

Hearing Transcript

Senate Appropriations Subcommittee on State and Foreign Operations Hearing on President Obama's Fiscal 2017 Budget Proposal for USAID

March 15, 2016

GRAHAM:

The Subcommittee will come to order. Senator Leahy is on his way, but he said it was okay to start, so we'll get started. Our hearing today is on the United States Agency for International Development Fiscal Year 2017 Budget Request.

I'd like to welcome our witness, Gayle Smith. After the opening statements from the Chair and Ranking Member, we will hear from Miss Smith and then we'll have a seven-minute round and pass that. The Testimony submitted by the USAID Administrator and USAID Inspector General be included in the record.

My opening statement is very quick.

Thank you for what you do. You work in difficult places. Thanks to all those who work under you. They really do risk their lives for our nation trying to bring stability to very troubled areas of the world and with that, Senator Coons, would you like to say anything.

COONS:

I'll simply join you, Chairman Graham in saying thank you to Gayle and to everybody in USAID who do so much to improve the world and to bring forth the best of American values to that world.

It is a difficult and dangerous time globally and I'm grateful for the opportunity to work with you on the subcommittee. Thank you.

GRAHAM:

And we have Ranking Member Senator Mikulski. Would you like to say anything?

MIKULSKI:

Of course.

GRAHAM:

Well, be my guest.

MIKULSKI:

Thank you very much Mr. Chairman. I move to welcome Miss Smith to the hearing and eagerly look forward to her testimony. I might have to move shortly after because we have an Intelligence Committee meeting, but we are looking forward to hearing what she has to say about how we can use this other form of American power in the world to advance international interest in our own interest as well.

We in Maryland are very proud of our relationship with USAID. So many of our NGOs, we have many NGOs in Maryland that are associated with it.

Mr. Chairman too, we have many Maryland contractors and people who work either for a contractor or for an NGO that had been placed in harm's way. You all know about the dramatic rescue of Adam Gross. You know about the way Warren Weinstein was killed by an American drone, but he was an American contractor. We have organizations like Catholic Relief, Lutheran World Relief, International Social Services, American Hindu World Service, International Orthodox and Christian Charities.

So one, we're involved. Second, our people are often in harm's way. We need to know how AID is not only going to deliver services, but also what are your thoughts about how we protect those people who are working in the field in America's interest, whether they work formerly for the State Department or through these wonderful non-profit organizations.

We also want to make sure that you have the resources that you need in order to do your job. So we look forward to your testimony.

The other situation I am going to bring to your attention is Anita Datar who is a development worker and I hope you can share in your testimony or comments how you would like to be able to recognize. She was killed in the line of duty and we would like to get your thoughts on that.

Thank you, Mr. Chairman.

GRAHAM:

Miss Smith, thank you. You may proceed please.

SMITH:

Thank you very much Mr. Chairman and Senators Coons and Mikulski. And I want to thank you in particular for recognizing the work of not only the men and women of USAID, but our partners.

I think they do extraordinary work and it's unfortunately not recognized as often it should be and it means a great deal to me and also a great deal to them that the three of you would recognize them for their hard work and their sacrifice.

I welcome the opportunity to discuss President Obama's FY 2017 Budget request for USAID.

As you know, 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 tell only 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 are 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 in discipline, we are improving the way we do and the way we measure our work. Since adopting a new evaluation policy in 2011, the Agency has averaged 200 external evaluations a year, and our data shows 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 have partnered with agencies across the US 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 sector 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 are making us more accountable, stretching our dollars further, and helping USAID live up to its important role as the United States' lead development agency. For less than one percent of the federal budget, the President's request will keep 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 US 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 and 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 United States is there whenever and

wherever disaster hits. Our assistance saves lives and protects precious development gains whether in Syria and South Sudan or on any of the four continents now affected El Nino.

The President's request provides the agility and flexibility that is so desperately needed to prevent mitigating response to these global crises.

We also work in places of strategic importance to US Foreign Policy to mitigate emerging threats and other global security challenges. This request supports these critical efforts from planning the siege of dignity and opportunity that offer a counter narrative to violent extremism, to fostering good will towards the United States.

We are addressing the root causes of insecurity in and 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 and innovation across and beyond the Agency and for our Bureau of 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 world's most challenging 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 USAID 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.

GRAHAM:
Senator Leahy, would you like to make a statement or...

LEAHY:
I would just -- and just is Mr. Chairman, I also welcome Miss Smith here. I had some long talks with the Administrator and I appreciate that very much. I am sorry with Senator Cruz who has held you up so long, but at least everybody else in this voted for you and I am glad I am here.

I think both USAID has to adapt to rapidly change the world presumably here in the Congress. I think USAID's core proficiency should be sustainable development and I know from my conversations, you believe that too.

I think that helps -- it means helping local organizations and institutions solve their own problem and too often in the past, USAID has treated recipients, the USAID funds is instrumental with

what USAID wants to do. So I think when we do that, we encourage dependency of the opposite to save our development.

When USAID funds programs meet the needs of people overseas, electricity, water, sanitation and education in countries with hard taxes they lead to those countries.

This Subcommittee has probably been a strong defender of USAID in the Senate, but USAID has become too bureaucratic and bogged down by burdensome reporting requirements and is stymied by applications for funding that only an expert who could probably decipher hieroglyphics can figure out. All of that has come with my idea with USAID.

