BUILDING CAPACITY TO PROTECT U.S. NATIONAL SECURITY: THE FISCAL YEAR 2010 INTERNATIONAL AFFAIRS BUDGET

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BUILDING CAPACITY TO PROTECT U.S. NATIONAL SECURITY: THE FISCAL YEAR 2010 INTERNATIONAL AFFAIRS BUDGET

WEDNESDAY, MAY 13, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 1:32 p.m., in room 2172, Rayburn House Office Building, Hon. Howard L. Berman (chairman of the committee) presiding.

Chairman BERMAN. The committee will come to order. I apologize for being a little late. I am in the middle of a markup in the Judiciary Committee on an issue of high interest to me.

It is a pleasure to welcome Deputy Secretary of State Jack Lew to the committee this afternoon. For members that have come here in the last 8 years and have not worked with Mr. Lew, I think I can safely say that you won't find a fairer, more accessible, and more straight-talking public servant.

Jack, your former position as OMB director makes you uniquely qualified to serve as Secretary Clinton's deputy for Management and Resources. Your familiarity with this institution, as Speaker Tip O'Neill's counsel in the 1980s, assures our members that you will be uniquely attuned to their concerns.

The purpose of today's hearing is to give you an opportunity to present and to justify the Obama administration's Fiscal Year 2010 international affairs budget. At the outset, I want to commend you and your talented team for putting together this impressive and ambitious budget document. There are many important proposals in the budget request, but in the interest of time, let me highlight just three.

First, the budget proposes significant funding increases to rebuild capacity at the State Department and USAID. Our national security stands on three pillars: Defense, diplomacy, and development. Yet, for far too long, we have failed to provide our civilian foreign affairs agencies with the resources they desperately need to fill critical overseas posts, provide adequate training, and ensure effective oversight of programs they manage. This has greatly limited the effectiveness of American diplomacy and development. It has also resulted in the migration of traditional State Department and USAID responsibilities to other government agencies that lack the requisite expertise, including the Department of Defense.

This budget is an important first step in addressing these debilitating capacity problems. And we await the appointment of a

USAID administrator to assist you in those efforts, which we hope will take place in the very near future. Is there anything you can tell us about that?

Second, the budget request proposes to pay our current dues in full and much of the debt we have accumulated in recent years in our accounts with international organizations, including the United Nations. The U.N. system is far from perfect, and it often does not live up to our expectations. But it should be clear to everyone that we are simply not capable of solving every foreign policy challenge on our own. And, in so doing, we should set the example of a member in good standing by paying what we owe.

On a wide range of issues—from Iran's nuclear weapons program, to Darfur, to climate change—we need to cooperate closely with the international community.

Third, I am pleased to see that the budget request puts the United States on track to double foreign assistance by the year 2015. Providing assistance to those in need reflects the values and generosity of the American people. Foreign aid also supports our national security interests by promoting stability, economic growth, and respect for democracy and human rights. And, from a financial perspective, preventing a failed state today is much more cost effective than paying for the negative consequences resulting from that failed state in the future.

Secretary Lew, tomorrow I plan to introduce a State Department authorization bill for Fiscal Years 2010 and 2011. This legislation will authorize State Department operations and related accounts, in most cases at the level requested in your budget submission. It will also include a number of authorities requested by the Department, including a provision to end the 20-percent pay cut that junior Foreign Service Officers suffer when they are assigned to overseas posts. Finally, it will incorporate a variety of congressional initiatives from both sides of the aisle.

I am very hopeful that we can move this bill forward on a bipartisan and bicameral basis and look forward to working closely with you and your staff.

To conclude, many of my colleagues and I are committed to getting you and Secretary Clinton the resources you need to conduct skillful diplomacy and effective development. At the same time, we are also committed to upholding our responsibility to conduct oversight of the executive branch and to ensure that tax dollars are spent wisely. This will be reflected in the State Department bill as well as legislation we hope to introduce later this year on foreign assistance reform.

I would now like to turn to my good friend, the ranking member, Ileana Ros-Lehtinen, for any opening remarks she would like to make.

Ms. ROS-LEHTINEN. Thank you, Mr. Chairman, as always, and, Secretary Lew, welcome to our Foreign Affairs Committee. We appreciate having the benefit of your insight on the proposed Fiscal Year 2010 International Affairs Budget and on the prospects for comprehensive reform of our foreign assistance programs.

With respect to the budget request, Mr. Secretary, it is ambitious in its magnitude, particularly at a time when we, as a nation, face great uncertainty about our economic prospects, particularly re-

garding our ability to take on further debt and pay it back with interest.

In line with the stated goal of doubling our foreign aid over 5 years, the request is almost exclusively composed of program increases. We have not received any details or justifications on how these increases are linked to specific criteria premised on certain rationales or resulting from any sort of review or evaluation.

Mr. Secretary, could you please elaborate upon how the budget increases were derived? Also, how did you determine the amounts, the accounts, the programs? I have supported a great many assistance programs, including PEPFAR, food aid, Aid for Haiti, Sudan, microfinance, and child-survival efforts, to name a few, but we need a much better understanding as to why the International Affairs Budget for the next fiscal year would be set for an increase of almost 9 percent over the 2009 level, which has already been increased by enacted and proposed supplemental funding.

The proposed increases would also be 25 percent over the Fiscal Year 2008 funding levels. Our 150 International Affairs Budget Account has already grown from $25.4 billion in Fiscal Year 2002 to $43 billion in Fiscal Year 2008, an increase of almost 70 percent. The Congress is now working its way through the Fiscal Year 2009 supplemental request, which already contains a significant amount of foreign aid funding.

Secretary Clinton testified before our committee a few weeks ago, saying that she has challenged the Department to reform and innovate and save taxpayer dollars, indicating a review is underway of State Department and foreign aid programs and operations. However, the proposed funding increases appear to presuppose the conclusions of such a review, and the budget submissions do not appear to reflect nor mention reforms or innovations that are going to result in savings.

The chairman has urged all of us to consider ways in which we might reform our programs and structure and make them more efficient. Answering that challenge, I would note for you, Mr. Secretary, three pieces of legislation that I have introduced with some of our colleagues on the committee.

The first would create a joint House/Senate temporary committee, to be truly bipartisan in structure and operation, that would bring together the leadership of both houses and the various committees of jurisdiction over foreign aid programs and processes with the goal of reporting truly comprehensive reform legislation. It is my belief that we cannot achieve sustainable reform without involving our Appropriations Committees, for example, and without doing it in a truly bipartisan manner.

I have also introduced the Foreign Assistance Partner Vetting System Act, which would give the Secretary the authority to establish an organized system to vet our aid programs around the world to ensure that our funds do not inadvertently benefit supporters of terrorist organizations.

Finally, Mr. Secretary, I have introduced a bill that seeks to build on efforts already underway to ensure the use of performance-based management in our foreign aid planning and funding. That bill would also require the President to submit a National Security Strategy for our diplomacy and assistance at the same time

that he submits the National Security Strategy for Defense that is already required under law.

I believe this approach is in keeping with Secretary Clinton's statement before our committee in which she reiterated the commitment she made during her Senate confirmation hearing to pursue a policy that would enhance our nation's security, advance our interests, and uphold our values.

My bill, the Strategy and Effectiveness of Foreign Policy and Assistance Act, calls for a Diplomacy and Assistance Strategy to describe how organizational structures of our foreign affairs agencies and U.S. foreign aid programs, budget plans, personnel decisions, and public diplomacy fit into the overall National Security Strategy to advance the national security objectives and interests of the United States.

I welcome your and the Secretary's review and consideration of these proposals.

Just commenting on our esteemed chairman's belief and hope and desire to have a bipartisan bill, I would just like to get the message to the chairman that every day we get a few more items added to his must-pass list, and I believe that that dream of getting that bill in such a manner that it can be loved in a bipartisan way is slowly slipping away from our fingers.

If that "message to Garcia" could be delivered, I wanted to deliver it to Mr. Berman myself, but he is not here.

Thank you. Thank you, Mr. Chairman.

Mr. ENGEL [presiding]. Thank you, Mrs. Ros-Lehtinen, and you know I always deliver your messages. You know that.

Ms. ROS-LEHTINEN. Thank you.

Mr. ENGEL. We will entertain an opening statement of 1 minute by anyone who might want to make one.

Mr. SHERMAN. Mr. Chairman?

Mr. ENGEL. Mr. Sherman.

Mr. SHERMAN. Since I am limited to 1 minute, I want to focus on the defense trade controls. You have but the budget. This is a poke in the eye to working Americans who want these export jobs. When we make the wrong decision as to where our military goods would be exported, we either send good stuff to bad people, or, worse yet, we have an unwarranted delay in sending necessary military goods to loyal allies, and, in doing so, if you are too slow, somebody else gets the contract.

In the middle of the greatest recession of our lifetimes, to cut to save $3 million DDTC seems absurd and to fly in the face of the hearings held in our subcommittee, which showed that we need quicker decisions and better staffing for this agency that decides which military goods produced in the United States can be exported. I yield back.

Mr. ENGEL. Okay. Mr. Burton?

Mr. BURTON. Thank you, Mr. Chairman. I would just like to make one request. We are going to get into the foreign aid issue for several hearings, and I am very concerned that we have a clean bill.

I know there are going to be questions about how much money we are spending, but there are a number of us who are very concerned about the problems in the Middle East. We want to make

sure that our friend, Israel, over there is supported so they can adequately protect themselves, and yet, in the last foreign aid bill, they put language in there that dealt with the Mexico City policy and other things which were really not germane to the foreign aid bill, and it actually, many of us thought, was politically motivated.

So I would just like to urge the chairman and the committee to make sure that we have a clean foreign aid bill that deals with foreign aid, deals with international problems, and does not get into these economic and social issues that are not relevant to the discussion. It just causes political problems that are not necessary, and, with that, I yield back the balance of my time.

Mr. ENGEL. Thank you. Mr. Connolly?

Mr. CONNOLLY. Thank you, Mr. Chairman. I cannot resist. While I respect my colleague, I must say, I think the Mexico City policy most certainly is relevant, and I am delighted that the administration moved to overturn it. It was ill-conceived, if you will forgive the expression.

