

Hearing Transcript

House Foreign Affairs Committee Hearing on President Obama's Fiscal 2017 Budget Request for Foreign Assistance

March 15, 2016

ROYCE:

This hearing will come to order. Today, we'll have all the members take their seats. Today, we're going to review the U.S. Agency for International Development and Millennium Challenge Corporation.

From countering the threat of ISIS to combating pandemic diseases, foreign assistance can advance our national security, and it does it at a modest price. It's important to ensure that all of these investments though -- no matter their size, that they're all efficient, that they're all effective, and the ultimate objective here must be to see countries graduate overtime from aid.

Economic growth is the foundation upon which all of our development programs should be built. From expanding access to energy and clean water to improving food security, strengthening health systems, expanding access to capital, advancing property rights -- and that means ending land grabbing -- and empowering women to participate freely in civic and economic activity.

Market-based economic growth is the key to ending extreme poverty and it's key to advancing, frankly, U.S. interests. In this sense, the Millennium Challenge Corporation is on the right track.

By picking poor but relatively well-governed countries to partner with, and by pushing transparency and pushing accountability, MCC is putting countries on the path toward graduation.

MCC is again requesting the authority to enter into concurrent compacts. And they do this to boast trade regionally. I am pleased to be backing this initiative, along with Congresswoman Karen Bass, from -- from Los Angeles.

However, MCC must stay true to its mission. The reality is that its commitment to selectivity and accountability, principles which we legislated here in Congress, that is constantly being tested.

And I've just returned from Tanzania, where the government's commitment to democracy is being tested. It's being tested by rising levels of corruption in Tanzania. By constraints on freedom of expression, and by a cavalier attitude with respect to fixing of elections in Zanzibar.

A second MCC compact with Tanzania is not supportable under these conditions. The Agency for International Development also is being put to the test. From ghost schools to abandoned irrigation projects, and hundreds of millions of U.S. taxpayer dollars exposed to waste, fraud and abuse in Afghanistan to Pakistan.

Presidential initiatives are diverting critical resources away from economic growth. Strategic planning is weak. We need fundamental changes there in Afghanistan and Pakistan. To its credit, USAID has been working to reform.

In many ways, it is putting MCC principles into practice. The Agency is seeking to focus more on results and innovation, while tapping the expertise and capital of the private sector. It has been helped by Congress' transparency push, including Mr. Poe's Foreign Assistance Transparency and Accountability Act, which needs to pass the Senate.

USAID is the global leader in humanitarian assistance and disaster relief. From the devastating earthquake in Nepal, to the deadly Ebola epidemic, to the prolonged refugee crisis in Syria, USAID is often the first to respond.

When lives are at stake, flexibility can be essential. In the Philippines, I saw first-hand Typhoon Haiyan's devastation there. USAID knew it would take three weeks for U.S. food aid stored in Sri Lanka to arrive -- 12 weeks if they had to ship food from the U.S. So they bought food locally, and because they did, they saved lives there.

The Administration has rightly renewed its request to untie a quarter of the Food for Peace budget from costly, outdated and inefficient U.S. purchases -- purchase and shipping requirements that would cost those four weeks in a disastrous situation like that hurricane.

I will continue working with the Administration and my colleagues to see that our food aid reaches more people in less time. Again, this is about saving more lives. New technologies, from vaccines to mobile banking have accelerated advances in global health, in food security and development finance.

USAID and MCC must keep pace by modernizing their workforce, by embracing innovation and partnering with the private sector. And I look forward to working with Administrator Smith and Ms. Hyde to address these challenges over the coming year.

Mr. Engel will be joining us late, so I'm going to recognize Mr. Sherman of California for any opening statement he might wish to make.

SHERMAN:

Thank you Mr. Chairman and I'll yield a minute to any other Democrat on this side that has something to say, in part out of my generosity and part because I don't have a prepared opening statement capable of filling the time.

We will -- Congress can play an important role in Foreign Affairs, by providing adequate funds and providing oversight. This is the most important work, I think the federal government does because it not only helps the poorest in the world and the most un-free in the world, but it is the best investment we can make, dollar for dollar in American security.

In fact, we spend roughly 1/5 of 1 percent of our gross domestic product aiding and providing development assistance to the world's poor. When you poll Americans, they say that perhaps we

spend 10, 25 or even 50 percent of the federal budget, rather than the 1 percent of the federal budget, 1/5 percent of our GDP that we actually spend.

Perhaps we should have a national referendum, limiting total foreign aid to no more than 5 percent of the federal budget. I see at least two people in this room that would be happy with that as a target figure.

When you look at our military budget and combine it with the veterans assistance and intelligence, you see that we spend an awful lot for our -- on our national security, roughly 5 percent of our GDP.

And I think that -- and that doesn't count the most significant cost, and that is the cost in blood when we do have to deploy our best and -- forces into harm's way. I want to identify two regions of the world in which I take a particular interest.

Our aid to Armenia has helped it alleviate the effect of the blockade imposed on Armenia by Turkey and Azerbaijan. We have -- and should have a robust package for the country of Georgia because part of its territory is still occupied by Russia and it faces significant challenges and I hope that the region of Samtskhe-Javakheti -- I guess it's abbreviated just Javakheti.

In Southern Georgia would be particularly aided as part of that process since it has been left out in the past. And of course, USAID to Nagorno Karabakh helps that critical and beleaguered area and people very much need, we provide the mining assistance, we ought to be doing more.

As to Pakistan, there are different regions and I -- Pakistan is so complicated already, if you look at the whole country, but you have to look at the individual regions. And in the south, the provinces of Baluchistan and Sindh have more than 50 million people.

The people of Sindh have, I think -- I won't quite say it but by clear majority rejected extremism. I know that we've spent \$155 million on the Sindh basic education program but the Inspector General found some problems. I'm told that those problems have been remedied or at least all the IGs suggestions have been implemented.

I look forward to asking questions about that, and I'll look to see whether -- yes, Mr. Meeks would have some opening statements. I yield to him.

MEEKS:

Thank you Mr. Chairman. I can't think of a more important time in our history in what you are doing right now with reference to USAID or the Millennium Challenge and how importance it is.

When I think of, for example, capacity building. It is something that can make the differences, and we're talking about eradicating poverty. If we can build capacity so individuals can have the ability to create jobs and to participate in the 21st century, it makes it safer and this whole globe much more secure.

When I think about the issues that are before us and the issues that you have to deal with on a global scope, because the two oceans no longer just protects the United States, and as Mr. Sherman said, we spent a miniscule amount.

But when you think about -- just look at the agenda, whether it's science and innovation, whether it's global health, dealing with women's health, or malaria, or global health security, and tropical diseases , whether it's agriculture in the Feed the Future Initiative or the Global Food Security Act, or Food Aid Program reforms and priorities.

Whether it's democracy and governance that we're dealing with, or global change, global climate change and wildlife trafficking. These are tremendous issues that are -- and I can go on and on and on, but that we need to address and it makes -- that effects not only these other countries, but it affects us directly, also.

Because if you look at diseases, how fast they can travel, if we don't solve things there, they come right back here at home. So I'm excited to -- and we'll have some questions on some specific regions but glad that you're here and I think that we're here at a key strategic time. Thank you. I yield back.

ROYCE:

Thank you Mr. Meeks. This morning we are pleased to be joined by Administrator Smith. She was sworn in as the 17th Administrator of USAID this past December.

Before assuming this position, Administrator Smith served as special assistant to the President. And as senior director for Development and Democracy at the National Security Council and we welcome her to the committee.

Prior to becoming chief executive officer of the Millennium Challenge Corporation, Dana J. Hyde was the associate director at the Office of Management and Budget and previously worked at the State Department. So it's good to see you again, Dana. Without objection, the witnesses full prepared statements will be made part of the record.

And members here will have five calendar days to submit any statements or questions or extraneous material for the record. So Administrator Gayle Smith. Administrator I think the red button there.

SMITH:

Now am I on? All right, here we go. Thank you Mr. Chairman. And to other members of the committee for the opportunity to discuss President Obama's Fiscal Year 2017 budget for the United States Agency for International Development. I will say, I'm also delighted to be here next to my friend and colleague Dana Hyde of the MCC.

For more than fifty years, USAID has led our nation's efforts to advance dignity and prosperity around the world, both as an expression of our values and to help build peaceful, open and flourishing partners.

