projects and programs on indigenous communities
 - Developing a USAID policy on Indigenous Peoples
 - Integrating Indigenous Peoples’ Issues into other USAID Policies (Internally Displaced People Policy, Biodiversity Policy, etc.)
 - Integrating Indigenous Peoples’ Issues into USAID Country Development Cooperation Strategies
- B. *Enhancing USAID Staff Capacity to Integrate Indigenous Peoples into Programs and Projects:*
 - Developing a USAID Training Program on Indigenous Peoples’ issues

- Developing a series of issue papers on Indigenous Peoples
- Incorporating Indigenous Peoples into USAID’s Democracy Human Rights and Governance (DRG) Strategic Assessment Framework to ensure that the situation of indigenous peoples is assessed when a country’s primary DRG challenges are identified, to support USAID missions in developing strategies for addressing them, and to guide resources to areas where investments will have the greatest impact.

C. Improving Coordination:

- Strengthening Intra-Agency Coordination
- Enhancing Inter-Agency Coordination (Department of State, Treasury, USUN, Bureau of Indian Affairs, White House)
- Engaging International Financial Institutions on policy and project issues (World Bank, Inter-American Development Bank, African Development Bank, Asian Development Bank, European Bank for Reconstruction and Development)

D. Engaging Indigenous Peoples:

- Coordinated consultations with indigenous leaders at the 13th session of the U.N. Permanent Forum on Indigenous Issues in May 2014.
- Planning for the World Conference on Indigenous Peoples, a high-level plenary meeting of the United Nations General Assembly that will take place September 22–23, 2014 at the UN headquarters in New York.
- Providing funding for indigenous peoples’ issues through USAID’s Human Rights Grant Program. In the first round of grants since the Advisor has been at USAID, a grant for \$750,000 was awarded to support the economic inclusion of Guarani farmers in Paraguay. The next call for proposals will go out in the next 2 weeks and, because of outreach undertaken by the Advisor, we expect a minimum of three proposals for indigenous peoples’ projects.
- Organizing meetings between USAID staff and indigenous leaders from Indonesia, Kenya, Bangladesh, Democratic Republic of Congo and Peru
- Serving on the planning committee of the World Summit of Indigenous Funders that will be held in September 2014.

Question. Columbia. The Colombian Government is trying to negotiate a peace agreement with the FARC, which if successful will end decades of civil war. That may be the easy part. If there is an agreement, securing and sustaining the peace will be extremely difficult.

What plans is USAID making, if any, and how is it reflected in your fiscal year 2015 request for Colombia—which is decreasing—to help Colombia? Is this something you are anticipating for fiscal year 2016, rather than this year?

Answer. USAID has been planning for nearly 2 years to ensure that its programs are flexible and relevant to adapt to the needs in Colombia in the coming years. Specifically regarding the peace process, USAID has been in close contact with the government about the status of the negotiations and we have encouraged them to inform us of any areas of anticipated support.

USAID programs in Colombia will continue to work with the government, civil society, and the private sector to support conflict victims, reduce impunity, develop rule of law, bring government services to rural areas previously controlled by the FARC, and improve land tenure and livelihoods in rural areas. By supporting the efforts of the Colombian people to secure justice and good governance, we help lay the ground work for the accountability, stability, and reconciliation necessary for any peace deal to be successful.

Question. USAID Overseas Presence. USAID proposed in the fiscal year 2014 budget request to restructure its overseas presence by closing or downsizing 10 USAID missions and establishing new or upgrading existing USAID offices in 10 countries. The fiscal year 2015 budget doesn’t propose any additional restructuring overseas. Given the dynamic and changing situations in Ukraine, Russia, Africa, and the Middle East, do you continue to think that no additional restructuring is needed? Are you looking at other ways to maintain overseas presence in a more flexible manner?

Answer. USAID monitors closely the political and security situations in the countries where it has programs to determine whether changes in presence are warranted. At the time the Agency prepared the fiscal year 2015 budget, no changes in USAID presence were needed. However, given the recent deteriorating security situations in the Middle East and Africa and the conflict between Ukraine and Russia, the Agency is considering additional restructuring changes that will address security concerns while maintaining overseas presence in a flexible manner. As required, the Agency will notify Congress of any proposed presence changes.