I want to welcome Deputy Secretary Lew to the committee, and I want to praise Secretary Clinton and Secretary Gates and the President for providing a better understanding of the relationship between our foreign-assistance diplomacy and our military, and it was Secretary Gates, last year, while still in the Bush administration, who pointed out that you cannot fight your way out of every problem, that you have got to have a vigorous diplomacy, and a key part of that diplomacy is, I think, a restored and renewed U.S. Agency for International Development or its successor.

So having a vigorous, development assistance program is going to be a key adjunct of whatever we do moving forward. It is an agency that, sadly, has been hollowed out over the last decade, and we need to rebuild it and restore it.

So I look forward to working with Secretary Lew and his colleagues and with the chairman, of course, and his legislation in trying to make that happen. Thank you.

Mr. ENGEL. Thank you, Mr. Connolly. Mr. Smith?

Mr. SMITH OF NEW JERSEY. Thank you very much, Mr. Chairman.

As I think many of my colleagues know, since I have been in Congress, I have worked very hard on child-survival immunizations and oral-rehydration therapy. I actually authored the legislation in the early eighties to put it at $50 million to effectuate those kinds of programs.

As every parent knows, birth is an event that happens to each and every one of us at some time, but it is only an event in the life of a child. Healthy unborn babies are more likely to be healthy newborns, and, in turn, healthy newborns are more likely to be healthy children and adults.

I would argue that abortion is infant mortality. The unborn patient needs special care and interventions that will contribute to his or her long-term health. Low birth rate is the leading risk for perinatal death and is associated with maternal under nutrition and ill health.

Similarly, iodine deficiency during pregnancy is associated with a higher incidence of still birth, miscarriage, and congenital abnormalities.

Pesticide exposure also puts an unborn child at risk.

All of these risks to the unborn patient can be reduced by proper prenatal care that respects the needs of both patients, mother and child. For example, risks can be mitigated through proper nutrition, vitamin and iodine treatments, education, and even access to clean water.

I believe we must expand essential obstetrical services, including access to safe blood and skilled birth attendants, and improved transportation capabilities for emergency care to significantly reduce maternal mortality and morbidity. As we do that, we should not simultaneously be promising abortion, which, again, is, by definition, infant mortality.

Mr. ENGEL. Thank you, Mr. Smith. Mr. Scott?

Mr. SCOTT. Thank you very much, Mr. Chairman. I would like to just have my remarks address food security and development assistance and higher education in Africa.

I appreciate the increase of about 30 percent of the funding for those countries who have committed to improving their public-sector governance, but, given President Obama's new initiatives on food, security, and hunger, I wonder, can any of this money be used for improvement at public higher-education institutions in these developing countries in Africa, particularly those that focus on improving agricultural productivity. That is the core of the problem.

I have just returned from Africa, and the great struggle in Africa is food, getting enough food for folks who eat, being able to develop that. They are also stressed not only with the warring and the conflicts that are there in abundance, but there are droughts, there are famines.

So it is clear that economic development, food security, and, ultimately, government stability cannot be achieved without stronger higher-educational systems in these developing African countries, and there is a great interest, in the United States and African higher-educations communities, in building African capacity to solve their own development challenges, especially in securing food.

To that end, the Fiscal Year 2009 Omnibus Appropriations Bill appropriated $133 million for higher education in developing countries.

So my question is, can any of this increase in development assistance in Fiscal Year 2010 be used for improving higher education and augmenting what was provided in Fiscal Year 2009? And, hopefully, the emphasis, as we go in for our discussions and my follow-up questions, will be on this subject and how we can improve food security and allowing those nations to develop——

Mr. ENGEL. Thank you, Mr. Scott. Mr. Rohrabacher?

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

I am concerned, and have been since becoming a member of this committee many years ago, that we quite often do not associate the philosophy of a certain government with the fact that we would give them aid. I certainly think that we should be helping people throughout the world, but if we do so with totalitarian governments, we are doing nothing but subsidizing tyranny.

I associate myself with Mr. Smith's remarks that he just made and point out that the budget that you are proposing is $7 million to give to China for child survival at a time when China believes

in forced abortions, for Pete sakes. They murder children. We are giving $11 million in developmental assistance to China, $5 million in economic-support funds to China. This is the world's worst human rights abuser.

In Ethiopia, we give, again, $78 million for child survival, but this is a government that steals all of its money from its own people. Ethiopia arrested the people who won the last election and put them in jail.

We need to know that when we are giving this type of money, or giving any type of assistance, to countries that are run by gangsters, the money is likely to be stolen—surprise, surprise—and I would suggest that we put that into the mix as we are discussing this issue.

Mr. ENGEL. Thank you, Mr. Rohrabacher. Is there anyone on the Democratic side that wishes to give an opening statement? Any other people on the opposing side? Mr. Royce?

Mr. ROYCE. Yes. Mr. Secretary, you know, we have your prepared statement about promoting American values. I just share the ranking member's concern, with her dismay, over our embassy in Buenos Aires sponsoring an event celebrating the like of Che Guevara. He was a murderer. He was a tyrant, a terrorist, and an advocate of mass killing. He despised the United States.

I think it was a mistake, and I hope that the State Department recognizes it. This is an individual who said, "If the missiles had remained in Cuba, we would have used them all and directed them against the very heart of the United States, including New York," and, as Che said, "To send men to the firing squad, judicial proof is unnecessary. These procedures are archaic, bourgeois detail. A revolutionary must become a cold, killing machine motivated by pure hate."

I just think, in terms of outreach, that is not a strategy. Thank you, Mr. Chairman.

Chairman BERMAN [presiding]. The gentleman from New York, Mr. Engel, is recognized for 1 minute.

Mr. ENGEL. Thank you, Mr. Chairman. I want to duly note the fact that Mr. Lew is my constituent, so, if it were nothing else, I would admire him just for that, but he has a long and distinguished record, and I am just delighted that the administration has tapped him to do this very important job. So that is really what I want to say.

I look forward to hearing his testimony, and the administration could not have picked a better person for this very important job. Thank you, Mr. Chairman.

Chairman BERMAN. The time of the gentleman has expired.

Secretary Lew, would you like to testify?

STATEMENT OF THE HONORABLE JACOB J. LEW, DEPUTY SECRETARY OF STATE FOR MANAGEMENT AND RESOURCES, U.S. DEPARTMENT OF STATE

Mr. LEW. Thank you very much, Mr. Chairman and Ranking Member Ros-Lehtinen. It is a pleasure to be here to appear before the committee today. I would ask that my statement be submitted in the record.

Chairman BERMAN. Without objection, it will be.

Mr. LEW. I will try to keep my opening remarks relatively brief to leave as much time as possible for questions.

Mr. Chairman, it is particularly a pleasure to appear before your committee. We have had the pleasure of working together for over 30 years, if I count correctly, and I hope that this is yet another productive chapter in working on important issues and getting things done for the country.

Thank you, Mr. Engel, for welcoming me and making me feel so at home here at the committee.

The committee has been a strong ally in strengthening our foreign policy tools, and we appreciate your support. We appreciate the effort that many of you made, the chairman leading the effort, to make the case for resources for international affairs funding in the Budget Committee and in the proceedings following.

I will take a few minutes to describe the major principles and priorities in our budget and, as I said, leave most of the time so we can have questions.

At a top-line level of $53.9 billion, the request represents a 9-percent increase over 2009 funding levels. This budget provides the details of what we mean when we talk about "smart power," and it provides the resources to pursue the administration's foreign policy agenda.

The United States faces diffuse and complex threats, including terrorism, climate change, pandemic disease, extreme poverty, and global criminal networks. Key to our security and prosperity is a stable and secure world, and we cannot achieve that through military means alone. It requires American leadership that promotes our values, builds strong partnerships, and improves the lives of others.

That is what President Obama and Secretary Clinton call "smart power," harnessing the tools of diplomacy, development, and defense to help build a more peaceful and prosperous world. By reducing the risk that global poverty and instability will ultimately lead to conflict, smart power will save us both dollars and lives in the long run.

We understand that economic conditions at home make this a difficult moment to ask the American people to support even a modest increase in spending overseas. At the same time, the American people understand that our future security depends on resolving current conflicts and avoiding future ones.

When Secretaries Gates and Clinton testified together recently, they made a powerful case that investments in diplomacy and development, two of the pillars of our smart power strategy, are as vital to our national security as investments in defense, the third pillar.

Smart power starts with people. That is why our budget puts an emphasis on increasing the size of the Foreign Service, ultimately achieving a 25-percent increase in State Foreign Service Officers over the next 4 years.

I want to draw special attention, however, to the urgent need to rebuild the U.S. Agency for International Development. We are looking to USAID to take on some of the most difficult tasks in some of the world's most challenging environments, but with its ranks thinned to just over 1,000 Foreign Service Officers world-

wide, USAID does not have the manpower it needs, which is why this budget includes a 45-percent increase in USAID operations and puts USAID on a path to doubling its Foreign Service Officers by 2012.

All of our goals—conflict prevention, poverty reduction, food security, global health, climate change—all come back to having the right people with the right training and the skills to get the job done.

This budget also provides the resources to pursue critical missions in conflict areas that occupy much of our attention these days: Afghanistan, Pakistan, and Iraq. Our Fiscal Year 2010 budget seeks $2.79 billion in nonmilitary assistance for Afghanistan and $1.3 billion in nonmilitary assistance for Pakistan, substantial resources that must be coordinated and deployed effectively.

Following the administration's strategic review, State and USAID are implementing a comprehensive civilian program, which is coordinated fully with our military and with other key agencies, such as the Department of Agriculture and the Department of Justice, to bolster both security and development.

At the same time, it is important to step back from these conflict areas to see clearly our broader objectives. We make investments to promote long-term development and human security, both from the top down and the bottom up, strengthening the ability of government to meet the basic needs of their populations and, at the same time, partnering with citizens and civic groups to build human capacity and reduce extreme poverty.

Children need a basic education that provides skills to pursue opportunities rather than hatred. Parents need jobs to reject the appeal of extremists who, too often, offer the only way to support a family, and, for many, survival requires minimal access to basic healthcare.