This request will help advance that important legacy, but our budget line items only tell part of the story. In recent years, with vital support from Congress, we have acted to make our work more efficient, effective and impactful.

First, recognizing that though foreign assistance is just one valuable tool of many, we're making smarter investments with our assistance, leveraging private capital and funding from other donors to scale our impact and supporting governments, small businesses and entrepreneurs to mobilize domestic resources for development.

Second, recognizing that development is indeed a discipline, we are improving the way we do and measure our work. Since adopting a new evaluation policy in 2011, the Agency has averaged 200 external evaluations a year.

And our data show that more than 90 percent of these evaluations are being used to shape our policies, modify existing projects and inform future project design.

Third, recognizing that USAID can achieve more when we join forces with others, we partner with U.S. government agencies American institutions of higher learning, NGOs and communities of faith.

When we can achieve greater efficiency or impact, we align goals and strategies with governments and organizations all over the world and engagement with the private is now fully embedded into the way we do business.

Finally, recognizing that development solutions are manifold, we are pursuing integrated country strategies, helping to build local research capacity and harnessing science, technology and innovation to accelerate impact faster, cheaper and more sustainably.

These and other steps I believe are making us more accountable, stretching our dollars further and helping USAID to live up to its important role as our lead development agency.

For less than 1 percent of the federal budget, the President's request keeps us on this path, enabling us to meet new challenges, seize emerging opportunities, improve the way we do business and deliver transformational results on behalf of the American people.

Specifically, the request of \$22.7 billion will help advance progress in the four core pillars of our work. First, fostering and sustaining development progress, second, preventing, mitigating and responding to global crises, third, mitigating threats to national security and global stability, and fourth, leading in global development, accountability, and transparency.

In countries around the world, USAID works to foster and sustain development progress in a range of sectors. In global health, we will continue to save lives and build sustainable health systems in the countries where we work.

We will also continue to achieve transformational progress through the U.S. government's major development initiatives, including Feed the Future and Power Africa, and we will continue to promote quality education and increase access to safe water and sanitation.

Finally, as we know progress is not sustainable without open and effective governance in a vibrant, civil society, the request will enable us to expand our work in democracy, rights and governance.

As a global leader in humanitarian response the U.S. is there whenever a disaster hits. Our assistance saves lives and protects precious development gains whether in Syria and South Sudan or on any of the four continents affected by El Nino this year.

The President's request provides the agility and flexibility that is so desperately needed to prevent, mitigate and respond to these global crisis. We also work in places of strategic importance to U.S. foreign policy to mitigate emerging threats and other global security challenges.

This request supports these critical efforts from planting the seeds of dignity and opportunity that offer a counter narrative to violent extremism to fostering goodwill towards the United States.

We are addressing the root causes of insecurity and in migration from Central America, strengthening our partners in Eastern Europe and Central Asia and investing in long-term progress in Afghanistan.

Finally, this request will enable USAID to continue to lead. It includes support for the Global Development Lab to help us spur and integrate innovation across and beyond the agency, and for our bureau for policy, planning and learning, to help us continue to drive with evidence.

It also supports our work to strengthen USAID as an institution and support the men and women of this agency who serve their country bravely and in some of the most challenging of the world's environments.

It is a great privilege to serve the American people alongside the men and women of USAID and I look forward to working closely with Congress to continue making aid more agile, accountable and impactful.

Together we are building the agency we need and the world deserves, and making investments in a better future that will pay dividends for years to come. Thank you for this opportunity and for your support. I welcome your questions.

ROYCE:

Thank you. Ms. Hyde?

HYDE:

Thank you, Chairman Royce, Congressman Sherman and members of the Committee. I am delighted to be here today with my friend...

ROYCE:

I'm going to ask you to again, try that red button there, and then speak into the microphone.

HYDE:

Is this -- is this helpful? Yes.

ROYCE:

Yes.

HYDE:

Great. I am delighted to be here today with my friend and fellow...

ROYCE:

Well, just pull that microphone over about four inches -- there we go.

HYDE:

How we doing now?

ROYCE:

Perfect.

HYDE:

We're getting there? There you go. Over the past 11 years, MCC's model has been to be one of the most effective ways to transform lives and create opportunities in poor countries around the globe. As MCC turns the corner on its next decade, the agency is well poised to expand its reach and impact.

In Fiscal Year 2017, MCC requesting \$1 billion to partner with impoverished countries in Africa and Asia. This funding will directly support compacts with Nepal, Vanuatu and the Philippines, as well as threshold programs in Sri Lanka and Togo.

It will also enable MCC to move forward with critical investments in Cote d'Ivoire, Kosovo and Senegal. In each of these countries, MCC's data driven approach will approach sustainable economic growth and reduce poverty in three key ways.

First, MCC achieves some of its most dramatic results without spending a dollar of taxpayer resources. MCC's score card and global brand have created a powerful incentive for countries to undertake reforms to achieve eligibility, a phenomena that has been labeled the MCC effect.

Countries like Cote d'Ivoire have taken forceful steps to change their laws and tackle corruption in order to qualify for MCC assistance. Second, MCC's projects themselves are designed to tap economic potential and spur growth.

Nepal, for example is one of the poorest countries in Asia and still recovering from last year's devastating earthquake. But Nepal is also endowed with valuable human and natural resources. The flow of water from the Himalayas has the potential to power homes across the country and supply an energy surplus that Nepal can sell to neighbors like India.

The government of Nepal with MCC's support is taking steps to turn this potential into reality by harnessing its natural waters through capital intensive infrastructure projects, MCC can help Nepal on the path to long-term growth.

Finally, MCC's programs leave behind more the sum of their individual projects. MCC's commitment to a country led, country owned model of development, prioritizes accountability, transparency and systemic change.

Consider MCC's last impact in the Philippines. After an MCC designed and funded road survived a direct hit from Typhoon Haiyan in 2013, the government adopted MCC's resiliency standards and is now applying them to highways across the nation.

With this committee's support, MCC is on a strong footing. Last month, we released a five year strategy, NEXT. NEXT charts a course for expanding impact by doubling down on the core strength of the MCC model.

Allow me to share two important priorities. First, the strategy commits to deepening MCC's leverage of the private sector. Increasingly, MCC is using its grant assistance to incentive and support difficult sector reforms that help create an enabling environment private investment.

At the same time, MCC is expanding its use of public/private partnerships with just over a billion dollars in three recent compact investments is expected to leverage nearly \$5 billion in private investment.

Second, it is increasingly apparent that the path to economic growth in many of our partner countries lies in regional integration. After more than 10 years of successfully delivering large complex infrastructure projects, MCC is well-positioned to support the hard and soft infrastructure that will link markets and customers across borders.

The President's request asks Congress to provide MCC with the authority to make regional investments. You, Mr. Chairman as well as Mr. Engle, Ms. Bass and others have been champions of this authority and I am grateful to the committee for approving language that would support MCC's regional work.

In sum, Mr. Chairman, I am proud and humbled to lead an agency built on the pillars of evidence-based development in this constrained budget environment, you can be assured that MCC's data driven investments yield results.

MCC continues to promote American values and catalyze growth around the world. And since Day 1, MCC has held itself accountable to Congress and to the American people. Thank you very much for your time and attention, and I would be happy to ask -- answer your questions.

ROYCE:

Thank you Ms. Hyde. I would just start by -- by mentioning Mr. Chabot's Girls Count Act, which we passed through this committee and now the Administration is working with the Let Girls Learn Initiative.

As Mr. Chabot has pointed out in this committee, keeping girls in school reduces the likelihood that they're going to be made child brides, or that they're going to end up trafficked, or they're going to be trapped in poverty.

And so we -- have the Peace Corp and USAID heavily involved now in -- in Lets -- Let Girls Learn. Which of the two is leading that effort, if I could ask?

(OFF-MIKE)

ROYCE:

Very good. That would be -- that would be something to look at in terms of how we can -- how we can expand the effectiveness. Food Aid Reform, I wanted to talk about the flexibility. I raised that in my opening statement.

Under what conditions would Flexible Food Aid tools, like local and regional purchase, vouchers or transfers be more appropriate than in-kind assistance. Maybe you could give us an example for the committee.

It's something that I know the Administration is looking to advance. This critical need is something I've worked on here for some years and if you'd like to amplify on the need for that. Administrator?

SMITH:

And if you'd like me to also take the Let Girls Learn question.

ROYCE:

Sure.