And I'm afraid of what happens when that happens, we forget the things that we are so proud of including the significant funds we've leveraged from the private sector. But we want what's beyond. And all of you, I have agreed to have faith in you and I see that as one who has watched this for years.

USAID could be really the pace of a wonderful, a generous, a great nation and Miss Smith, I am glad you are the face that the United States is going to show.

Thank you, Mr. Chairman.

GRAHAM:

I'll start out with some questions. Your budget has \$20.5 million for Libya and I think \$55.9 million for Yemen, is that correct?

SMITH:

Yes, sir.

GRAHAM:

How do you operate in Libya and Yemen?

SMITH:

Right now, our operations in Libya are quite constrained. We supporting a very few what I would call partners. What we have done is put money into the budget so that we are ready and able to begin responding as openings widen.

In Yemen, the bulk of our assistance at this point is Humanitarian Assistance. We have provided, I believe, in the range of \$180 million to date. Again, there we're unfortunate that we had to suspend our programs. We had very good programs and livelihoods and other activities in support of a transition.

We hope to be poised again to respond in those areas as and when circumstances arise.

GRAHAM:

Are you on the ground in Yemen?

SMITH:

No. We are not physically present in Yemen.

GRAHAM:

What kind of footprint do you have in Libya?

SMITH:

We are -- we have partners in Libya, but our people are offshore.

GRAHAM:

Okay. What about Syria?

SMITH:

In Syria, we have partners operating in Syria. We do not have USAID personnel inside Syria.

GRAHAM:

So I want to associate myself as Senator Mikulski's view on this account. This is Soft Power and not Hard Power, but you've just got a band less war if you can't provide stability. I think you have about a billion dollars, I believe this to help women and Muslim countries and -- is that correct?

SMITH:

I will check on that exact figure.

GRAHAM:

Or whatever -- I think it's \$1.3 billion for gender programs.

SMITH:

Yes, gender programs broadly.

GRAHAM:

Could you inform the American taxpayer through us why is it important for us to invest in such programs? What do we get for it?

SMITH:

I think we get a great deal for it. We have learned through our development experience that when women are empowered, when they have access to it and indeed, in some cases, control over finances, we get a better return.

I think we all know, as you have spoken too very often, when girls are educated, we get a better outcome in terms of stability, but also economic growth.

In our gender programming, we're doing several things. We're trying to ensure that women have increased access to the things they need to control their lives and better their families and communities. That's access to finance. That's access to their rights.

We're doing an increasing amount of work and I think it's very effective. Unfortunately, it needs to be done on gender-based violence where we have seen a considerable uptick around the world.

GRAHAM:
What's your best success story?

SMITH:
On women? I would say in access to finance and work force training through them that has enabled them I think to do two things, one is send their kids to school and prevent child marriage and second, increase the incomes of families across the board.

GRAHAM:
Okay. When we look at Libya, Yemen and Syria down the road, do you believe your role will increase or decrease with these countries if we can ever provide stability?

SMITH:
Well, it is certainly my hope that USAID's role will increase for two reasons. I think it will be necessary to have USAID bear us transitions begin and are maintained, but I think secondly, we can bring a great deal of knowledge and experience to the equation.

So I think, in all of those cases, we will be involved.

GRAHAM:
I'm just trying to get the Committee prepare for what I think the ball is going. Hopefully, one day the war in Syria and hopefully we can bring stability to Libya and Yemen, and I think the follow on efforts will be a multi-agency effort, but you'll be in many ways in the lead, so when sequestration was in effect in 2011 or 2012, whenever it kicked in, how has the world deteriorated if it has deteriorated in the last five years for four to five years in your view? The areas where you need to operate.

SMITH:
I think we have seen humanitarian crises with much sharper edges than we've seen in the past. And I think we have also seen very fragile states struggle to withstand external shocks, whether...

GRAHAM:
Would you say Libya is a failed state?

SMITH:
I wouldn't say it's a failed state. I'd say it's a very, very fragile state.

GRAHAM:
Okay. What about Syria?

SMITH:
Syria, I would say the same, exceedingly fragile. We keep meeting new orders of definition.

GRAHAM:
What about Yemen?

SMITH:
I'd put all three in the same category.

GRAHAM:
Okay. Can you operate effectively in Iraq?

SMITH:
We do have some presence in Iraq. Our mobility is obviously constrained by security conditions.

GRAHAM:
How much money do you spend on security now versus say four or five years ago?

SMITH:
It has increased. Much of our security is covered by the State Department side of the budget because our people in the field are under a Chief of Mission authority.

GRAHAM:
So that really...

SMITH:
But I would wager that it has increased.

GRAHAM:
Okay. So what can this Committee expect in terms of your budget request in the future given the nature of the region? Do you expect that they'd be asking for more money?

SMITH:
In the future years?

GRAHAM:
Yes.

SMITH:
I think it's quite possible.

GRAHAM:
You don't have the plan for the next three to four years?

SMITH:
USAID does in fact do a great planning for the next few years including...

GRAHAM:

But what is your plan now for Syria? So what are you going to do in Syria in the next three or four years assuming the war stops.

SMITH:

I think, sir, it depends where the openings are. What we've learned in these transitions is that one of the things that often happens is we go to wide and too big in the beginning and try to do everything and take an extremely fragile state to a functioning economically thriving democracy in a very short time.