Overall, 56 percent of our assistance request is targeted to development programs, with special emphasis on economic development and good governance, global health, food security, education, and global climate change.

For example, our budget request includes $7.6 billion for a Global Health Initiative, which continues the fight against HIV/AIDS, malaria, and tuberculosis but expands it to address maternal and child health, neglected diseases, family planning, and some basic health infrastructure. It commits $3.4 billion to a food-security initiative aimed at addressing the root causes of food shortages by more than doubling the resources devoted to agricultural production and productivity.

On the global climate front, it seeks $581 million to help developing countries most vulnerable to the impacts of climate change adapt by becoming more climate resilient and developing clean energy alternatives.

Our budget also invests in strategic, bilateral and multilateral partnerships critical to global security, stability, and prosperity. We focus on states that can, or must, be partners in regional peace and prosperity and on tipping-point states whose potential for conflict and instability present regional and global threats, and we leverage our multilateral partners who represent both a force multiplier and a cost-effective means for addressing global challenges.

We are strengthening global security capabilities knowing that when our allies and partners can defend their territory and borders against external and internal threats, we are more secure. Our strategy seeks to forge partnerships among states to help build global security capacity in a number of areas, including peacekeeping, police training, counternarcotics, nonproliferation, and combating nuclear terrorism.

Finally, we provide the resources, over $4.1 billion, to respond to humanitarian needs. Our humanitarian-assistance programs that provide relief where we see human suffering are a fundamental expression of our values. At the same time, leading with our values often strengthens our ties with other people.

Our humanitarian-relief efforts in the aftermath of the earthquake in Pakistan began to turn sentiments of many Pakistani citizens away from extremists and to see the United States as a political force for good in their lives.

At this very moment, we are taking steps to make sure that the United States is in the forefront of efforts to address the needs of people who are seeking safe haven as the Government of Pakistan takes military action against extremists. There is a real possibility that, in addition to the 500,000 already internally displaced, another 1 million persons could need assistance.

The challenge, in part, is providing funding, and we are taking steps to make certain that we are able to help there. Even more challenging will be gaining access, and our very capable ambassador in Islamabad is coordinating with international organizations, NGOs, and the Government of Pakistan to determine how we can most effectively assist in this effort.

Securing the resources to promote our goals is an important first step toward restoring American global leadership, but resources alone are not enough. We know that we have to be better managers of our resources as well, especially in these difficult economic times.

I hope my appearance before you today signals the Secretary's seriousness and determination that the Department be a responsible steward of taxpayer dollars. It is the first time the position of Deputy Secretary of State for Management and Resources has been filled, and, in only a few short months, the reform agenda is already robust.

Even as we undertake the reviews and seek the necessary input to define our new approach, you have already seen signs of how we are going to work differently. In Afghanistan and Pakistan, we are bringing all agencies together under a set of shared objectives, allowing us to benefit from the range of expertise available across the U.S. Government, maximizing resources through greater coordination and integration and recruiting rapidly to meet a critical and time-sensitive mission.

In food security and global health, the State Department is leading the whole of government efforts, creating inventories of programs identifying gaps in our current programming and coordinating among agencies to develop a shared strategy.

All of these examples highlight the need to develop broader mechanisms to manage, by country and by function, all foreign-assistance programs so that the resources can be allocated best to

achieve objectives most effectively and so programs can be operated most efficiently.

Accountability for results is another principle that will guide our reform efforts. We are keenly aware that with increased resources comes the obligation to demonstrate that we are making an important difference.

Finally, we know that we need to be more effective as a donor. Our people in the field must have the means to leverage opportunities to build strong partnerships with responsible governments and support development progress by empowering partners to have more of a say in how resources are targeted in their country.

The President's and Secretary's agenda is an ambitious one, yet, with the right resources and your good counsel, we are confident that we can meet these challenges. We look forward to working closely with you and other stakeholders in the coming weeks and months ahead, and I look forward, this afternoon, to answering any questions that you may have. Thank you very much.

[The prepared statement of Mr. Lew follows:]

TESTIMONY BEFORE HOUSE FOREIGN AFFAIRS COMMITTEE

MAY 13, 2009

DEPUTY SECRETARY OF STATE JACOB J. LEW

DEPARTMENT OF STATE

Building Capacity to Protect U.S. National Security: The Fiscal Year 2010 International Affairs Budget

Introduction: A New American Leadership

Mr. Chairman, Ranking Member Ros-Lehtinen, members of the Committee, it is an honor to appear before you today to discuss the principles and priorities that underlie President Obama's international affairs budget request for 2010. During our first months in office, the Obama Administration has launched an ambitious foreign policy agenda, recognizing, as the President has said, that the challenges of our time will not wait for sequencing. The United States confronts what may well be the most complex array of threats in our history -- Iraq, Afghanistan, and Pakistan, terrorism, climate change, pandemic disease, extreme poverty, nuclear proliferation, and global criminal networks.

American leadership remains essential. But we cannot meet these threats alone. Nor can we use only one set of tools. Tackling these challenges successfully -- and seizing the opportunity to help build a more peaceful and prosperous world -- requires robust partnerships, greater capacity, and stronger institutions. It also means that we must invest more in the programs and people with the skills and capabilities to address these complex challenges.

This approach is what Secretary of State Clinton has called "smart power." As she has explained, only through the appropriate use of smart power -- harnessing the tools of diplomacy, development *and* defense -- will we succeed. These three pillars of smart power are essential to prevent and deter conflict and emerging threats.

The resources in this budget fund the operational elements required to support two pillars of our smart-power strategy -- diplomacy and development. We know that the key to our security and prosperity is a stable and secure world. And we also know that our power does not just come from our military might, but from our values, our capacity to form strong partnerships, and our ability to improve the lives of others so we do not pay the price of global poverty, instability, and ultimately, conflict. This budget represents a fraction of what our government spends each year on what has traditionally been defined as national security, reflecting the cost-effectiveness of prevention through diplomacy and development.

That is why the Secretary of Defense has come to Congress and asked that more resources be devoted to foreign affairs. As Secretary Gates said in his recent testimony with Secretary Clinton, "I believe that the challenges confronting our nation cannot be dealt with by military means alone. They instead require whole-of-government approaches -- but that can only be done if the State Department is given resources befitting the scope of its mission across the globe. This is particularly important in Afghanistan and Pakistan, where our ability to provide resources beyond military power will be the decisive factor." Or, as Senators Kerry and Lugar noted in their successful bipartisan effort to fully fund international affairs in the Budget Resolution, "From pandemics to climate change to failed states, this century's security challenges demand a new level of commitment to diplomacy and development. With this relatively small investment, we are making significant strides toward restoring America's leadership role in the world."

This budget -- a total of $53.9 billion, of which $48.6 billion is for the State Department and USAID -- is a 9 percent increase over the total FY 2009 funding level, including supplemental appropriations. It reflects the Obama Administration's commitment to fiscal discipline and transparency by shifting funding for predictable and recurring programs, previously funded in emergency supplemental appropriations, into the FY 2010 request.

We understand that this is a difficult moment to ask the American people to support even a modest increase in spending overseas. At the same time, the American people understand that our future security depends on avoiding future conflicts that will force us to pay a terrible cost in lives and dollars. Humanitarian objectives are also security requirements. Children need basic education to pursue opportunities rather than hatred; parents need jobs to reject the appeal of extremists who often seem to offer the only way to support their families; and for many, survival requires minimal access to basic health care services. With this request, we seek to strengthen America's position of global leadership -- ensuring that we remain a force for peace and prosperity in the world, advancing our own security even as we expand the circle of dignity and opportunity for people left outside of it.

Five Smart Power Funding Objectives

First, we must build the civilian capacity within the Department of State and USAID necessary for 21st Century missions.

Our diplomatic and development missions have evolved. Foreign and civil service personnel deploy alongside the military in Afghanistan and Iraq, reaching far beyond embassy walls to connect with citizens and communities whose support we enlist to suppress insurgency and drive out enemies like the Taliban and al-Qaeda. They build the capacity of fledgling political parties, ministries, and trade associations. They help create the conditions for economic growth and democratic progress, and lay the groundwork for expanded access to health, education, and other basic needs. And they build the alliances necessary to use smart power, including multilateral engagement and private sector collaboration. Our diplomatic and development teams are increasingly posted in

situations that resemble military conditions rather than traditional diplomatic assignments. We simply cannot spread our workforce thinner and thinner without increasing the risk that while we address a current hotspot we are missing an opportunity to prevent the next crisis or engage in such a way as to build new and capable partners.

The FY 2010 budget requests $283 million to support adding over 740 new Foreign Service personnel at the Department of State, a significant step toward achieving a 25 percent increase in State Foreign Service personnel over four years. I want to call special attention, however, to our efforts to rebuild USAID, where, as many of you have noted, human resources have significantly eroded over the past decade, even as we have ramped up development activities and our expectations of our lead development institution. The FY 2010 request includes a 45 percent increase in USAID operations to support adding an additional 350 new permanent USAID Foreign Service Officers and related capital improvements under the Agency's Development Leadership Initiative. The FY 2010 budget puts the USAID on a path to double its Foreign Service officers by 2012. The budget also would provide the resources needed to train the expanded workforces of both State and USAID with the language, diplomatic, development and managerial skills necessary for their mission, and allow us to increase civilian presence and leadership in places like Afghanistan, Pakistan, and Iraq.

We must not only expand our reach but improve our management and oversight capacity. We see contract reform as a critical component of that effort. In FY 1990, USAID employed nearly 3,500 permanent direct hires administering $5 billion a year in assistance. As of FY 2008, USAID employed about 2,200 permanent direct hires administering $13.2 billion in assistance. USAID's ability to provide strategic direction and appropriate oversight is clearly challenged at this level. This diminished workforce has resulted in contracting out more and more programs and activities, bundling activities under large mechanisms, and in many cases, higher overall costs.

The only way to reverse this trend is to increase the core of foreign and civil service staff whose full time and sole responsibility is to serve their mission. Foreign and civil service officers on the ground need to be developing objectives, working with locally based organizations, providing oversight, and making decisions about how resources are utilized. We have announced our intent to double foreign assistance by 2015. This can only be accomplished if we have the people on board to drive the program.