SMITH:

And thank you for your support and recognition of the impact of keeping girls in school. I would note that one of the elements of the request is for something called the Let Girls Learn Challenge fund, which is aimed at spring innovations to not enroll but keep girls in school.

Because this is one of the other challenges we face. On the matter of food aid, we have always benefited and hoped to continue to benefit from a mix of commodities and cash. Our request for 25 percent flexibility in Food For Peace, is rooted in the need to have flexibility given the diverse range of crises that we face.

In some cases, commodities are the best answer. In many cases for reasons that you pointed to in your introductory comment, a matter of speed, cost or the type of commodity, means that it's far more effective for us to purchase locally.

We've found that this saves time, as you've pointed out, but it also, we believe has the impact of saving as many as 600,000 additional lives.

ROYCE:

Very good. With the recent elections of course in Burma, Burma continues to make strides but despite this progress, treatment of the Rohingya Muslims in the Rakhine State is abhorrent.

Even though we're going to see a new government here take power in Burma, I think the animosity towards the Rohingya runs deep there and the administration has highlighted bolstering the democratic gains in Burma.

How are we working to change attitudes there towards the Rohingya and affecting the persecution of the Rohingya in Burma?

SMITH:

Thank you Mr. Chair for the question. It's our belief that as we strive to continue promoting democracy in Burma, the plight of the Rohingya people is one of the elements that needs to be on the table.

We are as you know providing humanitarian assistance. We are about to launch a new program that is designed to improve the livelihoods of the Rohingya people, both for their benefit but also so that they might be more effectively integrated in to Burmese society going forward. It's an issue we watch very closely and will continue to work.

ROYCE:

Thank you. I also wanted to just return to the issue of MCC compacts, especially here as it resolves or as it -- in regard to what we saw in Tanzania in terms of the attempts to fix the election in Zanzibar.

Now that's going to be re-voted on March 20, but I think there's every reason that we've got to use our considerable leverage and where there is clear violation of the law and corruption of that kind of magnitude, you've got to put your foot down and say enough.

Also, I'll just mention besides the situation in Tanzania, on the attempt to fix that election on the island of Zanzibar. We've also go the situation on Peru last week where the Peruvian Electoral Court has barred Julio Guzman from next month's elections over what they say is a procedural error in his party's internal nominating process.

Now this is not an issue within his party. It's the opposition, frankly. It's Fujimori is the rival candidate -- Fujumori and with the -- with just weeks until the first round of votes, Mr. Guzman has been polling second to the rival candidates and now, not by the will of the people, but by a three to two vote on this procedural issues, that's going to determine, I guess, who's going to lead Peru.

I think -- I think that decision risks undermining the legitimacy of whomever should eventually prevail and we should be using our considerable influence in situations like this where we see these attempts to steal elections.

We should -- we should be engaged in that. I see also we're looking at another compact with the Philippines. As you know, we've raised this issue of land grabbing in Cambodia where the corruption is driven from the top, from the Central Government.

And from the Philippines where you have local governments involved in the press as of -- of land grabbing. And I think as we work to identify land grabbing and poor land tenure policies that are constraints to economic growth, we have to use our considerable leverage as a counterweight here to those to end those practices.

I've run out of time, so I'm going to go to Mr. Engle for his opening statement and any questions he might want to raise. Mr. Engle?

ENGLE:

Thank you very much Mr. Chairman. Let me -- let me first say, Ms. Hyde, your leadership at the MCC has been exemplary. I want to just say that for the record. And let me say, as you well know how pleased I am that Kosovo is now on track for an MCC compact. It's something we worked for, for a long time.

And it's just nice to see, government responding in a way that I believe it should. So thank you very, very much. Let me -- let me ask Ms. -- Administrator Smith, I understand that you've worked at USAID during the Clinton administration, and many things obviously have changed since that time.

We've faced staggering needs due to conflict instability and our foreign assistance budget remains constrained, which I think is an absolutely -- is a mistake. How is USAID different now than it was when you worked there in the Clinton administration?

Power Africa and Feed the future are two the signature development initiatives USAID has led in the past few years. How do these initiatives represent a new and different approach to development?

SMITH:

Thank you Congressman for the question. I think USAID has changed and grown a great deal and would point to a couple of things. It has really become a knowledge institution that adapts and iterates.

And if I look at programs around the world and the progress that has been made, what I continue to see is an agency that aided by evidence and analysis is constantly improving what it does.

A second thing I would point to is its ability to leverage private capital. There's broad agreement in the development community that it takes assistance, private capital and domestic resources, and

the agency does a terrific job of bringing all of these to bear and I think that's true in both Feed the Future and Power Africa.

Both of which I think have the benefit of impacting the lives of real people who need electricity and real farmers who need improvements in their lives, but which are also, in the case of Feed the Future for example, linking small holder farmers to markets, improving incomes while at the same time reducing the impact of stunting.

In Power Africa where we work very closely with the MCC and other government agencies, we are able to do two things, again, expand access to electricity on the African continent but also prime the pump of private investment so there's greater confidence and greater ability to draw private capital to viable energy products -- projects, excuse me.

So I think it's the ability to invest on the basis of evidence in sustained outcomes that are really transformational has been the tremendous progress that AID has achieved over the last many years.

ENGLE:

Well thank you. Let me ask you another question about the Zika virus. A number of my colleagues have suggested that rather than appropriate new funding for the Zika virus outbreaks, that we ought to first expend an obligated Ebola response funds. Can you tell me if that's viable?

How do you feel about using these unobligated Ebola funds to address the Zika virus and what ramifications might we face if we were to shift these unobligated Ebola funding towards our Zika response?

SMITH:

Thank you, as Congress Meeks has pointed out, and as I think we all know, we are going to see the spread of these kinds of diseases more and more frequently as we have with Ebola and now Zika.

We have identified some resources and are moving out with \$2.5 million on Zika on public information campaigns. I will tell you honestly as somebody -- as we now face the two year anniversary of the start of the Ebola epidemic, worked it every single day for over 14 months, I have some great apprehension in spending down unobligated Ebola resources for Zika.

And I will tell you why. These resources in the first instance are plans for a number of activities that are ongoing, so they are being spent down. Those include ensuring that we are prepared for any case of Ebola that we see and the threat of a possible outbreak.

We were extremely lucky that the individual case in Nigeria that we saw at the height of the epidemic did not spread further, but I want to emphasize that we were lucky. And I'm very hesitant to suggest that we should take the risk of an unmanageable outbreak and being unable to respond.

Second, in the three countries that were affected by the epidemic, there is an urgent need to build back their health systems but also incorporate and sustain their ability to do things like lab testing,

run burial teams, keep trained healthcare workers who can respond again when and if we see additional cases.

Finally, resources are going to what's called the global health security agenda, which is the long-term solution to this and Zika, which has to do with building the capacity of our partners to prevent, detect and respond to outbreaks like Ebola and Zika.

ENGLE:

Thank you. Let me just quickly ask Ms. Hyde -- your testimony mentioned the changing landscape of poverty and your strategy for the next five years. The World Bank's report on gross national income provides estimates on global poverty.

And the report is a good starting place but it doesn't always accurately capture where poverty is found around the world. So let me ask you, as MCC looks ahead, what are some of the ways that you will try to better measure poverty to improve the impact of the MCC model and its programs?

HYDE:

Thank you Congressman and thank you for your comments. First of all on Kosovo, we just had a high level delegation return and are delighted with the engagement thus far on that compact.

ENGLE:

As am I. Thank you.

HYDE:

Yes. MCC's five year strategy focuses on a number of areas. Two I highlighted in my oral statement -- first, the deep focus on lever and private sector engagement.

Second, as well as MCC's working in reform space, that is how do we incentive and support governments to undertake really challenging reforms in sectors that can enable private investment and other donor investment.

With respect to poverty, MCC only works in poor countries. I believe MCC should only work in poor countries, but what we know is over the last decade, there's been a number of shifts in poverty.

Right now that candidate pool is assessed based on per capita income -- average per capita income. And the challenge with average incomes, G&I -- that is the World Bank measure, is that in cases where there's extreme inequality or in countries where there is concentrated natural mineral wealth, it really doesn't address what the percentage of poverty is and where it exists in those countries.

So MCC is a data based organization. We are undertaking a thorough examination of other sources of poverty data and how we might better capture that. And we look forward to working with the committee in coming forward this summer with some ideas and proposals with respect to that.

ENGLE:

Thank you, and again thanks to both of you for extraordinary work. We really appreciate it. Thank you.