GRAHAM:

What kind of effect has the war in Syria had on our assistance programs for refugees and humanitarian aid in the region as a whole?

SMITH:

It's been a very significant portion of that overall budget. Very significant.

GRAHAM:

Is it something we were expecting four or five years ago?

SMITH:

I don't know that we were expecting this one, but I think AID is an Agency in my experience looks out ahead with the assumption that it's going to need to plan for multiple emergencies. That's been the pattern for the last 10 or 12 years.

GRAHAM:

Well, this the fifth anniversary of the Syrian war.

SMITH:

Yes.

GRAHAM:

What kind of a toll has it had on your agency's budget if at all?

SMITH:

I think significant if you look at our humanitarian assistance budget. Collectively, USAID and the State have spent \$5 billion over the last several years.

GRAHAM:

When you look at the next five years, can you see similar pressures on your budget given the region?

SMITH:

Potentially. I, like you, I am hopeful and believe strongly that we need to get the point in all three of these countries and others where we've got openings for peace and we can start our paths to stabilization.

GRAHAM:

The point I'm trying to make, are we prepared for what we know is going to follow, which is three fail states trying to be stabilized? Do we have a plan? Do we have the right budget number to deal with what we know is going to happen in the future?

SMITH:

Sir, I can speak to the FY 2017 request. I think...

GRAHAM:

Senator Mikulski.

MIKULSKI:

Thank you, Senator Leahy. Is that okay with you, I have to get to Intel, but first of all, I really welcome you, Miss Smith and since you come with an incredible background, your focus right on disaster assistance and that so much of what's going on in the world does seem to be a disaster.

So we look forward to a steady hand, good leadership and I also, to your management. It will be my principle as the Vice Chair of the Committee, number do no harm. Let's not have roll back, shove backs or whatever. Number two, let's capitalize existing programs so that they work well and we just don't also depend on ELCO (ph) and number three, our reform should be targeted.

So let me get them for as much as we so value and are particularly, as I said, Maryland is the home to NGOs, seven faith-based ones, led by Catholic Relief, the Lutheran Services, the American Hindu Association, but also the great Johns Hopkins School of Public Health, the Bloomberg School, which I go to (ph). But you know, wherever there's a good program, there are even fantastic people wanting the program.

I am very worried about AID workers, AID contractors and the NGOs. Could you share with us here what you see as AID's role or get AID getting the State Department and others to focus on working to ensure the security of our people as they work on under such very tough and often dangerous circumstances.

SMITH:

Thank you, Senator for your questions and also for your mention of Anita who was killed shortly before I...

MIKULSKI:

And I'm going to say some of that...

SMITH:

Okay. We'll come back to that. We in the State Department take the security of obviously our personnel and our partners very seriously and has been pointed out there very often, operating in more dangerous circumstances than in the past.

Our personnel operate under Chief of Mission authority, which means that in many cases, for their safety, their mobility is restricted. They often travel in armored vehicles, which are also supported

by our budget. They live in reinforced housing. There are a number of systems on the ground to track people, warden systems in others to make...

MIKULSKI:

But the NGOs don't travel that way. The contractors don't travel that way.

SMITH:

Many of the NGOs do not. We have partner security liaison offices which we work out with our partners in the field. We ask them that in the most difficult circumstances to have risk analysis and risk mitigation plans, as well as plans for shutdowns should security conditions require that they do so.

MIKULSKI:

Well, I would like then if really this wonderful committee would support the request, that we get a sense of your strategic plan for the protection of personnel both AID, AID contractors and the NGOs.

SMITH:

We'd be happy to provide that.

MIKULSKI:

So -- and then we have Anita Datar who was killed down in Mali in November. Do you have plans to commemorate her in some way?

SMITH:

I think that they will -- that we will. Those plans are not final, but as you rightly point out, we have USAID personnel, but we have partners who are in most cases one and the same. I mean, our NGO partners, our contractor partners. We are all working in the same theaters on the same issues and I think there's a very strong view among the staff and it's one that I strongly support that we should find a way to honor Anita and others from among our NGO and contractor communities.

So I think we will be...

MIKULSKI:

Well, I would go forward the recommendations by May 1st.

SMITH:

Absolutely. I'd be delighted to provide them.

MIKULSKI:

And last -- my last question is this, I really -- you know, my background as a Social Worker, so I don't want to sound like a gushing full of question here, but I really worry about the children of the world. Children being recruited as child soldiers; in terms of ISIL, boys being recruited as terrorists or encouraged to do the most vile and repugnant and gruesome things. Girls, do we need to go over Boko Haram? Children in Central America, victims of gangs, victims of human

trafficking, children who are no the move to get to our country to escape, not only economic deprivation, but really also violence.

As you look across these array of programs, because we tend to think of programs and stop fights, has the Agency thought about really -- I know, I sound like, you know, We are the World and we are going to break into some kind of song here, but there's nothing to sing about. Really, a comprehensive approach.

Senator Graham, one third of the children in Syria were born since the war began, so what's their life? What do they think about themselves, their future? And what do they think about us? Are we just going through generations of us being the evil empire?

Could you share with us your thoughts on that? And plans on that?