The State Department has long needed greater capacity to respond quickly to stabilize situations at times of conflict or crisis. These situations may be caused by political or natural disasters, but they share a common need for a rapid civilian response. Our military men and women are often called upon to respond to situations for which they were not trained and where a civilian presence would be more effective. The military has done an extraordinary job, but it cannot -- and should not -- handle these situations alone. In order to build the capacity to deploy civilians rapidly, we are requesting $363 million for the Civilian Stabilization Initiative. This will expand our total response team to over four thousand persons and greatly increases our ability to prevent and respond to conflict with an immediately deployable civilian counterpart to the U.S. military, ready and able to help stabilize countries in the transition from war to peace.

Included in that request is $40 million for a Stabilization Bridge Fund, which will provide the Civilian Responders immediate resources for critical transition and stabilization programs to reduce the need for long-term deployments of military forces or peacekeepers. Separately, we also request $76 million for a Rapid Response Fund to help stabilize turmoil in new and fragile democracies, such as what we saw during Kenya's most recent election, where a quick infusion of resources can help reconcile competing interests and support the will of the people.

In order to increase personnel and conflict response capacity, we also need the tools and infrastructure to enable our overseas personnel to do their jobs. The FY 2010 budget includes $2.095 billion to construct safe, secure, functional new embassies; a strengthened American presence in critical emerging areas; and expanded and secure global classified and unclassified information technology networks. These resources also support efforts to improve the efficiency of diplomatic and development operations, including modernizing antiquated software systems; integrating State and USAID information technology; participating in e-government initiatives that promote transparency, accountability and citizen engagement; upgrading reporting and financial management systems, and consolidating State and USAID administrative platforms.

Smart power means using all of the tools available to reach out to the world, and the FY 2010 budget requests $1.13 billion for public diplomacy and educational and cultural exchanges, providing the resources required to engage and influence people around the world, advance understanding of our country's principles and values, and facilitate the formation of strategic partnerships through the exchange of people and ideas. These programs connect people to people -- exchanging knowledge, information, and expertise, and bring people together around shared values. Public diplomacy programs often help build the sustainable relationships with local communities that become foundations of our development programs. And in a world in which 60 percent of the population is under the age of 30, our youth programs are among the most critical investments we can make. Extracurricular programs, educational opportunities, and exchanges help divert at-risk youth away from the influence of violent actors, and the use of innovative new media greatly expands our reach into this critical population.

Second, we must promote long-term development and human security -- both from the top-down and bottom-up.

Americans have seen first-hand the threats that emerge from ungoverned spaces -- the dangers that can take root with poverty, political oppression, and disenfranchisement. Elevating development alongside diplomacy as an equal pillar of our foreign policy is not only a moral commitment, but a national security imperative. Our superb military can stem conflict, but it cannot lay the foundations of long-term economic growth, good governance, and human capacity that will result in sustainable peace and prosperity. In the long run, the more effective we are at development, the less we will be forced to turn to defense.

Our "top-down" development strategy must strengthen the ability of governments to support just and capable institutions that meet the basic needs of their populations; and

the enabling environment for broad-based, equitable economic growth, including access to the global economy.

Our "bottom-up" development strategy partners with citizens and civic groups to build human capacity, ultimately spurring the power of individuals and societies to innovate, cooperate, and solve problems -- both locally and globally. Overall, 56 percent of our assistance request is targeted to development programs, with special emphasis on economic development and good governance, global health, food security, education, and global climate change.

As Secretary Clinton has said, "We believe that extreme poverty poses a grave threat to global security and certainly to prosperity." Development experts have predicted that 50 million more people could end up living in poverty this year. A sharp increase in global poverty has the potential to spark new humanitarian crises, erode gains from a wide range of U.S. taxpayer investments in development, reverse progress toward achieving the Millennium Development goals, and destabilize countries that are our partners. Many responsible countries cannot raise funds to support safety nets, restore financial markets, or serve the poor.

These burdens will disproportionately fall on women and children, who are the most marginalized in many populations and who constitute the great majority of poor around the globe. Raising the status of women and their families -- and supporting their participation in the political, economic and social spheres of society -- is a key ingredient of our development goals. Moreover, investing in women is one of the most effective development tools for poverty alleviation and a country's general prosperity. It remains a simple fact that no country can hope to get ahead if half of its citizens are left behind. In recognition of this imperative, the Secretary has consolidated activities that were spread across the State Department in an Office of Global Women's Issues to ensure that our foreign policy programs, including our development initiatives, reflect the needs and perspectives of women and girls.

Economic Development & Good Governance: The FY 2010 request demonstrates the Administration's strong commitment to fighting poverty, both because it is important for our national security interests, but also to further American values. Funding for economic growth and democratic progress, both critical to achieving sustainable development and accountable governance, are up significantly over last year's level: $4.7 billion -- a 16 percent increase over FY 2009 -- is requested to drive economic growth; and $2.8 billion -- a nine percent increase over FY 2009 -- is requested for assistance to strengthen democracy and good governance worldwide.

Support for economic growth and governance is particularly critical in Africa and each is up by more than 30 percent over the current year: economic growth in Africa grows from $891 million in FY 2009 to a request of $1.175 billion, and governance from $265 million to $347 million. Funding is targeted to development needs and economic opportunity and governance programs critical to the success of the investments we have made through the Millennium Challenge Corporation and the President's Emergency Plan for AIDS Relief.

Food Security: The President announced at the G20 meeting in London that we will seek to double U.S. financial support for agricultural development in developing countries in order to, in his words, "give people the tools they need to lift themselves out of poverty." The FY 2010 request makes good on this commitment by including $1.36 billion, an increase of 62 percent from last year, including the FY 2009 Spring Supplemental Request, to address the root causes of food insecurity by increasing agricultural production and productivity. Our strategy meets short-term needs and builds long-term foundations to reduce food insecurity by improving production, increasing rural household incomes, improving the nutritional status of children, and reducing reliance on international food aid. Another $1.99 billion will be used to provide food aid, of which $300 million will support emergency food security interventions such as cash voucher and cash transfer programs and the local and regional purchase of food.

Education: Our request for basic education expands the United States' leadership in global efforts to help all girls and boys access quality basic education. The FY 2010 request ramps up support for basic education to nearly $1 billion, an increase of 26 percent over the current year, to expand access to schooling, improve educational quality, increase emphasis on educational results, and provide alternatives to extremist ideology. The request expands focus to include at-risk and out-of-school youth, and programs are coordinated with partner countries, other donors, and multilateral institutions, including the Education For All Fast-Track Initiative, to reduce the global education deficit.

Global Climate Change: Since taking office, President Obama and Secretary Clinton have made it clear that the United States is fully engaged and committed to meeting the challenges of climate change. The Obama Administration is bringing significant resources to the table -- almost a $1 billion overall U.S. Government increase, including funds requested by the Treasury Department, signifying robust and ambitious measures by the Obama Administration to combat climate change and help put the world on a pathway to a low carbon future.

Within the State and USAID budget, the FY 2010 request includes $309 million of additional international climate change assistance, added to an FY 2009 base of $272 million for a total of $581 million. These funds will help developing countries most vulnerable to the impacts of climate change adapt and become more climate-resilient and also assist them in pursuing low carbon economies through the development of clean energy alternatives. Further, we will support international programs aimed at reducing emissions from the energy sector, industry, and urban areas and encourage sustainable water and land use, including deforestation, which accounts for about 17 percent of global greenhouse gas emission.

Global Health: The United States continues to lead on global health in HIV/AIDS, TB, and malaria, and we are now taking the next steps that will save the lives of millions more women, children and families in the developing world. The FY 2010 budget request includes $7.6 billion for global health programs for the Global Health and Child Survival (GHCS) Account. This request is part of a six-year, $63 billion effort to launch, alongside our existing commitments and partners, an integrated approach to increase resources for maternal and child health, family planning and neglected tropical diseases

with the potential to enhance dramatically quality of life, exponentially increase the number of lives saved, and break the cycle of poverty and disease.

To combat HIV/AIDS, this budget provides a $100 million increase for HIV\AIDS bilateral programs over FY 2009 enacted and demonstrates this Administration's commitment to continuing the fight against HIV/AIDS as the centerpiece of its global health agenda. In FY 2010, HIV\AIDS funding is almost 75% of the GHCS funding. In addition, a total of $585 million is requested to support the malaria initiative to reduce malaria deaths by 50 percent in each of 15 priority countries; and the $525 million requested for maternal and child health and $475 million requested for family planning is an increase over the robust levels appropriated by Congress in FY 2009.

Third, we must enhance strategic bilateral and multilateral partnerships critical to global security, stability, and prosperity.

We must renew our diplomacy and target our development assistance to address global threats too big and complex to meet alone, helping to develop the capacity of willing partners to work with us to solve global problems. Our strategy focuses on states that can or must be partners in regional peace and prosperity and those tipping-point states whose frailties present regional and global threats. And it seeks to leverage multilateral engagement, always a force multiplier in addressing challenges of mutual concern.

Our simultaneous top-down and bottom-up approach allows us to focus on building much-needed capabilities in government institutions while at the same time reaching out directly to meet humanitarian needs of the population. As the President and Secretary have made clear, the Administration is committed to ensuring that our spending in these areas is guided by clear plans with achievable outcomes. Such assistance will not be a blank check -- we will hold ourselves and others accountable and establish clear indicators for success.

In Afghanistan, we are seeking to help develop self-reliant Afghanistan Security Forces; promoting capable, accountable and effective government at the provincial, local and national levels; ramping up quick impact civilian assistance efforts that promote licit economic opportunities to support counter-insurgency efforts; and increasing alternative development funding as part of our counter-narcotics strategy. The FY 2010 request includes significant resources for non-military assistance to Afghanistan -- $2.79 billion -- an increase of four percent over the FY 2009 total, including the Spring Supplemental Request.