Question. Ethiopia. What steps have been or will be taken by USAID to ensure that no foreign aid is used to support activities that either directly or indirectly result in forced evictions?

Answer. USAID will continue to conduct the appropriate planning, consultation, analysis, due diligence, and monitoring to ensure that foreign assistance does not support forced evictions, while continuing our important partnerships to improve the livelihoods of people in Ethiopia. Through consistent site visits to the areas in question, such as South Omo, implementing partner reports, and data quality analysis, USAID is diligent about ensuring that aid supports the intended project purposes and does no harm. In addition, USAID and other donors continue to insist that the Ethiopian Government conduct meaningful community consultations, offer appropriate grievance procedures, and allow for sufficient planning and the timely provision of services.

Question. In two reports released in 2013, *Development Aid to Ethiopia: Overlooking Violence, Marginalization, and Political Repression and Ignoring Abuse in Ethiopia: DFID USAID in the Lower Omo Valley*, the Oakland Institute documented how officials from USAID heard first-hand accounts of forced resettlements and human rights abuses from villagers in Ethiopia and yet still came to the conclusion that the allegations of forced resettlements were “unsubstantiated.” They went on to say that no evidence exists to make the links between their programs and practices of the Ethiopian Government. What methodology did USAID use to reach this conclusion?

Answer. USAID has conducted over six monitoring visits to the village sites in the lower Omo region since late 2011 with an additional visit ongoing presently. Some of these visits were jointly conducted with other donors. During each visit USAID has conducted numerous discussions with affected groups to assess their experience. Despite these discussions and the significant efforts expended by USAID on each trip to investigate alleged abuses, USAID has never encountered any evidence of the Ethiopian Government using violence to threaten or remove populations during its visits.

QUESTIONS SUBMITTED BY SENATOR ROY BLUNT

Question. As you know, tuberculosis is the leading curable infectious killer in the world, claiming 1.3 million lives per year. Worldwide, tuberculosis is the third leading cause of death among women of reproductive age. I agree that continued advances in scientific health, specifically with tuberculosis, are imperative. The United States has been a leader on this issue and, as a result, has helped save and improve the lives of millions. I know the Foreign Assistance Act allows USAID to provide assistance to any U.S. or non-U.S. individual or entity. I also know that we must weigh the expertise of entities to ensure that the government is providing resources, especially research and development resources, to those that are most capable of achieving the outcomes. However, given the history of U.S. entities in TB research, I am frustrated by the level of funding going to entities outside the U.S. I am also frustrated that Requests for Applications specifically confirm that non-U.S. based groups are eligible, and to my knowledge, U.S. companies are not given any weighted preference in the selection process.

Please share with me why we have significant USAID funding for TB being awarded to non-U.S. entities when we have plenty of U.S. entities more than capable of meeting the requirements?

Answer. USAID’s top priority in managing its tuberculosis (TB) program is to ensure that program operations achieve the maximum results possible in an effective and efficient manner. The TB program operates through a variety of mechanisms that are awarded based on technical excellence and cost effectiveness through a full and open application process. Our partners are composed of both U.S. and non-U.S. based entities which carry out various elements of the diagnosis, treatment, and prevention of TB. We are proud of the results that have been achieved through USAID-assisted TB programs. Since 1990, deaths from TB have been reduced 41 percent and the overall prevalence of TB has been reduced 40 percent in USAID-supported countries. These countries are on track to meet the Millennium Development Goal target of a 50 percent reduction in mortality by 2015. Further, more than 1.31 million people with TB were successfully treated and more than 45,000 people with multi-drug resistant TB (MDR-TB) initiated treatment in 2012, the most recent year for which data is available. This is a 40 percent increase in 1 year of the number of people initiated on MDR-TB treatment, comparing the same number of countries in 2011.