SMITH:

Yes. We do have a strategy for children in adversity and one of the things I was -- I worked for USAID during the Clinton administration and as I look at it now, where I think the Agency has made a tremendous improvement is something that you mentioned. It is getting away from stove piping and towards integration.

And part of what that strategy enables us to do is look across the full spectrum of things that we do at children and their lives for example. So whether that's in Girls Ed, in protection where we have provided protection to hundreds of thousands of kids in Syria to child marriage, to our interventions in health.

So I think the challenge as we have done in other areas of our work, on nutrition, on water is looking across the whole spectrum of what we do, where our children are involved and how do we link those programs so that we've got greater impact?

I think that some of the Agency is poised to do better and more of and it's one of the things that we absolutely should look at.

MIKULSKI:

Is the one of your priorities?

SMITH:

I would say yes with a slight qualification. In all honesty, I was confirmed in December. I have 10 months and so I think what I can do is work with a very capable team that works on these issues and pull them together to see if we can't align those things more fulsomely.

MIKULSKI:

Well, my question is -- my time is up and the Chairman the Vice Chairman have been very generous, I would hope that you would have on your Senior Executive team when everything comes before you, decisions are being made, is somebody saying, "Well, what about the children?" Because this is one of the ways that we shape the attitudes towards our country, towards their

country, to our country, to the world and if we don't focus on this, I think we are heading for a future disaster.

SMITH:

I think you're quite right.

MIKULSKI:

Thank you.

BLUNT:

Thank you, Chairman and thank you Senator Mikulski for bringing this. This is the topic I wanted to talk about as well. I served with Senator Klobuchar as the Co-Chairman of the Congressional Coalition on Adoption and in that role and others, she and I and three House members, Congresswoman Granger, Congresswoman Bass and Congressman Franks had sent you a letter on this topic a month ago, February 16th on Children of Adversity.

We asked seven questions and I read them again to figure out if they were so hard they couldn't be answered in a month. Two of them were yes and no so that would have been pretty easy, so five of them a little more complicated than yes and no, but on this topic that Senator Mikulski brought up, the Congress passed in 2005, the Children of Adversity legislation to come up with an action plan and implement it. You made a good point, you weren't there. You just started this job, so I'm going to be asking you to do what you can to make a difference here.

In 2005, they finally come up with a plan in 2012, finally came up with the six countries they tried to plan out with in 2015 and the legislation has to be fully implemented in FY 2017. So you're going to be there for 10 months, which is actually about half of the time now we have to implement the entire plan of Children in Adversity and I just wanted to visit with you a little about that. I don't know it took 10 years to come up with six countries.

Hopefully, you're really prioritizing implementing this. You've already addressed what the challenge that the children in so many places have. What are the six countries that you've decided would be the place to implement this?

SMITH:

I can get back to you with that specifically...

BLUNT:

Anybody behind you know what they are? So it took 10 years to come up with the six countries and nobody here knows -- does anybody know any of them? Two of them.

SMITH:

Can I...

BLUNT:

Yes.

SMITH:
May I address the...

BLUNT:
Sure. I am concerned, 10 years to come up with the six countries and nobody knows what two of them are. Or one of them are. Surely, somebody -- but go ahead. Go ahead and talk about what we're going to do to get this implemented between now and September of 2017.

SMITH:
Yes, and I -- look, I can't speak to why it took so long. I can tell you there are a number of strategies that I have seen adopted by the Agency over the years that were adopted with a handful of countries at the front end, five or six.

There are probably 10 or 15 of those and I apologize that I can't name the six for this. But what I have seen happen is positive and I think we can do here and I would be happy to put this on a fast track given your observations about how long this has taken.

If you look for example at gender-based violence where the Agency developed a strategy, proceeded to train people across the Agency to integrate gender-based violence programming into mission plans around the world to bring it into and forming even our humanitarian assistance work so there's increased emphasis on protection of women in situations of conflict.

So I think the Agency has the muscles and the capability to integrate plans like this and what I will do, sir and again, I acknowledge your comments about how long this has taken is take a look at this one specifically with an eye to seeing how we can do the same thing and do it as quickly as possible.

I'm happy to give you the countries if you would like.

BLUNT:
Go right ahead.

SMITH:
Colombia, Uganda, Rwanda, Armenia, Moldova are the countries and Cambodia.

BLUNT:
And you know, scattered around in ways that you can try this in a number of different areas and see what works. I just think the -- and in fact, you are the one that mentioned Children in Adversity in response to Senator Mikulski's question about what are we doing for kids, so hopefully, the implementation there will work the way it should.

In the President's budget request this year, the Displaced and Vulnerable Children Fund at USAID is funded below and acted levels. This would probably be the principal fund for at least the action plan for Children in Adversity. Are you going to be able to fully implement the plan at the funding level that you've requested?

SMITH:

I think, sir, looking at these countries and considering the ways we've done this in other places where we have tried to layer in strategies such as this one, I think there are multiple streams of funding that we could potentially drop on. Education, health, gender, women and girls, so I think we can take a look across the board.

BLUNT:

All right. I can submit my seven questions for the record as well, but you all have this letter. So, you have had a month, if you'd look at those seven questions and respond it would be very helpful.

SMITH:

Will do.

BLUNT:

Thank you, Chairman.

SMITH:

Absolutely, we'll do.