In Pakistan, we will work toward improving Pakistan's capability to fight extremists; strengthening government capacity and the rule of law; providing emergency economic relief and promoting economic growth, agriculture, infrastructure, and education as alternatives to extremist ideology; and developing a strategic communications strategy to counter terrorist propaganda. The FY 2010 request for Pakistan is $1.6 billion, an 11 percent increase from FY 2009 and a tripling of non-military aid from $457 million in FY 2008 to $1.3 billion in FY 2010.

And in Iraq, our funding request advances efforts to continue our support toward greater Iraqi self reliance. The FY 2010 request of $500 million, a decrease of 18 percent from the FY 2009 total, focuses on key areas that will help the Iraqis lay a foundation for lasting peace and stability, including strengthened institutional capacity at both the national and provincial levels, assistance to displaced Iraqis, and support to advance national reconciliation.

In the broader Middle East, we will continue to work to support greater stability and prosperity. The United States remains committed to a comprehensive and secure peace between Israel and its Arab neighbors, including a two-state solution to the Israeli-Palestinian conflict. We remain steadfast in our commitment to Israel's security. The FY 2010 request includes $2.8 billion for Israel, a $225 million increase from FY 2009, to support the second year of a ten-year, $30 billion commitment to help Israel maintain its qualitative military edge. Other U.S. assistance to the countries of the region, including Egypt, Jordan and Lebanon, support this objective by fostering stability, security and the economic prosperity of our allies and mitigating the influence of extremists.

Our assistance also supports the conditions necessary for a Palestinian state to be realized while continuing to meet immediate humanitarian needs. We are seeking funds to help strengthen the Palestinian Authority's governing institutions. These steps are essential to resuming serious negotiations toward a comprehensive peace in the region and establishment of a Palestinian state that will live side-by-side with Israel in peace and security.

The FY 2010 request includes $502 million for the West Bank and Gaza to support reforms of the security sector; improve local infrastructure; build institutional capacity; strengthen moderate voices, including in the private sector; create jobs; provide necessary humanitarian assistance; and promote initiatives in health and education. In all cases, our assistance programs in Gaza will be based on work with fully-vetted private individuals, organizations, and public international organizations, and will be carried out in a transparent, accountable manner to help ensure that aid does not end up in the hands of terrorist organizations. We will work with the Palestinian Authority and our implementing partners to follow established safeguards that will ensure that our funding is used only where, and for whom, it is intended.

Finally, in keeping with our prevention strategy, the FY 2010 request increases funding for Yemen by 83 percent, to $55 million. We believe we must work to help keep Yemen out of failed state status. We have requested significant across-the-board development increases in education, health, and jobs creation to mitigate this threat.

Closer to home, we seek to strengthen ties with our partners in Mexico and Central and South America. Our approach is one of true collaboration, targeted to needs they identify and building the security capacity of the state while also focusing on the root causes of crime in the region, including economic inequality, the lack of educational opportunities, corruption, impunity, and weak governmental institutions. We request $550 million in the FY 2010 request to strengthen our efforts under the Mérida Initiative to combat narcotics and arms trafficking, gangs and organized crime in our hemisphere by

strengthening law enforcement and interdiction capacity. Other regional priorities include continued support for Colombia's fight against terrorism and narcotics trafficking -- although at a reduced rate as Colombia continues assuming greater responsibility for counter-narcotics efforts. And we are meeting the President's Summit of the Americas Commitments with $55 million for energy and climate change, $31 million for a Caribbean Security Initiative as part of the President's Shared Security Partnership to compliment Mérida, and $10 million for an education partnership for at-risk youth.

Together with the review of our strategy in Haiti, and on the heels of the Secretary's visit, we are requesting significant funding for Haiti to strengthen its democracy, reduce poverty, protect the environment, and expand counter-narcotics programs. In the security sector, U.S. programs will focus on recruiting, training and equipping Haiti's police, and on stabilizing urban hot zones that until recently were incubators of gang warfare and political violence. On economic growth, we will focus on developing the country's finance sector, helping the government create a regulatory environment favorable to investors, and growing the capacity of the country's agriculture industry.

In Africa, the imperative to counter the threats of AIDS, Malaria, and other major obstacles to health and prosperity remains compelling. The global economic crisis has hit Africa harder than expected, with food insecurity exacerbated by low commodity export revenues and dwindling remittances and investment flows. These factors have threatened social unrest and political instability, particularly in the form of coups. Our response is designed to promote economic growth and support good governance in order to create greater opportunities, as well as to address issues such as food insecurity, with significant resources targeted to those countries in Africa that have the potential to become regional bread baskets. We also seek to buttress the continent against the erosion of the hard-won gains in political stability and democratic progress, particularly in Kenya and Liberia. Finally, our request is targeted to help resolve and prevent destabilizing conflicts, especially in Sudan, Somalia, and the Democratic Republic of the Congo. African entrepreneurs and civil society leaders have begun to reorient their societies toward growth and better governance. With our support and partnership, we can save lives, prevent instability and extremism from advancing, and put Africa back on the road to a prosperous future.

Many countries of East Asia and the Pacific have, in the course of a generation, lifted themselves out of poverty and become models for economic prosperity and political diversity. Our goals for the region include ensuring peace, consolidating democratic gains, and fostering continued economic reforms to reach the region's poorest citizens. Our programs in the Philippines and our work in North Korea help to reduce the risk of terrorism and nuclear proliferation which threaten the United States and the region. On the democracy front, Secretary Clinton announced the launch of a U.S.-Indonesian Comprehensive Partnership during her trip to Jakarta in February. This partnership seeks to support the successful transformation of the world's third largest democracy into a stable, democratic and moderate voice, and a beacon of promise around the world. Finally, our programs in Burma, Cambodia, and Vietnam not only foster a more vibrant civil society, but put in place the building blocks for prosperity and wellbeing for

vulnerable populations by investing in public health, education, and broad-based economic development.

In Europe, we are seeking to support policies geared to promote a continent whole, free and at peace. That includes supporting democratic reformers in Georgia, Ukraine and Moldova. For Russia, our request seeks to support the efforts of those in Russia promoting democratic reform while cooperating with the government in areas of common interest. For Southeast Europe, ensuring the success of newly-independent Kosovo is a top priority, followed closely by the need to facilitate progress on reform in Serbia and prevent ethnic-based crises that would prevent implementation of the Dayton Accords in Bosnia and Herzegovina. In addition, the request restores full U.S. support for the Organization for Security and Cooperation in Europe (OSCE) budget, preventing further operating shortfalls. Providing full financial support to the OSCE is in keeping with the Administration's emphasis on revitalizing multilateral engagement, which includes active participation on our part, as well as a commitment to paying our dues on time and in full.

In all of these areas -- from Iraq and Afghanistan to the Balkans -- our objectives and investments are greatly enhanced when pursued in partnership with the international community. Many of our foreign policy challenges rely on coalitions of like-minded partners, forged within our international institutions. And as demonstrated through our support for U.N. peacekeeping activities, the dollars we contribute to these fora leverage significant returns.

Therefore, success lies in maintaining U.S. leadership in the international community. Responsible global leadership means meeting our financial commitments to international institutions, even as we work with them to institute reforms to strengthen their efficacy. The Administration's budget requests $4.1 billion for assessed contributions to multilateral organizations and peacekeeping assessments, demonstrating our resolve to work together with members of the international community in the pursuit of common goals. Our overall request meets U.S. financial commitments to the United Nations and other international organizations that support a wide range of U.S. national security, foreign policy, and economic goals, including full funding of all 2010 scheduled payments to the Multilateral Development Banks, and a portion of outstanding arrears.

Fourth, we must strengthen global security capabilities.

One of the most basic responsibilities of government is to provide security and order to its people. Our allies and partners must be able to defend their territory and borders against both external and internal attacks. That is why our strategy seeks to forge partnerships among states to help build global security capacity in a host of areas, including peacekeeping, police training, non-proliferation, and combating nuclear terrorism. Notable examples include our Cooperative Threat Reduction Program with Russia; the Global Initiative to Combat Nuclear Terrorism, which brings together 75 partner countries; and the Proliferation Security Initiative, a global effort that aims to stop trafficking of weapons of mass destruction supported by over 90 countries.

The FY 2010 request also includes $90 million to launch a new multi-year effort to help address the wide array of threats posed by terrorist organizations. The Shared Security Partnership will allow the United States to forge strategic partnerships with allies to confront common global extremist threats, building on previous law enforcement and counter-terrorist efforts to create a regional and global information-sharing and coordination infrastructure.

This budget also continues funding for the Global Peace Operations Initiative (GPOI), which builds and maintains the capacity and effectiveness of peace operations worldwide. GPOI is on track to complete its global target of training 75,000 peacekeepers, and is shifting its focus from the direct training of peacekeepers to building sustainable, indigenous capacity. Funding will also enhance the ability of our partners to address counterterrorism threats through the Trans-Sahara Counterterrorism Partnership and the East Africa Regional Strategic Initiative programs; reform military forces in the aftermath of conflict into professional military forces with respect for the rule of law, including those in Southern Sudan, Liberia, the Democratic Republic of the Congo, and Somalia; and address critical regional coastal and border security problems in Africa.

Finally, our resource request for nonproliferation, anti-terrorism, and demining activities is up 17 percent, including increases to expand the terrorist interdiction watchlist system and efforts to destroy conventional weapons stockpiles.

Fifth, we must maintain the resources to respond to urgent humanitarian needs.

The U.S. remains the leader in responding to the most vulnerable populations, providing basic life-sustaining support in the face of disasters; and protection of refugees, conflict victims, and internally displaced persons overseas. Our humanitarian assistance programs are the most fundamental expression of our values, from responding to the devastating impacts of the cyclone in Burma to the victims of conflict and instability in Darfur, Zimbabwe, and now Sri Lanka and Pakistan. We have also seen that leading with these values has a multiplier effect. It was our humanitarian assistance in the aftermath of the earthquake in Pakistan that began to turn the sentiments of Pakistani citizens away from extremists, and to see the United States as a force for good in their lives. And we know that the deep human suffering -- the lack of access to the most basic of needs -- can feed instability and further conflict.