ROYCE:

Thank you Mr. Engle. Mr. Dana Rohrabacher from California.

ROHRABACHER:

Thank you very much and I also thank you for your services. You work really hard and you've tried to keep us informed. You've had some meetings with me as well, and I appreciate that.

Just some notes of concerns and that is when we talk about land grabbing, the Chairman mentioned land grabbing in the Philippines and elsewhere. It's not just land grabbing, but there's also claims, as we have talked about. American citizens, they're -- their projects, their property, their industries have been confiscated by various governments throughout the world.

The one, of course where I have a constituent directly involved in Ethiopia that has taken possession of a -- of a very important industry in that country and will not give the property back.

And I would hope as we have -- as we've talked that in countries that are to themselves, the government are taking property, or if they are acquiescing the land grabbing that we should not be using the Millennium Challenge account to subsidize those governments.

I would have to say that we do have a little problem in our company -- our own country. It's called eminent domain, and just ask Mr. Trump. He knows all about that and utilizing it for his benefits. And we have to make sure that we are following our own principals as well when I suggest that.

One -- one last note and I'm going to then yield to my friend, Mr. Smith from New Jersey, and that is I really believe that we should be focusing on human and humanitarian crisis's rather than development.

I don't think development is something that the America people are responsible for developing other countries. We are responsible as human beings when other human beings are in danger and -- and natural catastrophes or even -- even situations where war has come in and a lot of people -- lives are risk.

Yes, we must help people out, but developing their country -- helping them develop their country, I don't necessarily think we can afford that anymore. And with that said, I yield the rest of my time to Mr. Smith.

SMITH, C.:

I thank my good friend for yielding. Thank you. Administrator Smith, thank you for your work, especially with the Enough campaign, which I think is extraordinary, particularly the work in Sudan.

Let me just ask you a couple of very quick questions, you know, the End Neglected Tropical Disease Act, my hope is that the Administration can support this bipartisan legislation. We've had

eight -- seven hearings in my subcommittee on these devastating diseases of which Zika virus is one, Ebola another.

Can you support the legislation? Secondly, yesterday the House passed two resolutions -- one calling the horrific murdering of Christians, a genocide in Syria. And a second bipartisan resolution, calling for the establishment of an independent ad hoc Syrian war crimes tribunal.

You know, my hope is that everyone who cares about the humanitarian impact that war has, particularly when it's a genocide could weigh on the administration -- other parts of it to make a determination.

The President has until Thursday. Our hope is that he will do both. They go tandem. Article 6 of the Genocide Convention, as we all know, makes very, very clear that the prosecution of individuals who've committed genocide is -- is a treaty obligation under the Genocide Convention.

And an international tribunal is a venue that is well adept to that. And finally, Ms. Hyde, why is there no role for faith based organizations in the selection criteria? I know Yale, Columbia, UNESCO, World Bank all have input.

Faith based groups are the most efficacious groups on the ground in delivering humanitarian aid as well as development aid. Why aren't they included in that? Thank you.

SMITH:

Thank you Congressman. And thank you for your particular recognition of the work on neglected tropical diseases. As we have discussed, I think the gains there have been extraordinary.

If you look at the delivery of 287 million treatments over the ten years, and an annual \$2 billion leveraged in contributions, one of the things we're doing is looking outward at what the plans should be over the next ten years, because I think if we remain on this steady course, we can get neglected and eradicated tropical disease in many cases.

Thank you for your comments on the resolutions, which I've noted and will duly share. The plight of Christians, of minorities throughout the Middle East, has been something that's been of great attention to our agency.

We strive to ensure that humanitarian assistance is delivered to all and also through our own faith based office, we have received many delegations from these groups and others and intend to continue.

HYDE:

Thank you Congressman for the question. With respect to the indicators themselves, we'd be happy to take a look if there's a specific indicator that might be appropriate in terms of measuring growth.

You know, most of the indicators that we're using are the IMF, the IFC, the World Bank and this kind of sort, but if there's some gap that we're missing...

SMITH C.:

Well I know that there are NGOs like Freedom House and others...

HYDE:

Freedom House and others, yes.

SMITH:

... who have input. And the faith based groups, Catholic Relief Services, Samaritan's Purse -- they are absolutely essentially.

HYDE:

Yes. No, I couldn't be...

SMITH:

And you know, they should be contributing, I would say, into that criteria.

HYDE:

Couldn't agree more. And we are -- so to the extent it may be the inclusion of a new indicator, I will say that with respect to our designing investments, our civil society outreach, faith based groups are absolute part of where we reach out to country by country.

In fact, our work with Niger this year will prove the good example of that. But we're always seeking to see if there's a data source that we're missing that could be appropriate and I'd be happy to follow up with you on that.

SMITH:

Let's -- let's do that.

HYDE:

OK.

SMITH:

And thank you Mr. Chairman.

ROYCE:

Thank you. We go now to Mr. Brad Sherman, and I -- and without objection, I'm going to leave.

I'm going to yield a couple of minutes to Mr. Sherman to -- you had some remarks on the House floor last night that I think in the interest of the committee might be well served if -- if I just yield to you a few minutes right now Mr. Sherman to reiterate your observations about the Senate and the House.

SHERMAN:

Thank you, Mr. Chairman. I'll give you a one minute report on our consideration last night of S2426. Some in this committee will have noticed that, that bill -- that Senate Bill we considered last night was identical to House 1853, written by Mr. Salmon and passed by this committee.

And so I'll report to on that coincidence by quoting the remarks I made on the floor last night. The House passed HR 1853 overwhelmingly last year. We sent the bill to the Senate. Instead of acting on the House bill, the Senate Xeroxed our bill, put their own name on it, and sent it back here.

The decision the send the bill back to us with their own name on it is a trend that we're seeing in the Foreign Affairs area. A trend that I do not condemn because it allows us here on the House floor to consider well drafted House bills not once, but twice.

And to vote on them twice and to emphasize to the Administration how serious we are about them being enforced. I appreciate the Senate copying our work since imitation is the most sincere form of flattery. Anyway, that's the report from last night.

Now, I want to address the witnesses. First as -- I want to associate myself with the Chairman's remarks on the Rohingya and note again the importance of fighting the Zika virus and other -- other infectious diseases.

And this is part of our national security, since these diseases which we call tropical are coming our way, whether that's -- for a host of reasons. As to Southern Pakistan, which I mentioned in the opening statement, I want to commend you from a one -- from -- let me see -- the construction of 26 schools that you've started, both girl schools and primary schools.

Training 113 supervisors and I wonder if you could comment, Madam Administrator on your work in Sindh and Baluchistan?

SMITH:

Yes, sir and thank you for your comment again on -- on Zika. I think it's extremely important that we all recognize that this is a new and modern threat that's going to continue challenge us.

In Sindh province, and thank you for your recognition of the work. We have, as I think you know, a comprehensive development assistance portfolio, that includes on -- includes repairing power stations, developing a workforce program targeting disadvantage youth, increasing enrollment in schools and improving infrastructure and technical capacity to deliver quality health services.

You've pointed to some of the results we've seen. I'd also like to point out, the health infrastructure improvement program, which trains over 1,300 healthcare workers and provides care importantly for 140,000 women annually.

SHERMAN:

Thank you. I've been advocating for direct aid to Nagorno Karabakh since 1997. It's an important investment we make in peace in that region and a support of a negotiated and democratic solution.

Recently aid direct to Nagorno Karabakh has dropped to \$1.5 million per year, principally directed at demining. Can you explain why we're not doing more given the fact that this area is beleaguered and in need of help.

SMITH:

Thank you for that, and as you know we are operating in an environment that forces some tough choices. I think the good news is that we've seen and in the FY '17 request include increases across the board throughout that region.

In addition to demining, we have also supported humanitarian assistance, should there be a recurrent need for that, we are always, as in any part of the world willing to take another look at that.

SHERMAN:

I look forward to talking to you and showing you that -- that need has already occurred.

SMITH:

Absolutely. I'd love to do that.

SHERMAN:

And obviously a lot of countries are seeing refugees from Syria, and we are helping Turkey. That is well publicized. Many of the Christian refugees are making their way to Armenia, especially being ethnic Armenians. Are we provide aid to the government of Armenia to take care of those refugees?

SMITH:

We are providing some assistance to help with refugees who have migrated to parts of Europe, as well as trying to concentrate our assistance both for people inside Syria and those in the surrounding regions, in addition the State Department through PRM is providing assistance to those people.