LEAHY:

Thank you very much. I look at how USAID is trying to adapt to the changes the way development is financed by the increasing partnerships with the private sector and you've have governments increase collection of revenue, but it's just in the last week, I've noticed there were speaks of broader issue and that as you said, development is what you must do to people.

I have encouraged USAID both Republican and Democratic administrations to move away from the model that the two often dictates and look at pathways of what needs to be done or does it for them without ever asking who gains or loses the most.

Are you at all concerned as some of our programs would do more to reinforce dependency rather than fostering self-reliance?

SMITH:

I think that's a good question and I think that's one, Senator, where we have actually made a great deal of progress and I'd point to three examples. One is Feed the Future, which as you know was this administration's first major development initiative.

That program is predicated on countries having their own plans for food security and are working with them to invest in those plans.

So from the outset, the agenda of the plan and the strategy is developed by the countries themselves. We have found that that proves for greater sustainability and far less dependence.

Similarly, under USAID for this and the drive to rely more on local solutions and local partners, we are now at the point where 16.9 percent of mission funds are programmed through local partners, which again...

LEAHY:
What percentage...

SMITH:
Sixteen point nine percent of mission funding and what that does is it brings us closer to the ground, but it also helps build the capacity of those organizations. I also think we are finding that in health, increasingly and at increasing speed, the ownership of programs is much greater than it has ever been in the past.

And in a lot of these cases, in HIV and AIDS and other things. We started out very much in relief mode quite frankly, filling a gap. Now what we are seeing in increasing number of countries is they are putting more money in the budgets, they are developing the plans whether it is for HIV and AIDS, malaria, other diseases.

So I think there is progress on that front, but I think it's something we've always have got to keep front and center so that we are really looking to make sure that decisions and strategies are locally done and then therefore, more sustainable.

LEAHY:
And there has been some suggestion that we use the remaining Ebola funds to combat Ebola or do things to stop another Ebola epidemic, but to combat Zika virus, how do you feel about that?

SMITH:
I have some concerns about that quite frankly, Senator and I appreciate the time and attention that members of the Senate and of the House have given to the issue of Zika as we look at it now and we think it's serious enough that we have identified a small amount of money, \$2.5 million that we can ahead and move out on some public information and communications campaign in countries affected, so people know how to protect themselves.

The concern about drawing on Ebola money and I say this as somebody for 14 months and from the beginning really worked this every single day...

LEAHY:
That's why I have the question.

SMITH:
Well, there's still a lot to do. First of all, we have to be prepared for any case and eventual outbreak. We were fortunate that the case in Nigeria did not turn into a major outbreak, but I say fortunate and there is a chance that that is going to happen and we have to be prepared for that.

We have to help the three countries that were most affected, build back their health system so they don't remain vulnerable again and we have seen cases in recent weeks as you know, but so they can maintain the capacity to do lab testing, have healthcare workers who are trained so again, we can respond very, very quickly.

The global health security agenda is part of what we are using that money for is as directed by Congress and very much with our thanks for the support of the emergency request for Ebola. But it is a development solution if you will, it's building the capacity of countries to prevent, detect and respond.

The last thing I would say, Senator is there is still a lot that we do not know. There has never been this large a pool of Ebola survivors. We are working with other agencies, CDC and others are studying what some of the findings are and I think we need to be fully prepared to respond to any eventuality that may arise.

LEAHY:

Excuse me. Swallowed wrong. USAID, not to count the other trillions of dollars we have spent but the USAID has spent over \$17 billion since 2002 on development projects in Afghanistan even though there is increasing oversight. The US Military has reduced their presence there. I look at this only because I think a whole lot of other states would agree that a fraction of that amount of money spent to have to fund people who need it in the United States.

We understand that Afghanistan, as you see everybody recalls and I love these bureaucratic terms, multitude monitoring ranging from direct observation by the US Government to reports from the contracts who we pay to monitor projects. The Inspector General found that there some of the worst problems and I use one number which is kind of bothersome and that's only an understatement.

Out of 127 awards, the Inspector General reviewed, there is evidence of multi-tiered monitoring out of these 127 was used as design for one. In the USAID's mission statement 2013, so there weren't any projects that could be effectively monitored. I am concerned one 127 is being effective. We have spent a billion dollars in Afghanistan and we are unable to monitor its current projects there. How do we know what are we paying for? What's sustainable? I mean, we think about the huge amount of money we have for reducing poppy culture and diddly-squat as far as reducing it and/or replacing agriculture for people to live on.

As you can see, I'm not a huge fan of the program in Afghanistan.

SMITH:

I detected that, sir. Let me respond and in the three months I have been at the Agency, I have spent a fair amount of time looking in Afghanistan and I would share three observations in response to your question.

The first is -- and I think this may be the hardest mission given to the men and women of USAID. It's a difficult transition. Afghanistan was not poised for sustainable development before the many wars it has seen in the last 20 to 30 years. So it's a hard uphill climb.

The second observation is, I have been pleasantly surprised by some of the progress despite all of that. If you look at the fact electricity access has gone from 6 percent to 28 percent, enrollment in schools has gone from one to eight million, many of them girls. University enrollment has gone

from 8,000 to 174,000 and that now, 60 percent of the population lives within two hours of a health facility.

It's not enough, but it has progressed in the face of very difficult circumstances. In the specific instance that you refer to on multi-tiered monitoring, which is what our teams have to rely on in large measure because they do not have the mobility we might like them to have.