Our request aims to budget fully for expected requirements for refugees, rather than continuing to rely on supplemental appropriations. The request includes $4.1 billion in refugee, disaster, displaced persons and emergency food assistance, which is part of our comprehensive U.S. food security efforts. In addition to basic needs, these resources assist refugees with voluntary repatriation, local integration, or permanent resettlement in a third country, and provide critical humanitarian relief, rehabilitation, and reconstruction in countries around the world affected by natural and man-made disasters.

Conclusion: Managing for Success

Securing the resources to promote our goals is an important step toward restoring American global leadership. But resources are not enough. With leadership comes

responsibility, and especially in these difficult economic times, we must be better managers of our resources. Congress has been at the forefront of identifying ways to improve our assistance policies and practice, and we thank you for your leadership and welcome your ongoing consultation.

I hope that the simple fact that I am here before you today is a sign of our commitment to greater fiscal discipline and efficiency in international affairs. One of Secretary Clinton's first orders of business was to fill for the first time the position of Deputy Secretary of State for Management and Resources. This reflected her seriousness and determination that the Department must be a responsible steward of taxpayer dollars and maximize resources for greatest effect.

Among my first duties has been to undertake a comprehensive review of our foreign assistance programs. Secretary Clinton has asked me to make recommendations on new ways to speed the cause of development in nations left behind by poverty, to use foreign aid to buttress our foreign policy aims, and to bring the full power of our resources to bear. This effort is well underway, and we look forward to working with you as it evolves.

At that same time, we are already *acting* on some of the principles that will help guide our new approach to foreign assistance. We are learning from real-world experiences what works and what does not. We are also rethinking where to focus our attention to best advance our nation's security.

In particular, let me highlight the importance of an integrated approach to development to our efforts in Afghanistan and Pakistan. To get our policies right toward these two critically important countries, we must deploy our resources for maximum impact.

Both the State Department and USAID are building upon the Administration's overall strategic review to craft and implement a comprehensive effort that focuses on ways that civilian agencies -- State, USAID, working together the Department of Agriculture and others -- can bolster both security *and* development. We recognize that over the long haul, we will not have one without the other. Different agencies have different tools and different strengths. We are working to unite them behind a common mission.

You can see a similar focus on unity of effort in an entirely different initiative -- the Administration's efforts to develop a new food security strategy to dramatically reduce global hunger and poverty. The State Department is leading a whole-of-government process to design and implement this new strategy. We are creating an inventory of each agency's programs, identifying gaps in our current programming, and coordinating among all agencies to develop a shared strategy.

Both of these efforts underscore the need to develop basic mechanisms that allow us to integrate our strengths -- acting as a sort of diplomatic force multiplier under a shared mission. State and USAID account for about 70 percent of official U.S. development assistance; we are just two of the nearly 20 U.S. agencies involved in providing foreign aid. We must care more about strategy, unity and results than we do about turf. We must be able to look at a country, a function, or an objective, and be able to identify everything

that the *U.S. government* is doing in that area -- not just State. To meet the challenges of a world being bound closer together, we need a government that is working closer together.

Similarly, we must speak with one voice. Our partners abroad have sometimes received mixed messages from the array of agencies working in international affairs, each of which has its own rules of engagement. Our ability to get results on the ground will depend on our ability to field coordinated teams, both in Washington and around the globe. This is why we are so urgently focused on better coordination of U.S. efforts in Afghanistan and Pakistan, and it is why we are reviewing options about how best to develop systems and incentives to strengthen coordination across our foreign affairs programs.

Let me also mention another key principle behind our reform efforts: accountability. We must demand results. That means defining specific strategic priorities; developing and validating ways to measure performance with OMB, Congress, and other key stakeholders; and making budget and program-management decisions on the basis of results -- or lack thereof.

Finally, we are mindful that in an age of economic crisis and foreign challenges, the United States must be a more effective donor. Development progress is best achieved when priorities are determined and implemented by responsible partners, and aid levels are sustained, predictable, and coordinated with other donors. We must continue to strive for our assistance to be demand-driven, giving our people in the field the means to leverage opportunities and enhancing our ability to partner with responsible governments.

This is an ambitious agenda, but Secretary Clinton and I are looking forward to the challenges. With the right resources and your good counsel, we are confident that we can rise to meet the moment. We look forward to consulting closely with the Congress and other stakeholders as we continue to move ahead in the coming weeks and months. And I look forward to our discussion today. Thank you again for having me here today, and thank you for your time.

Chairman BERMAN. Well, thank you very much, and I am going to be very quick. I have, really, one question, and then I will let the committee go from there.

The administration is requesting increases for the State Department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS) in at least three different places.

First, there is a $40-million request for a new stabilization bridge fund, which, I am told, would provide program money for the coordinator for reconstruction and stabilization.

Secondly, the Civilian Stabilization Initiative is increased from $40 million to $323 million, and this is, reportedly, to be used to hire and deploy additional staff for S/CRS.

And, third, there is a large increase in Section 1207 of the National Defense Authorization Act, under which DoD transfers program money to S/CRS.

Why all of these different names and spigots, and how is what S/CRS does different from what USAID's Office of Transition Initiatives does, given that large increases have also been requested for that account? Now, I should acknowledge, I was very interested in the Civilian Stabilization Initiative and worked closely with other members to make sure it passed, so maybe I am not the right person to be asking this question, but I am just trying to get a little sense of what you are thinking about here.

Mr. LEW. Mr. Chairman, the civilian stabilization and reconstruction capability that we are seeking to build, we think, is essential to having the State Department return to the role that, I think, we and you agree, the State Department should have, in terms of projecting civilian presence in situations where, in recent years, the Defense Department has moved in because no one else has been there to step in and do the job.

It is not something that the Defense Department originally wanted to do. I know, in the years I was at OMB, it was quite difficult to get the Defense Department to jump in on situations like that. Over the course of the last 8 years, it has become more common practice.

I think what we see quite clearly is the fact that there simply are not enough resources in the State Department and USAID today for us to have the kind of nimble, quick-response capability that we really need to have to respond when there are crisis situations and when there are stabilization efforts, that need to be undertaken.

The size of S/CRS that we started out with is in the dozens of people. It is not a force size large enough to deploy in multiple locations with serious presence.

So the first point is, it needs to be a substantially larger capability, and the capability needs to come in multiple forms. We need to have full-time FTEs who are deployed constantly in that function. We need to have the ability to call on government employees who are, in a sense, internal-ready reserves who can be brought into an effort when they are needed, and we also need to have the capacity to reach outside of government, much the way the military reserves are able to reach outside of government when they need to deploy.

At the moment, it is an idea. Much of this reserve capacity, most of it, remains to be built. We want to go from dozens to a size in the thousands in just a short period of time.

So I think that we are in a building stage. I cannot explain the thought process that went in originally to creating S/CRS in the place it was created. That was done before I got to the State Department.

I have many questions about the coordination between State and USAID, and my own view is that we need to bring together our management of the expeditionary capacity of the State Department so wherever FTEs are housed, we manage them in a coordinated way.

I tend to be less theological about which label they come under and much more concerned about how they are managed. In fact, the S/CRS staff is divided between USAID and State.

I think we need to think of it as a whole, as something that can be managed, both strategically and tactically.

We look forward to working with this committee as we think through how to go from this very initial stage we are at now to a very rapidly ramping up of, hopefully, some capacity because I think it is going to be essential for the State Department to have the civilian capacity. Part of the reason for the 1207 being held over is that until we have the capacity, needs arise that we need to be able to meet on a real-time basis, and the 1207 authority is something that helps fill that gap. I would hope that it is not needed in the long term.

Chairman BERMAN. All right. What I was hoping to elicit is what I elicited, that there is an overall notion here of creating this institution. You have different pots, but the intention is that it act as a whole unit.

I now recognize my ranking member, Ms. Ros-Lehtinen, for 5 minutes.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman, and thank you, Mr. Secretary. You said that you wanted to be, and your goal is to be, "responsible stewards of taxpayer dollars," and I agree, we all should aim for that.

Let me give you three quick examples—some minor, some a little bit major—where I do not believe that we have been the careful stewards of taxpayer dollars.

Congressman Royce was kind to point out the actions of our U.S. Embassy in Buenos Aires, Argentina, where they highlighted a book that explored the marketing of the "iconic" image of Che Guevara. I do not know what is so iconic about him.

I know people think he looked sexy in a beret, but he was a murderer and a thug, and I sure hope that our U.S. Embassies are not in the business of promoting somebody's book that would have that as its thesis, and let me give you a letter that many of us have signed on that, if you could give that to the Secretary.

The budget request explains that Development Assistance funds will be focused on countries that demonstrate commitment to improving transparency, accountability, and responsible governance, and where U.S. assistance is most likely to produce significant, sustainable development results.

Ironically, though, two of the three largest recipients of DA assistance under the Fiscal Year 2010 request are Nicaragua and Bolivia, with over $55 million requested for each. I do not know how the behavior of either Daniel Ortega or Evo Morales, over the past year, has demonstrated a commitment to responsible governance or a willingness to work with the U.S.

Lastly, on the U.N., your proposed budget would increase contributions to international organizations, particularly the United Nations, by over 12 percent, including a whopping 32-percent increase in our contribution to the U.N.'s regular budget. Since we pay an assessed percentage of that budget, your request would indicate that the U.N.'s budget has gone up by about one-third in the past year.

At this time of growing economic challenges here at home, why should we spend hundreds of millions more of taxpayer dollars on a U.N. that refuses to practice fiscal responsibility, accountability, and transparency that singles out our democratic ally in the Middle East, Israel, for condemnation while empowering rogue regimes that pays the legal fees of its corrupt U.N. officials and; just yesterday, the likes of Saudi Arabia, Cuba, and China were elected to the so-called "U.N. Human Rights Council." Last week, that Council issued a report placing the blame primarily on Israel for this past winter's Gaza conflict. Is this what taxpayers' dollars should go for?

Our U.S. Ambasador to the U.N., in a question-and-answer format, said, "Yes, some of these countries do not have a great human rights record, but we are not a perfect country either." I surely hope that we are not in the moral-equivalency game where we include ourselves in the categories of Saudi Arabia, Cuba, or China and become apologists for our United States national policy. Thank you.

Mr. LEW. If I can quickly try and respond to each of those points, as far as Nicaragua and Bolivia are concerned, in Bolivia, the assistance is not going to the government. We have programs that are aimed toward eradicating drug production and the like, but there is no government assistance.