SHERMAN:

You wouldn't happen to know how much has gone to Armenia for...

SMITH:

I can get that specific answer for you.

SHERMAN:

I look forward it.

SMITH:

I'd be happy to provide it in writing or in person.

SHERMAN:

Thank you. I want to again commend you on your work and yield back the rest of my time.

CHABOT:

The gentleman yields back. I now recognize myself for five minutes. And again, as the other members have said, we welcome you here and your testimony. Let me ask you this, Madam

Administrator, how much taxpayer money is the President requesting for the Global Climate Change Initiative?

SMITH:
(OFF-MIKE).

CHABOT:
Could you turn your mike on, please? That's all right.

SMITH:
I can get you that -- for USAID specific funding I believe it's in the range of \$300 million.

CHABOT:
OK.

SMITH:
I've got that right here. I'll look it up for you.

CHABOT:
All right, let me -- correct me if I'm mistaken here but I've been led to believe that it's \$483.9 million?

SMITH:
I'm happy to look at that figure, specifically.

CHABOT:
OK. Well for the purpose for my next questions, if you'll assume that, that's the number, unless you have one of your folks find out it's different, in which case I'm happy to be corrected. I see you're getting handed a piece of paper there now, so.

SMITH:
I am -- \$352 million.

CHABOT:
Three hundred, fifty-two million dollars, so a 1/3 of a billion dollars, approximately.

SMITH:
Yes.

CHABOT:
All right, well the numbers that our crack staff had supplied us was \$483 million, but in Washington, \$150 million that we're not clear about, some people might not think that, that's not a big deal. I think it's a pretty big deal but let's -- let's maybe by the end of the day we can come up with the exact figure.

But let's assume it's somewhere between \$352 million and \$483.9 million but that doesn't change the focus of my next couple of questions, which is this -- this nearly a 1/3 or a half 1/3 billion dollars of the hard working American people's tax dollars is pursuant to commitments that were made at last year's Paris Climate Conference. Is that correct?

SMITH:

Our work -- and I can confirm it is \$352 million. We'd be happy to go over specific numbers with you or your staff -- but then those commitments...

CHABOT:

But that's not my question now about the amount...

SMITH:

Sure.

CHABOT:

It was pursuant to the President's commitment at the Paris Climate Conference last year?

SMITH:

Actually, the work that USAID does in this area, we've been doing for many years.

CHABOT:

Has nothing to do with the Paris Climate...

SMITH:

No, part of our Paris club commitment included...

CHABOT:

Some amount of the money is pursuant to the President's commitment last year. Is that correct?

SMITH:

Yes, sir, I believe it is.

CHABOT:

OK, thank you. And how much input did the duly elected representatives of the American people, which would be the House of Representatives and the Senate have in making those particular commitments irregardless of what the commitments might have been previous to that.

But how much involvement was there by the folks here -- the elected representatives of the American people in that commitment at the Paris Global Warming Conference?

SMITH:

Congressman, I -- I -- I wonder if perhaps you're referring to the Green Climate Fund?

CHABOT:

Do you remember when they had the pretty horrible attacks on Paris, the terrorist attacks last...

SMITH:
Yes.

CHABOT:
-- last year? Around that time, shortly after that there was this Global Climate Conference in Paris, wasn't there?

SMITH:
Yes.

CHABOT:
OK, that's what I'm referring to.

SMITH:
Yes.

CHABOT:
OK. The President commits a whole lot of money. Did he seek -- did he get approval from Congress on that? That's a pretty simple question I think?

SMITH:
Yes, and let me just -- if I may, two quick points on that. If indeed, you're referring to the Green Climate Fund, that is something that the State Department has determined it has the authorization to make the grant that was made. From the perspective of USAID, we have engaged...

CHABOT:
Let me -- let me -- let me go on with my -- I've only got a minute left here.

SMITH:
OK.

CHABOT:
You can correct me for the record later on if you want to, but I don't think there was a whole lot - - we certainly didn't vote on approving what the President committed of the hardworking American people's dollars.

And there's at least one Senator that apparently believes that so called climate change deniers -- and I would argue that, that language itself is reprehensible because it infers that people that don't buy in completely to the fact that we ought to be spending huge amounts of when it could be considerable loss of jobs and taxpayer money spent.

And it kind of compares deniers of Holocaust to people that are skeptical about climate change, but in any event there's at least one Senator who things that the Justice Department and the FBI should be pursuing legal action against so called climate deniers.

So my question would be, and I'm almost out of time, but my question is, am I or anybody else who might be skeptical about huge amounts of money, whether it's \$350 million or whether it's \$450 million that are going towards these types of initiatives, are we in some legal jeopardy for expressing some concern about the use of the American people's tax dollars in that way?

SMITH:

Sir, it's -- it's my consider view that expressing your views and opinions are absolutely your right and prerogative.

CHABOT:

Thank you. I appreciate that greatly. Thanks for your testimony. My time has expired. The gentleman from New York, Mr. Meeks is recognized for five minutes.

MEEKS:

Thank you Mr. Chairman. Let me -- you know, I don't think I did this initially, let me phrase -- I think this is the first time that, you, Madam Administrator has been here at the new administrator from USAID. Let me congratulate you on -- on being confirmed and in your new job.

I've had the pleasure of working with you in the other -- in the Clinton Administration and others, particularly on Africa and know and look forward to working with you in the future. Congratulations and welcome. That -- let me first ask -- I'm talking about Trade Africa.

You know, we worked on Africa together and I've been promoter or increased regional trade in Africa and an increased trade between Africa and the United States, and I know that trade via Trade Africa Initiative is a new approach, a multi-agency approach with the potential to significantly assist in expanding U.S. trade.

And the initiative -- or a key goal of the initiative is to build U.S. Africa trade and investment hubs in three African regions, which are supposed to function as a resource both for African exporters and U.S. funds.

So would -- can you tell us what that status is of the -- of the three hubs and -- and what are USAID's main activities and current and perspective challenges under Trade Africa?

SMITH:

And thank you for your long standing support of Trade Africa, even before it was named. We have the three hubs and those are doing a number of things. One is working with potential partners who under the terms of AGOA what to increase trade with the United States.

Second is to try and work with entrepreneurs, small businesses and others, including with a special emphasis on women in terms of the value chains that we support. And the third is supporting efforts for regional integration, which is very important as you know.

The size of many of these economies in each of the three regions are very small and their ability to trade both with each other and as regional trading blocs will be significantly enhanced by their ability to integrate. So there's a lot of work on the policy and reform side.

MEEKS:

And let me ask also, are there any other trade and investment focuses -- focused activities that USAID is supporting in Africa. Let me ask that and then...

SMITH:

Yes. OK.

MEEKS:

Go ahead.

SMITH:

No, go ahead. Go ahead.

MEEKS:

Go ahead -- no, because I'm going to change to a different country in a second.

SMITH:

Yes, there are. There are efforts underway to work on trade facilitation as part of the WTO agreement, which I think you have followed, and to help countries as they work towards WTO accession.

MEEKS:

And let me ask now, because I'm picking the rest of my time on this -- President Obama has proposed \$450 million in Fiscal Year 2017 for assistance for Colombia in what we are calling Peace Colombia. And I was a huge supporter of Plan Colombia.

And believe that supporting Peace in Colombia is equally crucial. But I also know that the region that was most affected was the African Colombian and indigenous communities in Colombia that have been disproportionately affected by violence in the nation's long lasting conflict.

So my question is, how do you envision U.S. assistance to Colombia helping those communities specifically, and which USAID programs do you envision plusing (sic) up and which program do you think that you can envision phasing out?

SMITH:

Oh I'm still on -- thank you for the question. Our view in this next phase of the transition in Colombia is that integration is going to be absolutely key as is equity between and among people who've been divide by along conflict and that includes the Afro- Colombian community.

You would be pleased to note I think that in the FY '17 request we include 60 -- a \$61 million program targeted just for those communities, aimed at building their capacity including for self-governance to engage in public debate and dialog with the government and build capacity and resource among those communities.

So that we might see as Colombia does enter this next phase greater than we've seen historically.

MEEKS:

I thank you, because that's absolutely critical, you know, as the peace process works and members of the -- or former members of FARC start coming back, that's the area where they go.

And we want to make sure that those who have suffered and been displaced for a long period of time, that they are considered in this process and a lot of the aid and capacity building dollars are there, because there's great opportunity there from, whether it was the Colombia trade agreement or other opportunities that present itself there.