The OIG report to which you refer was one that was actually requested by USAID at the behest of our mission to take a look at the gaps in the multi-tiered monitoring system. Obviously, the Inspector General found many as you rightly point out.

As of right now, three of the nine recommendations that were made have been closed, which means they have put in place the remaining six are on track to be closed by the end of this year.

I would like to do that. Thank you.

MORAN:

Chairman, thank you and thank you to you and the Ranking Member for hosting this hearing. Administrator, welcome.

There are a few students from Kansas State University in the audience behind you. They have been in Capital Hill today advocating for USAID and they are here to -- I know that you'd connect with them. They're actually using their spring break to be here in Washington DC on behalf of the mission of USAID and I thank them and I thank you.

I also sit on the Labor HHS Subcommittee and I want to talk to you a little bit about Zika and a little bit about Ebola. The President requested \$335 million for USAID to combat the Zika virus. The bulk of that funding \$828 million is earmarked for the CDC and I'm interested in knowing what your conversations have been? How are you coordinating? What does USAID and CDC do together to make a difference?

SMITH:

Thank you for that question and an extra shout out. It's nice that they are here. It is nice that they are advocating for AID and especially nice to be doing that on their breaks.

We work with CDC a lot. We've got our main start working with CDC on HIV and AIDS under PEPFAR. Our most recent experience was really -- I'm tempted to say helpful, but that's not a word that lends itself to the Ebola response, but actually, we worked hand in hand in that where USAID led the dark teams in the field. CDC had the deputy position and the difference as I would describe it is CDC brought to bear in mainly the epidemiological expertise that was needed to help us adapt our responses according to the actions of the Ebola epidemic in that case.

So in the case of Zika, CDC has the primary role in working with governments and partners in public health facilities to manage their systems and their responses to Zika and with particular emphasis on the epidemiology.

In the USAID side of the equation, our interventions are primarily three. One is on public information, just getting information to people about what they need to know about this virus, how they need to protect themselves.

The second is on particularly maternal health. As we know, women are affected in particular and their children, so again, they have the information they need to protect themselves, but they also have the care they need should they get Zika and should they give birth to a child that suffers the impacts of encephalopathy.

The third is on vector management, which is on removing the standing water during the spring. The other things that can be done to try to get to the mosquitoes themselves. We have a role in that based on our work on malaria around the world. CDC's role there is as new insecticides are developed that are more responsive to the specifics of this mosquito, we have worked with them to make sure we're incorporating their findings in to the work that we do.

MORAN:

Thank you. When we have Director Friedman in front of us to have an opportunity to ask him a similar question and make sure that this is a concerted cooperative effort. It seems to me the Inspector General was critical of USAID's Ebola response indicating a lack -- adequate performance measures and I remember these dates when the lead agency was USAID and then we had an Ebola czar, where did we end up with performance measures and what did we learn from Ebola that will mean we will do things better, assuming you agree with the Inspector General's analysis.

SMITH:

Well, I wasn't at USAID at the time. I was at the National Security Council and very involved in the coordination of the response.

I would have to say on performance, having had some experience in my life and career on both health and emergency crisis response. I think the performance was quite impressive. We beat a lethal epidemic the world had never seen before where there was no capacity on the ground to manage it, insufficient number of healthcare workers, labs so on and so forth. And I think, together the work that USAID and CDC did was quite impactful.

Now, we look at what we can learn from that in three important ways. One is in our emergency response, the teams continually look at how we can fine tune those responses, the work of our dark teams. The second is to look at how in terms of capacity, both through the global health security agenda, but also the work we do in health, we can be doing more and better to build the kinds of systems and capabilities that would leave us with a more solid foundation on the ground when these situations arise again, which they certainly will.

And the third is to look with partners. All agencies in fact look at this as what had been learned and what we need going forward as a government responds to these kinds of crises and that would involve USAID and the CDC and the State Department and others looking together where we have complementary, where we have a duplication where we may have guessed.

MORAN:

Thank you very much and I certainly would -- I want to add my complement to the efforts at Ebola. There was a lot of criticism, but the outcome I think was an amazing success to date and demonstrates that we can respond and make a difference.

SMITH:

Thank you.

MORAN:

I want to talk just a minute about -- I have a minute and 13 seconds left, but the child marriages increase during times of conflict and in the Syrian refugee communities in Jordan, UNICEF reports that the proportion of registered marriages that involved girls under the age of 18 has risen from 12 percent in 2011 to 32 percent in 2014. How can birth registration discourage this practice and protect vulnerable girls in conflict from being involved in trafficking?

SMITH:

Those are terrible statistics and unfortunately, we are seeing incidences of child marriage around the world that are quite alarming. We approach it broadly in a number of ways. One is to work with and support married children who suffer greatly as you can imagine.

The second is to work with communities and countries to change the norms on child marriage. Actually, change their laws, but also to do the work at the community level that socializes the notion that for a lot of reasons, this is not a good thing.

And third, we try to bring others to the table, whether it be other donors, the private sector, other voices that can elevate this issue.

In circumstances like refugee camps and environments like those surrounding Syria, it's especially difficult because you do not have even the rudimentary infrastructure of registration that you might have in a community that is settled in its own home. In those cases, what we try to do and what the State Department tries to do with human ACR is put in place those kinds of systems for birth registration which is very impactful in terms of trying to trace both the birth particularly of girls, but then trace their well-being going forward.