In Nicaragua, the assistance is a food-security effort, and it is really an effort to build civil society and build alternatives. Nicaragua was once a regional bread basket, and if there is going to be an effective resurgence of democracy there, the economic-development objective will still be important.

In terms of the U.N., I think that the funding levels of both the supplemental budget and the 2010 budget need to be seen in context. Our first priority was to get even, in terms of what our commitments were. The President and the Secretary have made a very concerted effort to reassert the leadership role of the United States in the world and in the world community, and paying our bills is something that is part of that.

In terms of the increase in the U.N. budget, the vast majority of it, $175 million out of $192 million, is a continuing effort to try to synchronize our payments because of the difference in the fiscal year between the United States and the international organizations.

Ms. ROS-LEHTINEN. Thank you, Mr. Secretary. Sorry, my time is up, but I am sure someone will pick up on it.

Thank you, Mr. Chairman.

Chairman BERMAN. Unfortunately, I did not tell you, Secretary Lew, that our interpretation of 5 minutes is the member gets as much of that 5 minutes as they want, and, at the end of 5 minutes, if they do not want to really hear your answer, that is their right.

Mr. LEW. I will talk faster, Mr. Chairman.

Chairman BERMAN. The gentleman from New Jersey, Mr. Payne, is recognized for 5 minutes.

Mr. PAYNE. Thank you very much. I look forward to working with you, and it might be a breath of fresh air that we have someone up at the United Nations that does not want to see it end and destroyed but that might be honest enough to mention that, you know, the United States might have had made a mistake.

Let me ask you about Kenya, one of our top allies in Africa. We know that Kenya has been asked to do many things. We have an agreement where the United States military can land just by saying that we are coming, the only country in the world that has such an agreement.

We know that there are radical organizations, al-Qaeda, trying to penetrate. We have asked Kenya to hold trials for hijackers and, therefore, some of the Kenyan civil society people feel, well, these people being imprisoned, and with Kenyan prisons, there is the finding that, after a while, you will be having the transfer of skills and the concern that that kind of thing, kidnapping and all of that, could happen in Kenya by Kenyan prisoners learning from these guys.

However, they are willing to try to be supportive, but then, when we turn around, we find that the development assistance for Kenya is cut by nearly $10 million, economic-support funds have been zeroed out, and I know this might be a particular area that, you know, you cannot know everything in the budget, but I would hope that there would be some rationale that would show that it might be counterproductive to cut a country that is so critical. Kenya, as a matter of fact, is facing a lot of problems, underlying problems, that we saw in the last election and we can see in the future.

So if you could look into that, I would appreciate it, or if you have any rationale for it now—I would not be surprised if you did not because it is just a small item.

Mr. LEW. Congressman Payne, I can offer, at least, an initial response, and I would be happy to go into it in more detail with you separately.

We share your concern that we need to be supportive of the Government of Kenya for the reasons that you have stated. I think that I would characterize the budget as not being one that reduces the program level.

In the 2009 supplemental appropriation, funding was provided to provide assistance with post-election stabilization, and if you look at the trend of support from before that to after, we view this as actually maintaining, and possibly even increasing, the level of effort in some areas.

We can go through the different line items with you and see whether you agree with that as we break it apart, but there are many categories in the budget where the 2009 supplemental created a kind of bump, and if you look at 2009 with the supplemental

and without it, it gives you a different impression, but we would be delighted to go through that with you in detail.

Mr. PAYNE. All right. Thank you very much. We can look into that further.

There is some question about Zimbabwe, and we have had meetings on it, several meetings, and we had a hearing last week. The State Department was unable to participate. I guess you are still getting your house in order, but we have to move on anyway.

Just quickly, is there any thought about trying to be supportive of the civil society in Zimbabwe by circumventing the government and the central bank and things of that nature? There is a concern that we try to have MDC that is in charge of financing and certain things, successful.

My time is running out. I do want to hear your answer, so I will stop.

Mr. LEW. Let me, if I can, in less than half a minute.

The assistance we have for Zimbabwe that is in the budget is to provide support for reform-minded parts of the transitional government to support efforts aimed toward just governance and investing in people and skills and economic growth. We would be happy to go through it in more detail, but I am now out of time.

Mr. PAYNE. All right. Thank you.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from New Jersey, Mr. Smith.

Mr. SMITH OF NEW JERSEY. Thank you very much, Mr. Chairman, and welcome to the committee, Mr. Lew.

Someday, Mr. Chairman, I believe future generations of Americans will look back on us and wonder, how and why should a rich and seemingly enlightened society so blessed and endowed as we are, with the capacity to promote, protect and enhance vulnerable human life, could have insisted so aggressively on promoting death to children by abortion, both here, in the United States, and overseas.

They will note that we prided ourselves on our commitment to human rights while precluding virtually all protection to the most persecuted minority in the world today, unborn children. They will wonder why dismembering a child with sharp knives, pulverizing a child with powerful suction devices, or chemistry poisoning or starving a baby with any number of toxic chemicals or pills failed to elicit so much as a scintilla of empathy, mercy, or compassion for the victims.

Abortion is violence against children, Mr. Deputy Secretary. It is extreme child abuse. It is cruelty to children. Abortion treats pregnancy as a sexually transmitted disease, a parasite to be destroyed, and I would respectfully submit that the whole notion of wontedness or unwontedness turns a child into an object.

I believe the only truly humane way forward is to devise and to implement policies that respect, protect, assist, and defend both women and their babies from all threats, including abortion.

As I said in my opening statement, I believe abortion, by definition, is infant mortality and should have no place in any global health initiative.

Mr. Lew, at a makeshift press conference on the new Global Health Initiative, you were asked by a reporter if there are any re-

strictions on abortion. You replied by saying, "You are asking me a question that I, honestly, can't answer." You were also asked if the Obama administration would object to a restriction on abortion funding, and you replied, stating, "I think we will have more details on that in the budget on Thursday."

So my question is, can you answer those questions now? Under the new Global Health Initiative, could money go to abortion, either directly and/or by funding organizations that promote and perform abortion? Is it U.S. policy to export abortion around the world? If so, will this program be used as a vehicle for that agenda?

Mr. LEW. Congressman Smith, as I said at that press conference on May 5th, the Global Health Initiative is not about abortion; it is about saving the lives of mothers and children, and it is about making sure that infants do not die from preventable causes, like diarrheal disease. It is all about saving lives.

I must say that I should have prepared on the question of abortion before that event, but, frankly, nothing about the Global Health Initiative was about abortion, and it was just something that I was not going forward to speak about on that day, and that is what my response indicated.

I have subsequently gone back and reviewed it, and I stand by my answer: It is not about abortion. These funds would be covered by the Kemp-Kasten provisions, as are other funds, and these funds would not be used for abortion.

Mr. SMITH OF NEW JERSEY. With all due respect, Kemp-Kasten deals with coerced population control. Does the lifting of the Mexico City policy allow this money to be used to promote abortion by the NGOs that we fund?

Mr. LEW. Well, as you know, the Mexico City policy has to do with permitting the Government of the United States to provide assistance to organizations, not for the purpose of funding abortion, but for the purpose of family-planning activities.

We continue to believe, as the President indicated when he reversed the Mexico City policy, that family planning is an important part of our global health program.

Mr. SMITH OF NEW JERSEY. Let me just ask you again, with regards to the unborn child as a patient, do you envision that the Global Health Initiative will finally, at long last, as President Bush tried to do with the SCHIP program, treat the baby, himself or herself, as a patient who may need specific interventions, some of low cost, but, nevertheless, help so that they had the best possible shot at a healthy and productive life?

Mr. LEW. I think, at the level that we have been thinking about, the global health program, we are talking about providing the most basic forms of care. We are talking about providing basic maternal and child healthcare. We will be happy to work with you as we get beyond that, but given the resources available, providing sophisticated interventions, in many areas, will not be possible.

Mr. SMITH OF NEW JERSEY. Thank you.

Chairman BERMAN. The time of the gentleman has expired. The gentleman from New York, Mr. Engel, is recognized for 5 minutes.

Mr. ENGEL. Thank you, Mr. Chairman, and, again, Mr. Lew, I want to mention again how happy I am that you have this job and how capable you are, and now I can ask you these questions.

I am going to see if I can get it all done in about 2½ minutes to give you 2½ minutes to answer.

I want to talk to you about the Western Hemisphere, which I chair, and also about the Middle East.

So I want to, first, state that, as chairman of the Western Hemisphere Subcommittee, I am very happy about the major increases in assistance to the Western Hemisphere in the President's 2010 budget. That had not been the case for previous years, and I am happy to see that $533 million more in developmental assistance being requested for Latin America, and it is a more than a 100-percent increase from the $247 million provided in Fiscal Year 2008, so that is terrific.

I was also pleased—I was at the Summit of the Americas in Trinidad—that President Obama announced a commitment of $30 million in security assistance for the Caribbean, which is included in the Fiscal Year 2010 budget, and I want to ask you about the $30 million. How does this tie into the Merida Initiative? Is it a one-time appropriation or part of a larger commitment to enhance security assistance for the Caribbean and bring the CARICOM countries into the Merida Initiative?

I also want to say that Congress has, so far, provided $10 million in Merida Initiative funding to Haiti and the Dominican Republic. Is Merida-related funding provided for Haiti and the Dominican Republic in the Fiscal Year 2010 budget or through this $30 million in security assistance?

In terms of the Middle East, I am very concerned, and Ms. Berkley and I wrote a letter to the President, very concerned about the assistance the United States is providing to the Palestinians. I am glad that Secretary Clinton clearly indicated that the United States would not deal with or fund a Palestinian Government that includes Hamas unless the Palestinians and Hamas meet the three international conditions of recognizing Israel's right to exist, renouncing terror, and agreeing to abide by the agreements previously signed by Israel and the Palestinians.

But I am concerned about our aid to Gaza. I am not sure that we should be sending aid to Gaza before Hamas, the terrorist group which rules Gaza, announces that it will comply with those three conditions. So could you tell me whether we have conditions on United States aid to Gaza and what those conditions are?