SMITH:

I would agree with you and that's very much what our assistance is aimed to do, as well as our dialog with the government of Colombia.

MEEKS:

Thank you and I yield back.

CHABOT:

Thank you. The gentleman yields back. The gentleman from South Carolina, Mr. Duncan is recognized for five minutes.

DUNCAN:

Thank you Mr. Chairman. And let me just say, I think USAID is for the most part a very effective tool in the foreign policy realm. It transcends administrations, is been around a long time and I appreciate its efforts.

And so Administrator Smith, I'd like to address some questions to you but things I know about USAID, things like ongoing efforts in Iquitos, Peru to combat Dengue and now Zika, research in mosquitos and how that -- those two fevers and viruses are transmitted.

And I support efforts such as electrify Africa because I believe that we can improve the quality of lives of folks in Africa and really all across the third world with simple things that electricity and energy provides and that's to keep food from spoiling, to be able to heat and cool homes and keep the mosquitos out by being able to close windows.

To being able to improve the quality of air by not burning something in the house. Being able to cook food over something other than coal or wood. These are simple things. Being able to read after the sun goes down, whether reading to your parents or reading to yourself. There's so many things we take for granted that I think the electrifying efforts, whether it's Africa or anywhere in the third world can benefit.

So these are things I support, but I went to the Summit of the Americas last year as Chairman of the Western Hemisphere subcommittee and at the summit I had a chance to have a conversation with President Obama, and we were talking about the money for the Northern Triangle countries for the unaccompanied children.

And I told the President at that time, I said, I'm somebody on my side of the aisle that probably would surprise you in my support for giving money to those Northern Triangle countries to help combat this because I believe it's the issues in those countries that are causing the parents to send their children north, not necessarily the carrots that we're dangling here in this country.

I probably differ with him on the amount. And I told him that. But I said -- at the time, I said, Mr. President, we've got to make sure that there's some accountability for this money that we do give to these countries. And he said at the time -- it just kind of caught me off guard -- he said, you're absolutely right, Congressman, too much money has gone missing in the past.

Which was an affirmation I think that money has been skimmed by rogue dictators or whoever. So we need to make sure that we give the money to where the rubber meets the road and make it effective. And I think the President acknowledged that.

So playing on his words to me during that conversation, my question to you is, how do we address accountability, especially in third world countries where we see folks like Taylor in Liberia or others that have taken a lot of foreign aid and used it for ill-gotten gains.

So how are you addressing accountability, understanding that everyone's acknowledging that this has happened in the past. These are taxpayer dollars. This isn't off a money tree in the backyard.

Hardworking Americans pay taxes and they want to make sure that they're tax dollars are spent effectively by any administration. So Ms. Smith, if you could just address what you're doing about accountability. And I appreciate it.

SMITH:

Thank you for your support of our work and I think part of the deal we make with the American people, in addition to our obligation and my obligation to ensure that taxpayer dollars are spent effectively, is to show results and to show that these are worthy investments.

And that has everything to do with accountability and transparency, which we approach in a number of ways.

First is transparency, is ensuring that we have clarity and visibility on the dollars spent, and that we increasingly obligate our partners including governments to be transparent with their own citizens and with us about the expenditure of those dollars.

Second is building the capacity for governments to set up whether it's anti-corruption commissions or put in place the regulations and laws that are necessary to prevent corruption, while at the same time supporting civil society.

DUNCAN:

Is that -- is that a requirement for receiving help, that they set up some sort of anti-corruption policy?

SMITH:

There are in the case of the Northern countries, some of our assistance over the last few years as gone into building the capacity of high impact courts, local anti-corruption institutions, number one. And we also support civil society organization, because part of the way you get accountability is when citizens ask where the money is and create a demand signal.

So that is another way we -- we do it. And I think -- this is become -- when I was asked the question of what has really changed to date, I think the incorporation and -- and I'm sure my colleague will speak to this, but I think across the board on foreign assistance dollars.

This emphasis on building capacity to fight corruption, building capacity of civil society to hold governments accountable and demanding degrees of transparency, that were not required in the past, quite frankly in some of the examples to which you refer.

DUNCAN:
Right.

SMITH:
It's a huge priority for us.

DUNCAN:
Right. No, I appreciate that. I appreciate your efforts on transparency, accountability. When we see things like Afghanistan where a lot of money has gone for, you know, projects that were built and have been taken by others, it's important, because these are our taxpayer dollars. I appreciate it and I yield back, Mr. Chairman.

SMITH:
I agree with you. Thank you sir.

CHABOT:
Thank you. Gentleman yields back. Gentleman's time's expired. Gentle Lady from California, Ms. Bass is recognized for five minutes.

BASS:
Thank you, Mr. Chair. Let -- let me begin by commending both of you for your work and your leadership over both agencies over these last few years. I certainly have enjoyed working with both of you.

And Madam Administrator with your time in the White House and now at USAID, I want to congratulate you. I thought I would try to get all my questions out at once, and then the rest of the time you could answer them.

I do want to thank you for your reluctance to shift Ebola funding to Zika. I think it's just so important that we not do that, especially because we know that we need to strengthen infrastructure in the three countries.

And it's nice the urgency has passed but we certainly don't want to change the money. So the one question on Food Air reform. I wanted to know what additional reforms you believe are needed, and what constraints in the current system prevent U.S. food aid from reaching more people.

That's one question. And then, what are we doing now to address the draught in Southern Africa and Ethiopia. You know, when I was looking at this chart on USAID appropriations, if I understand it correctly, it looks as though there is no funding request for Democracy Fund, and I wanted to know if you could clarify that because it says 0.

It says \$62 million in -- in -- in 2016, and 0 in 2017. So maybe you could clarify that. And then, for MCC, I wanted to know, Ms. Hyde, where you see doing regional compacts in Africa. And then a second MCC question is about the private sector role.

And so I wanted to know what MCC is doing to mobilize private capital in compact countries. And then to what extent -- and hopefully this is where we might work together in the future, has MCC been able to leverage the participation of U.S. private companies in its activities? So how is that?

HYDE:

Thank Congressman, and thank you for your leadership overall, but in particular with respect to the regional compact authority that you and I have spoken about a number of times. So as I mentioned, we know that in 2016, we live in a global economy and that regional integration is key to helping markets develop.

Particularly true in Africa where you have 54 dispirit countries, many small without the economies of scale. Over the decade 65 percent of MCC's portfolio has been invested in Africa. The MCC brand is very strong there.

We've had bilateral compacts -- a number there, and while I think regional compacts could be successful in many parts of the world, I think Africa is particularly ripe for one. In particular there, I would West Africa, where MCC -- the penetration is quite strong.

We see a number of opportunities, either in power to work across borders there in transmission and distribution as well. Or transportation, and you know, I was struck, I believe that the political will is there to help, and that they're looking for capacity and assistance particularly in infrastructure.

So the two most recent selections in Africa from the board meeting in December, are Cote d'Ivoire and Senegal. We are still seeking the authority, at the same we're looking to do the due diligence to see what are actually the opportunities that exist from Senegal, which is really a regional leaders and Cote d'Ivoire, as well as keeping our eyes open elsewhere.

With respect to the private sector, MCC has evolved in way that I think has unique value proposition for the private sector. We are in two dozen countries around the globe where we are. We're there for a five year period of time.

We have a platform that's usually in a sector where there's interest in private capital. Transportation, as well as energy, as well as irrigation, and what we're doing is both to use our investments to see where -- where can we invest in the public good, which is often, for example in energy, the utility.

BASS:

Excuse me -- Mr. Chair, I might run out of time. If you wouldn't mind given them a...

CHABOT:

Go right ahead. Got 50.

HYDE:

And to bring in American companies, I would say Ghana as an example of this, where there are a number of companies, GE and others who are working to work in generation in Ghana. While MCC will be investing in the utility to make the sector more viable.

BASS:

We'll maybe stop and -- great. One, two, three?

SMITH:

Yes. Thank you Congresswoman. Our request on food aid is the 25 percent, which we think will give us the flexibility to have the right mix in the Food for Peace account, between commodities and cash.

Thank you for raising El Nino. We are responding in both Southern Africa and Ethiopia. And Ethiopia, as you may know, we've recently launched a disaster assistance response team, or DART.