MORAN:

Thank you. You attempted to visit with me prior to this hearing, and it was my scheduled -- I think a lot have happened and I thank you for the outreach and look forward to getting acquainted with you.

SMITH:

I look forward to it also. Thank you, sir.

COONS:

Senator Coons. Thank you, Chairman Graham and thank you, Senator Moran and Chairman Graham for your interest in the line of questioning around Ebola and Zika. One of the things that I find most encouraging about the work on this subcommittee is the genuine bipartisan interest in

ensuring that USAID's valuable work around the work is as efficient as it can be, and as sustainable as it can be and Administrator, you've had already had a long and impressive career in tackling some of the world's toughest challenges.

And you've certainly stepped up to yet another, so thank you for what you are already doing in your current leadership role.

Let me talk about the global development lab if we might for a moment. One of the things that your predecessor was particularly passionate about was bringing analysis and science and a better data quality to some of the work of the USAID, which I supported and commend.

The global development lab is designed in your testimony to take smart risks to test out new ideas and scale successful solutions. I think that's a great idea. What do you think we need to do together to authorize it, to fund it and to sustain it?

SMITH:

The lab is really a valuable addition to the agency and I think part of my challenge and our challenge over the coming 10 months is to figure out how we can more effectively integrate it within the agency while enabling it to do the innovative work that it was created to do, so that we are positioned to take some of those innovations to scale.

We have made requests in the FY 2017 budget for some authorities that would allow the lab to quickly bring people on for specific tasks. We have included funding for the lab. We are able also through the lab and also throughout the agency to bring private sector partners to bear, I think that's something we need to be able to continue to do and I think with your support, we can actually do that and make this a very, very valuable force multiplier for the Agency for the next decade.

COONS:

I am hopeful that we will continue to work on that this year. As you mentioned, this is a year that seems likely to be dedicated to institutionalizing and funding some of the stronger initiatives whether it's Power Africa or Feed the Future and my hope is that the development lab also is counted among them.

One of my concerns in recent years has been the democracy and governance funding was largely eaten away at in order to fund and support laudable necessary projects like Feed the Future and Power Africa. Talk to me about the larger question that we face.

In a recent speech, you said that we must not allow the urgent to crowd out the important and Chairman Graham was talking about the number of failed or failing states, the very fragile states that are crescent across North Africa and the Middle East. I am very concerned about whether we have the capacity and the plan and the vision to actually mobilize the capabilities that we, as one of the world's leading democracies have to inspire movement towards sustainable democracies.

Tunisia has so far turned out relatively well, but most of the other nations that took part in the so called Arab Spring, not so much and in a number of countries that I have paid particular attention to from Somalia to Central African Republic to Nigeria, there are significant challenges and just

addressing the humanitarian side of this, it doesn't do enough. We need to do more structural work around democracy.

How do you think we will allow the importance to be part of our focus as well as the urgent?

SMITH:

Thank you for that question because that's one of the big questions on my mind and I think there are several things. You mentioned some of the major initiatives and I am thrilled that Electrify Africa passed through the Congress and it has been signed into law by the President and I hope that we will see a similar path for the Global Food Security Act and on the lab and on a number of other things where I think we enjoy strong bipartisan support for things that the United States can and should do over time because they will yield real results.

We have seen that in health. I came in to the Obama administration and found PEPFAR which was a lovely thing to find and build on and we've been able to move from what was a very bold idea by President Bush to getting with him on a sight of an AIDS free generation. I think in access to electricity, I think in maternal child health, the global health security agenda, the lab, Feed the Future -- these are all things that with sustained support, I think very well spent resources, we can register the steady gains that are the buffer against the kind of instability and volatility we see on the other side of the ledger.

You are absolutely right to speak to democracy and governance funding. The FY 2017 request includes a substantial increase that will be applied in almost every region that we work in and I think, in fact, in every region that we work in. It is something our missions have spoken to the need for and have, I think very smart ideas about how to invest.

Again, investing those resources in a steady, slow work of building democratic institutions supporting civil society while at the same time, we are as USAID and across the rest of the government and in this Congress, championing the norms that will make a difference over time, it is those steady patient investments where we invest in what works. Institutionalizing where we see the results that is the biggest invest buffer.

The other thing I will just mention that I think USAID brings to the table which is perhaps been underutilized in the past is a great deal of knowledge and analytical capability. I look at the reports that AID does on state fragility, looking at legitimacy and effectiveness of states through a number of indicators and criterion is extremely informative.

You marry that to our analysis of what has worked and what hasn't worked in transitions, and I think again, our other contribution is to inform how we proceed in these complex challenges when we're trying to take a country from transition to stability.

COONS:

Thank you. That leads to my last question very naturally, USAID forward was sort of the general name for an initiative of your predecessor that tried to focus on efficiency, on data quality and on prioritization of effort.

One thing that stood out from the IG's report was some concern about data quality. I think you are right that USAID has a remarkable global network of people who actually have insight and experience in to how states are doing, what is working and not working and to the investments that we have made that had been successful in addressing everything from water to fundamental health to democracy and insights into what is not working.