USAID's record demonstrates a strong commitment to partnering with U.S. companies, with USAID TB mechanisms in both Washington and worldwide awarded to numerous U.S.-based entities—including University Research Co., LLC, PATH, FHI 360, Abt Associates, Chemonics, and MSH. In addition, USAID partners with a number of U.S.-based organizations—such as the TB Drug Alliance, Johnson & Johnson, and Cepheid, Inc.—to strengthen our TB programs. These organizations provide unique expertise that contributes to the Agency's impressive TB results. In certain cases, non-U.S. based entities—including the World Health Organization, the Stop TB Partnership, the International Union Against Tuberculosis and Lung Disease, and KNCV Tuberculosis Foundation—possess a unique expertise and existing logistical access to improve TB care, treatment and prevention in a cost-effective manner. For example, the Stop TB Partnership's Global Drug Facility allows for the pooling of procurements, thereby creating the opportunity for countries to purchase improved quality commodities for lower prices.

Question. What system of priorities does USAID give to U.S. companies for TB funding in order to further build our domestic capabilities?

Answer. USAID's tuberculosis (TB) program follows the policies and procedures in USAID's Automated Directives System (ADS), specifically ADS Chapter 300 which outlines policies for the procurement of goods and services through Agency acquisition and assistance planning. Further, USAID follows the Code of Federal Regulations procurement standards. Through a competitive and transparent process, USAID makes awards to partners with applications that are of the highest technical merit, while providing the best value for money.

USAID partners with a number of U.S. companies to further build TB capabilities in the international sector, including:

- TB Drug Alliance, a non-profit U.S.-based organization dedicated to the discovery and development of new, faster-acting and affordable TB medicines. USAID funding is supporting the TB Alliance to develop new, urgently needed TB treatments for use both in the United States and globally. With USAID support, the TB Alliance currently has multiple new TB drug combinations in clinical development.
- Johnson & Johnson, a U.S.-based company that includes pharmaceutical products. USAID is supporting studies to evaluate the efficacy of bedaquiline—a drug that can be used as part of a combination therapy for pulmonary, multidrug-resistant TB (MDR-TB) in adults. Bedaquiline is the first drug in 40 years with a specific indication for MDR-TB. USAID will be supporting the implementation of a clinical trial that will evaluate efficacy, as well as the safety of bedaquiline. Data from the study will help Johnson & Johnson meet U.S. Food and Drug Administration requirements for full approval of the drug. Further, USAID is supporting countries to introduce bedaquiline as part of TB treatment for MDR-TB and extensively drug-resistant TB (XDR-TB) patients—information that will directly benefit U.S. MDR-TB and XDR-TB patients.
- Cepheid Inc., a California-based molecular diagnostic system manufacturer and supplier responsible for bringing to market an exciting new TB diagnostic, Xpert MTB/RIF—a test capable of accurately diagnosing TB and MDR-TB in 2 hours. USAID—in partnership with PEPFAR, UNITAID and the Bill & Melinda Gates Foundation—entered into a financial agreement with Cepheid to reduce the cost of one Xpert test from \$16.87 to \$9.98—a 40 percent reduction. USAID is also supporting the roll-out and scale-up of Xpert in countries through a comprehensive technical approach, and experience from this roll-out will inform better testing practices in the United States for persons suspected of having TB and MDR-TB.

Partnering with international organizations allows USAID to more efficiently leverage the funds of other donors, including other government donors and the Global Fund to Fight AIDS, Tuberculosis and Malaria, to develop new tools and drugs and reduce the price of commodities while increasing the quality. USAID also supports the Stop TB Global Drug Facility (GDF) to pool TB drug procurements so countries, including the United States, are able to access cheaper, high-quality drugs. USAID, through engagement with the GDF and U.S. Pharmacoepia, has contributed to the dramatic reduction of second-line drug costs for the treatment of MDR-TB.

SUBCOMMITTEE RECESS

Senator LEAHY. Thank you very much, Dr. Shah.

Dr. SHAH. Thank you, Senator.

[Whereupon, at 11:43 a.m., Tuesday, April 8, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

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