Part of the reason to move so earlier, as that we believe as do other donors, that if we can provide sufficient assistance quickly enough we can prevent -- prevent the worst impacts. And on the democracy side, we don't request our funding through the fund. But I'm please to let you know that the request for FY '17 has increased to \$2.3 billion for USAID managed funds.

BASS:

So you don't think there's any additional reforms that are needed with food aid. You think what you have now is OK?

SMITH:

I -- I -- what we're looking for now is that 25 percent that's in the FY '17.

BASS:

And any request for AWEPP -- the African Women's Entrepreneur Program?

SMITH:

That is managed by the State Department. We work very closely with them.

BASS:

OK.

SMITH:

And support American -- or excuse -- African women entrepreneur through our trade hubs.

CHABOT:

The...

BASS:

The gentlelady's time has expired. Gentleman from Pennsylvania, Mr. Perry is recognized for five minutes.

PERRY:

Thank you Mr. Chairman. Madam Administrator -- hi, good morning. Just let me start out by saying, I've had the privilege of working with some of your field agents down range, as what us military folks call it and they've been nothing but professional and a pleasure to work with.

I do have a question however, regarding the West Bank, and that foreign assistance through your organization, as I understand it exceeds \$363 million for FY '17, which is moving away from the \$80 million -- \$80 million reduction from last year.

And to date, Palestinians have received nearly \$5 billion in assistance from the United States which is more aid per capita, according to the figures I have than any other people.

I'm just curious about how you use the power of that financial influx into the PA to kind of influence the Palestinian authority when -- you know, when President Abbas makes a statement claiming that the recent stabbing attacks in Israel represent a popular, peaceful uprising.

And while in 2014, 80 percent of Palestinians believe that there was corruption in the Palestinian authority, and as well, an EU audit showed that the PA mismanaged over \$3 billion from 2009 to 2013.

So, you know, taxpayers are working hard and they're paying their taxes and they're -- and we're sending money to the PA, who -- who then it's alleged to -- and I don't know if this is proven.

I think it is but I'll just say alleged for these purposes -- to pay a stipend when -- when individuals carry out and conduct terrorist attacks, and end up in prison, then their family gets a stipend for that, and the more horrific the act, the higher the stipend.

How do we as a federal government leverage the money we spend -- the fantastic amount here, \$363 million, maybe not much in the scope of a -- of the trillions of dollars that we budget annually and spend, but how do we leverage that to -- to minimize these horrific acts and get a good value out of the taxpayer dollar?

SMITH:

Thank you for your question and for your kind comments about our people. I would agree with you. They are nothing but terrific. USAID's role in these environments -- and this is a -- this is a tough one, is to try to build the capacity of fundamental governance so that the needs of people are served.

In this environment, we work through partners. We do not simply hand over the money. We vet. We audit and we track it very closely. The assistance is targeted at things like delivering basic services.

Clean potable water for citizens. Basic education and things that will make a difference -- we hope a positive difference in the lives of particularly young Palestinians. In terms of -- of leverage, I think there are two things.

One, that presence and engagement labels are State Department's to undertake its diplomatic efforts. I think on our side as USAID, it allows for engagement with people and again, particularly young people, to try to encourage something different quite frankly than what we have seen.

We track very closely all of our assistances. I say, corruptions concerns are absolutely worthy of consideration. But I think it's our view that this kind of engagement is critically important to building capacities that are needed, but also to ensure engagement with the Palestinians people, and particularly young people.

PERRY:

And I would agree with those things, the infrastructure, the engagement. I think those are good things. But money being fungible, do you get the sense that to a certain extent, while we're -- while American citizens and taxpayers are helping to pay for infrastructure and better governance.

That's the money that the PA has other places that could be used for that, instead they use it to build tunnels into Israel and support their other nefarious activities, and how do you balance that, and how do you -- again, how do you leverage that.

I mean, the things that you said, are very aspirational and they're great, but at the same time, the taxpayer in my district sees us funding in many times, terrorism, and people that hate America, hate Israel, our ally, and hate West and -- and are committed to the destruction of those things, and we're helping pay for it. What do I say to them?

SMITH:

I think that's -- that's a fair question. I think the first thing you can say to them with confidence, is we do not fund terrorists and we very closely track our assistance to ensure that at an individual or any other level, that does not happen.

I think it's a matter of policy and we work under the auspices of our foreign policy. There is a -- a decision and a view again that there is a need to build that fundamental capacity on the ground.

And as I say, I think our State Department is able to use that engagement and our presence in what we do as USAID to press the Palestinians authorities to move in a different direction.

CHABOT:

The gentleman's time is expired.

PERRY:

Thank you Mr. Chairman.

CHABOT:

Thank you. The gentleman from Massachusetts, Mr. Keating is recognized for five minutes.

KEATING:

Thank you Mr. Chairman and thank you for your service. It's truly appreciated and I speak not just of you but everyone that works with you. You've heard some this morning talk about the fact they don't support developmental aid.

And I think you've heard a shared concern of many of us, including myself about taxpayers, making sure their money is well spent. So my belief is that -- and I wish in a way there was another term because the developmental aid, because I don't think it really catches what it -- it truly is.

I think that indeed, putting money into that -- that those resources will put the fires out before they occur and they as a result, it will help taxpayers get the most of their money. Could you give us some examples how that is indeed the case, just so I think the public listening in particular will become more aware of this.

How putting resources into that is cost effective and will put those fires out before they occur.

SMITH:

Thank you and I think you're absolutely right. That part of what we are doing is making an investment in the future. I think perhaps the best example of that, right now is Colombia.

Where 15 years of sustained support and engagement has yielded something that I think people thought was not possible -- the reductions in crime coming out of a recession, the possibility of peace and I believe the happiest country on the planet.

That's something that, again, I think we can point to a dramatic change there. I think we can also point to some other changes that make a difference. It was said at the opening of this hearing that countries need to foot more of the bill themselves.

And we are starting to see that particularly in the areas including health and agriculture, where we can point to countries with whom we work, who over time have increased their own expenditures, we've been able to reduce ours.

I think the third area where we can show the impact is in areas like global health, where we are the world's leader, whether it is putting us on the road to end the HIV Aids epidemic, which I think we all know would have been profoundly destabilizing to improving the lives of mother and -- mothers and children so that you have less poverty and the kind of instability it can breed.

The good news is I think we've got the data and the evidence both at USAID and also the MCC to make that case to the American people.

KEATING:
Yes.

HYDE:
I would just add in Africa as an example Cote d'Ivoire, and that's a country that a decade ago, was in the throes of a violent civil war and the story of Cote d'Ivoire for MCC is that three years ago they were passing only five of 20 indicators.

They came to us. They said, we want a compact. We want to get better. Fast forward three years later, they changed their laws and they're now an MCC compact country. That said, there's still instability, as you well know, and recent events will say in that region.

And we need to stay engaged, and vigilant in a very accountable system so that these countries that are trying to do the right thing are able to stay afloat.

KEATING:
Yes. And I also just want to point out an area of concerns that I have looking forward along those lines, particularly in terms of being an incubator for terrorist activity and for extremist and that's in central Asia.

I'm concerned as I look at the inability of people to get work, the economy in Russia, people migrating out of there. There's an area, the north Caucasus area -- those areas are ripe for this.

Are there things we can do in that area that or can you think of that as a -- something in the future that could be addressed in terms of that potential instability -- well it's not potential. It is unstable.

SMITH:
Yes, I can speak to that. There are number of parts of the world where I think we see that combination of things. A youth bulge, heavy unemployment, lack of access -- lack of and of access opportunity.

Much of our work goes to that across the board. a lot of our specific work -- and there is an increase in our request for countering violent extremism, which is targeted at getting to some of the root causes of the kinds of threats to which you speak.

And one of the things that USAID is able to contribute to this very sharp analysis of what exactly are the drivers and where can we make the investments that will yield results. But that is one of the many areas that we are looking at.

KEATING:

And my time is limited. So I probably will go in writing with this question, but I am curious and we'll do this in writing, because I'm sensitive to my colleagues' time, about the gender policy issues, USAID gender policy.

And the success for that, because again, it's an area I believe investing in those issues will really be serving the taxpayers well and preventing things from occurring in the future. So again thank you, and I yield back.

SMITH:

We assure and happy to respond in writing.

CHABOT:

The gentleman yields back. Thank you. The gentleman's time's expired. The gentleman from Rhode Island, Mr. Cicilline is recognized for five minutes.