How do you intend to work diligently in this one year to institutionalize and sustain and carry forward a focus on analytics that is rooted in data quality and how does partnering with the private sector play into that? One of the things I think has been a hallmark of recent years is recognizing that whether it's in Power Africa or Feed the Future, there is real potential and real power in partnering with the private sector in some areas.

SMITH:

You know, I have been very struck by the President when he issued the policy directive on global development, he called upon all agencies to use data and evidence to drive our policies and programs and I think, USAID has done a spectacular job in five years of incorporating quite an impressive rigor.

But the other thing that quite frankly gives me confidence is it's quite iterative. Every time I meet with the teams to say what do we know about our progress in health or in this area or that, I am constantly hearing about efforts to improve the data for some of the reasons you point to. The data quality may not be what it needs to be.

We have partnerships with outside organizations and institutions to come in and assess the gaps that we face and where we have limitations. So there is, I think, a real commitment and I think this is in the men and women of the agency. I will certainly drive it, support it and demand it, but I think it is coming from the men and the women who work in this agency to continually improve the Agency's ability to drive with evidence.

So I will certainly push that, elevate that, but I think we're on a very good path and I think there is also recognition in the agency that as with any discipline, part of our job is to continually learn.

The private sector helps us with this. There's a lot of experience in the private sector with how to work with data as well as the lab with some of the technologies that are available with it for us to both track data, aggregate data and then analyze data.

I think it's a real exciting moment for AID in this area.

COONS:

Thank you. I'm excited to work with you on many of these initiatives.

SMITH:

Thank you.

COONS:

And I am grateful to Senator Graham for his leadership of the Subcommittee.

GRAHAM:

Thank you. Thank you for your testimony. I guess what I was driving at, we know that Libya, Syria and Yemen by any definition I think a failed state. Five years ago, we had a presence in these countries. Today, we really don't.

One day, we're going to have a presence, I hope in these countries because that means stability is only the problem. So that with what Senator Coons was saying, we've got some great programs that need funding, Feed the Future, Power Africa, kind of foundational programs and you've got a world on fire.

So what I would like is if you could kind of inform the committee because you have 10 months, it's not that long a time, but if you could kind of just lay out from your point of view what this committee should expect to be that your Agency will be doing in the next four or five years in this region, but really throughout the world so that we are going to budget accordingly.

I just don't see how we can put out all of these fires then create programs inside these countries that more that put out a fire. The only way you are going to create stable governments is to have institutions that bring about stability. That's a lot different than feeding refugees.

From my point of view, the democracy programs are just as important as any weapon system we buy because once you kill the enemy, if you don't follow up, you're going to get the same result. And when it comes to Afghanistan, it is a very difficult place to operate, but in the last 16 year, 15 years, there has been enormous progress on multiple fronts.

And I don't know what has caused \$17 billion, I know what not it will even cost. It costs over a trillion dollars. So what I'd like you to be a little more sensitive to is how you bring about stability. It's just not enough to destroy a terrorist organization or take a dictator down, somebody has got to deal with what follows.

You have three countries where we don't have a presence, one day, I hope we will. If you could just kind of maybe report back to the committee in the next five years from your point of view, what will people following you be likely doing that they are not doing now in terms of Libya, Syria and Yemen and how much will that cost so that we can start planning?

You are welcome to respond if you'd like.

SMITH:

Sure, Senator and my slight hesitation is that I have 10 months and it's both a luxury, but a little bit awkward to speak of what my next predecessors are or what my successors are going to do and spend, but let me make a run at it.

And in the form by something I did recently which was to meet with all of the former USAID administrators, who I think would share this view.

GRAHAM:

One suggestion is that we know what we did in Iraq. We know what we have done in Afghanistan, well where we screwed up, let's not screw up again. But I think Syria and Iraq are relatively similar size.

If Iraq is any indication of what we would be spending in Syria and it may not be, hopefully we won't have to do all the things we did in Iraq, but that's sort of a guide. Do you see what I'm saying if we did a fraction of what we did in Iraq?

SMITH:

So in response to your question, I would say a couple of things and with the qualification that in this request we are operating on the basis of a bipartisan budget agreement.

GRAHAM:

I am trying to give information that maybe would give you more money.

SMITH:

No, I hear you and I am about to speak to that. I think that to support those transitions over time, how much we spend is as important as how we spend it. Again, so I would point to two things. One is resources and the second is flexibility. We often go into transitions. You mentioned Iraq as an example, a huge amount of money was spent and I think we sometimes, as I said earlier, want to have government in a box built in two years.

I would argue that we should start smaller, get success in ministries where we can show that government actually works and build on it.

That will, sir, take more resources as we get peace and openings in these three countries and others, so I think there's no question, but over the coming five years, there's going to be a need for some decisions to be taken on how we finance our soft power and you have been a great champion of this for which we are really appreciative.

But again, I would marry the need for additional resources to the need for the flexibility to be able to adapt to rapidly changing environments. But I think my successors I hope they will be spending additional resources and I hope they will have that flexibility.

GRAHAM:

Well, you can help us kind of inform us the best you can of what to expect in the coming years, not without, you know, you don't have to be mathematically certain, but just general idea.

Mr. Gresset (ph), thank you for your efforts. Thank you for having him. We appreciate that and with that, the Committee is adjourned.

SMITH:

Thank you.

GRAHAM:

The record will be open until Friday, we request.