CICILLINE:

Thank you Mr. Chairman. I want to thank our witnesses for their testimony, for your extraordinary leadership and for the work of your colleagues that they do every day to continue to enhance our security and the stability of the world.

And really want to echo Mr. Keating's point, that development assistance is not a gift, but it's a strategic investment in our national security, our health and our economic wellbeing and obviously very important.

There are three areas that I want to submit written questions on. One relates to the 20 year decline in personnel of USAID, and the status of the USAID forward, as well as the development leadership initiative, kind of how -- how do you see that moving forward?

Also, there's been a terrific initiative, the international AID transparency initiative, so that taxpayers can be sure that there's a good return on their investment and the impact that it's making, and the status of that, as well as, your view about the importance of continuing to support Nagorno Karabakh.

And kind of how you see that going forward, particularly in light of the needs that exist, as Mr. Sherman mentioned. So I'd like to have -- give you an opportunity to provide some more detailed information. But I'm going to ask three questions today, and just give you whatever time is left to answer them.

As you well know, USAID has done important work in responding to the very serious challenges facing LGBT individuals around the world where we're seeing increased criminalization and grave dangers, very often to members of our community.

The special coordinator for LGBT right, Todd Larson is doing a terrific job. And so I'd like you to speak a little bit about how you see that role continuing, where we're seeing some success, what are areas of particular concern.

Secondly, in the area of global health, USAID, as you know, plays a critical role to foster innovation in health technologies, working across its programs with many diverse partners, with U.S. -- other U.S. agencies to advance new vaccines, drugs, diagnostic and other tools urgently needed to combat existing and emerging global health threats.

And I'd love to hear your thoughts on how USAID will continue this role and particularly how it's working to encourage a coordinated government wide approach to global health research and development.

And on side for MCC, of which you know, I'm a huge fan, thank you for your great work. Would you talk a little bit about the challenges that MCC faces in implementing compacts in fragile states like Liberia and Cote d'Ivoire, and how the agency is really prepared to address that.

And of course, I'm always interested to know how Cape Verde is doing in its second compact, particularly in the areas of legal institutional foundations and rights and how they're meeting those goals. So, I'll stop and give you as much time as I have remaining then to address this.

SMITH:

Thank you -- thank you and I agree, Todd is doing and has done a terrific job. I think both he and his office but the fact that we now have points of contact in every single bureau in the agency on the issue of our LGBT community.

And I think we have made important progress, we and some other donors of putting this issue on the map and ensuring that governments protect the rights of all of their citizens and prevent and protect them against discrimination.

What we're looking at now is how do we ensure that this remains part of the agency's work going forward both through maintaining the coordinator position, but looking again on how we can institutionalize it across the board, including in the field and with our partners.

I've also had the privilege and opportunity to speak to several other donors who have been leaders in this area, and we are of the same view that we need to find ways, not only to expand our work, but ensure that it's continued by those who may succeed us.

On global health coordination, that is something I work on now and worked on in the past and including with Dana in an earlier life. From a specific area on research and development of new diagnostics and vaccines and other things, our coordination -- we work closely with CDC and NIH.

They play huge and tremendous roles there in making sure that there is no duplication or overlap. We also work with them to make sure that even as they are developing new opportunities, we are looking at how these can be deployed, whether through GAVI, which I think you may know, Global Vaccine Alliance or our own programs.

CICILLINE:

Thank you.

HYDE:

OK, quickly, so with respect to Cape Verde, we are on time, under budget, closing out next year, all of the reforms are going forward, in fact, our executive director was just in this week and it's going very well. So every reason to believe we'll be set up for success there. The engagement of the government and our partners has been extraordinary.

With respect to fragile states, if MCC is working in a fragile state, given the score card and the governance criteria, it is by definition a fragile state that is striving to be among the better half in terms of rule of law, corruption.

So I think it is absolutely critical that MCC be there and be supportive of it. That said, the capacity challenges certainly are there in terms of our model, in terms of the data that's needed for cost benefit analysis. Data is a challenge everywhere.

We see it particularly so, and we are working through the partner -- the MCA unit. So that is in a country and looking at how we deploy more support there. Our accountability measures are very strong, as you know. The funds sit in the U.S. Treasury and we have independent fiscal agents, independent procurement agents, but we're really looking at how we can partner.

I will give you an example with Niger, this year coming forward, we'll be partnering in the community based livestock program, as well as large scale irrigation infrastructure, the types of things we'll be doing there.

CICILLINE:

Great. Thank you so much. I yield back.

CHABOT:

The gentleman's time's expired. Batting cleanup, last but certainly not least, the gentlelady from Florida, Ms. Frankel is recognized for five minutes.

FRANKEL:

Thank you. Mr. Chair, I often feel like I'm in that Agatha Christie novel, *And Then There Were None*. I mean -- but and I want to thank both of you for your service. I really have two different questions.

I hope you can get to them both. The first has to do with Syria. I would like to know -- have an overview of your major efforts in the humanitarian crisis in Syria and whether or not you see any hope or possibility that when the violence is over, whenever that might be, that -- that they could get back to a normal society.

My second question, which a little different, has to do with women -- yes, girl's education. And if you could give me -- I'd like to know -- get sort of an overview of what you're doing, and especially, who's doing the teaching and what kind of materials are you using, and what is your follow up to see the efficacy of it?

SMITH:

Thank you Congresswoman, and with regard to Syria, this has been a very big piece of AIDs work for over four years. Of the assistance that we provide, about half of that goes inside Syria to help people where they live all across the country.

And about half of that goes to people who are refugees. There is a small -- I do not want to overstate it, but a small and significant glimmer of hope, given the hard work of Secretary Kerry on a humanitarian cessation of hostilities, which is allowing us to get some more assistances to what are called besieged areas.

Again, it's -- it's not a complete end of the war, but it is significant and we're very grateful for his work on that. As to your question, about when the violence ends, will they be able to return to normalcy.

One of the things AIDs got a great deal of experience in over the last many, many decades is working in transitions of countries out of civil war and violence or from authoritarianism to democracy.

It takes a long time. We know a lot about it. I think the agency is quite good at it and has learned enough over the years to enable us to marshal a plan and a design to help Syria return to normalcy and peace.

I think it is possible. We've seen other countries do it, but I also think it's going to take a very, very, very long time. On girls education, I will speak to that and I think Dana will --

FRANKEL:

Just something back to Syria though.

SMITH:

Yes.

FRANKEL:

What are the -- I know you do food. Are you doing health? What else? Educate -- what kind of -- what are the pieces of your aid in Syria now?

SMITH:

We provide food assistance. We also provide health assistance. Some education including emergency learning centers and also some education for refugees. So our assistance is --

FRANKEL:

Housing -- do you do...

SMITH:

... diversified. Some temporary shelter. It's very difficult for people to find -- you know, often they are seeking refuge in school buildings that have been abandoned. Winterization during the colder months, so that people can keep themselves and their families warm.

We try to provide as diverse an array of assistance as we possibly can, given the enormity of the needs. On girls education, that is a big priority for us. The way that, that works is that we work with partners, most often Ministries of Education, both in ways to provide direct assistance but also to do things like teacher training, curriculum development, and an emphasis -- I'm glad you made the comment about ensuring that it works -- an emphasis on quality.

One of the things, USAID did a few years ago -- we're now at the end of a five year strategy, was revise the education strategy so that we could make sure that quality was as high on the list as quantity and that we were making sure that students, including girls are able to read.

They didn't just go through primary education but the part of primary education with the ability to read, and we've thus far reached 30 million students with that program.

FRANKEL:

Do you -- do you -- OK, let me -- OK, Ms. Hyde, why don't you...

HYDE:

Just in short.

FRANKEL:

Yes, please.

HYDE:

MCC typically is working in the secondary or vocational space, so very rarely in primary education. We're doing so in countries where it's identified as a key constraint to growth. About a third of our constraints analysis identify human skills.

If the country wants an education program, we'll be looking to see how we have a nexus to jobs and to markets and then vocational. So Morocco is an example I would give as a recent compact with a large investment.

Always with a focus on girls and genders. We know that the economics are there, that girls will stay in school. They'll provide for communities and that there's actual evidence tagging to growth with completion rates, which I think the World Bank just came out with, so.

CHABOT:

Thank you gentleladies. Time's expired. We'd like thank the witnesses for appearing here this morning. We've covered a lot of important issues, and if there's no further business to come before the committee, we're adjourned. Thank you.