I do not want the money to land in the hands of Hamas or benefit Hamas or let the people of Gaza think that somehow Hamas is providing this money, so I would like to know what safeguards are in place.

Finally, I want to ask you, how much, specifically, have the Arab states contributed to help the PA over the past few years? How much has actually been contributed for Gaza, as opposed to how much was pledged at the Sharm el-Sheikh conference, and why are the Arabs so reluctant to help?

I want to also—I know I said "finally," but this is really finally—talk about UNRWA. I am very unhappy about UNRWA. I want to make sure that UNRWA funding does not go to terrorists, and shouldn't we be doing more within the U.N. to reform UNRWA and to guarantee serious oversight?

For instance, Palestinian citizens of other countries still qualify as refugees under UNRWA's role, so why should UNRWA still exist in a place like Jordan, where most Palestinians are Jordanian citizens? That is 2 minutes. Thank you.

Mr. LEW. Congressman, let me try to quickly run through and give, at least, a brief response on each of those.

As far as the Caribbean Security Initiative goes, it is, obviously, similar to Merida in its focus, but we did not envision it as being part of Merida. That is something, as we implement it, that I think we will need to be thinking through.

I think that the administration generally wants to take a look at our relations in the Caribbean. As we have indicated in the meetings that we have had and the statements we have made about Haiti, Haiti is going to get special attention. We are looking at what we can do to structure a meaningful, long-term assistance program to try to move the situation forward in Haiti.

The question that you asked on assistance to Palestinians; as far as the Gaza assistance goes, the lion's share of the package that we proposed in the supplemental appropriation and the ongoing piece is actually to stabilize and support the PA and the West Bank. So, just in terms of dollars, most of the resources that we requested were to promote a stable and a constructive Palestinian Authority.

As far as the Gaza money goes, what was in the supplemental was, for the most part, emergency assistance, and it is subject to the same restrictions that we have in 2010 and that we will very much adhere to, which is the money cannot be provided to organizations that are connected to terrorists, and we will have a careful review process. If we find out that there is a problem of that sort, we will take action immediately.

As far as UNRWA goes, the challenge of providing humanitarians assistance in Gaza is that UNRWA is one of the principal outlets. If one is going to provide humanitarian assistance in Gaza, UNRWA is the entity that is there and we can work with. We have the highest level of scrutiny, in terms of UNRWA, and have gone through, even in the brief time that I have been at the State Department, a number of rounds of inquiries over issues that arise. We investigate everything that comes up as a possible reason to think that there is something that is happening through UNRWA that we should be concerned about, and we pledge to have the level of effort ongoing.

Chairman BERMAN. The time of the gentleman has expired.

We have three votes pending. I am going to recognize the gentleman from Indiana, and then we will recess and come back.

Mr. BURTON. Mr. Chairman?

Chairman BERMAN. Mr. Burton.

Mr. BURTON. First of all, I want to congratulate you and Mrs. Ros-Lehtinen for co-sponsoring, along with the 75 other people, H.R. 2194, the Iran Sanctions Act of 1996, the expansion of that.

The question I have of you, Mr. Chairman, is I thought we were going to move that bill pretty fast, and now I have heard it is going to be postponed until September. You know, with the problems we are having in the Middle East and with Iran, Could you tell me

real quickly, Mr. Chairman, why we are holding up on that and not moving it more quickly?

Chairman BERMAN. All right. I am limited to 4 minutes and 25 seconds.

Yes. My understanding was, I want to accomplish two things. One, that bill, to me, gets at the heart of the critical economic pressure to try and get the Iranian regime to change its behavior on the nuclear program issue. I also believe that, given the fact that the policy for 6 years has produced nothing in terms of deterring or stopping that program, that we should give this administration a strategy of diplomacy, both vis-à-vis Iran and with other countries that are critical to the most effective sanctions, a chance to work.

Mr. BURTON. Did the administration ask for the postponement on this?

Chairman BERMAN. No. Actually, once, in a rare while, I make a decision on my own, and this was that case. I thought the bill made tremendous sense. I want Iran and others in the international community to know where we are headed if there is not either an effective, direct diplomatic strategy or a multilateral sanctions strategy that comes into place.

So, as I said at the time that I introduced the bill, in my statement at the time of introduction, I will not be moving this in the near term, but I wanted to lay out where I thought we should head.

The one thing I can assure you is, I have no intention of letting an effort at trying to establish an engagement or carrying on to the point where it is a fait accompli, and Iran has a nuclear weapons program. That is key in my mind, and that is my first objective, but I am also aware of the fact that our isolation efforts vis-à-vis Iran did not stop the uranium enrichment.

Mr. BURTON. But you anticipate moving it in September.

Chairman BERMAN. Well, I anticipate the whole issue being settled by July.

Mr. BURTON. That would be good. That would be good.

Chairman BERMAN. That is my hope.

Mr. BURTON. Let me just say to Mr. Lew, with what time I have remaining, first of all, you indicated, where Bolivia was concerned, that the money was not going to go to the government, that it was going to go to somebody else for eradication.

You know, I do not know how you get money for those purposes and go around a government like that of Bolivia or Nicaragua. At some point—you do not have to explain right now—I would sure like to know how you anticipate doing that.

The other thing I would like to just comment on real briefly is, we are giving money, in this bill, to China. China owns over $700–800 billion of our debt. They are buying our debt. They are making tons of money off trade with the United States buying Chinese products at Wal-Mart and everyplace else. Why are we giving money to China for anything?

Mr. LEW. Mr. Burton, first, the total amount that we are talking about for China is $13 million, of which——

Mr. BURTON. I know, but I do not care about the dollar. Why are we giving them any money?

Mr. LEW [continuing]. Of which $5 million is for Tibet, and the balance is to support United States educational institutions that manage partnerships with China, and $3 million is for HIV.

Mr. BURTON. Why can't China do that on their own? They are buying our debt, and they have said that they do not want to buy any more of our debt because we are inflating the money here and devaluing the yen. So why are we giving them any money? I just do not understand it.

You know, I am for helping Israel, I am for helping countries that are our allies and friends and people that really need the help, but giving it to China, it makes no sense to me, and also, this Bolivia issue going around the government, I just do not see it, but, anyhow, you can go ahead and answer, if you want. You have got 21 seconds.

Mr. LEW. Well, I think, with regard to China, we, obviously, do not see China as a recipient of United States aid in any general sense. The fact that we are supporting Tibet, I think, is something that there would be broad agreement with. The fact that we are supporting educational institutions that are promoting the kinds of civil society and positive change that we are driving for are very different from normal development programs.

I think this fits into the very complicated relationship we have with China, where we are not supporting the Government of China directly, but we are supporting activities in China that are in our interest.

Chairman BERMAN. The time of the gentleman has expired.

The committee is in recess. We will be coming back here right after the third vote. If no one is here, we will adjourn the hearing.

Secretary Lew, if you need office arrangements, this could be a half an hour.

[Whereupon, a short recess was taken.]

Mr. CONNOLLY [presiding]. The committee will come back to order. I will yield myself 5 minutes.

Welcome again, Deputy Secretary Lew. One of the concerns that has been raised by a number of Foreign Service Officers is the proliferation of overseas positions that are sort of solo; that is to say, families cannot go. It is understandable, in terms of safety issues, but has a huge impact on families.

I wonder if you could address how the Department is, and ought to be, addressing that legitimate concern. The last thing in the world we want to do is break up families while people are serving their country.

Mr. LEW. Congressman, that is a very big issue, in terms of many of the missions that are currently growing in size, and the number of postings that are unaccompanied posts where Foreign Service and Civil Service Officers go without their families is much larger than it used to be.

First, let me just start by saying how much respect I have for the dedication of the Foreign Service and Civil Service staff who take these assignments enthusiastically. They go into it knowing that it is very difficult, with very much the same state of mind that the military take when they are assigned to posts where they go without their families. It is a dedication and patriotism that is

probably not well enough understood around the country; it is understood around the world.

We do have a number of things that we try to do to make it easier. There are arrangements for leave that make it possible for families to get together for periods of time. There are some things that we are looking at doing that might make it easier but, frankly, have their own logistical challenges and cost challenges.

One suggestion that has been made—I do not know if this is a route we will end up taking—is that families might be able to be living in the same region so that frequent visits were possible, as opposed to once or twice or three times a year.

I think the reality is that the shape of the Foreign Service career is different than it was 25 years ago or 30 years ago, when somebody came in. It is very likely that, in the course of somebody's career, and I have just recently spoken with a new class of Foreign Service Officers and had this conversation with them, it is very likely that they are going to have an unaccompanied post, at least once, if not more, in their career.

I think that the Foreign Service Officers who are entering are entering with the knowledge of that. There is a certain extent to which people who have been in the Foreign Service for a long time may have thought they did not sign up for that. You are not forced to take one of these posts. We do have the authority to do that kind of assignment. We have not needed to, at least not in recent times, and I hope we do not need to. I hope that we are able to be flexible enough to fill the posts with voluntary arrangements.

The encouraging thing is that we are not having a hard time right now getting people to volunteer for posts in Afghanistan. I think it is viewed as an important mission. It is viewed as a place where, if you are in the Foreign Service, you want to be able to make a contribution. But that does not at all diminish how difficult it is and how grateful we should be for the families that make a sacrifice.

Mr. CONNOLLY. Yes. We, obviously, want to make sure we have the support network in place to help families in that kind of adjustment.

A question: When I was in Afghanistan and Iraq, one of the interesting things that struck me was the huge growth in the use of CERP funds. We have gone from sort of a relatively modest program that augments what we are trying to do in the battlefield—with the goal of winning the hearts and minds at the village level—to what is now a very substantial program that, if it were a bilateral-aid program, would be one of the biggest in the world.

I am deeply concerned that military commanders, who have the best of intentions, are not experts in international development, and we are now talking about sums so large that there is a management challenge here. I wonder if you could address that issue.

Mr. LEW. There is no doubt that the amount of resources that are going into the CERP funds are very substantial. Flexibility on the use of those funds is equally substantial. I think that there is an increasing level of cooperation between civilian and military staff on the use of CERP funds that will, I think, make it much more likely that CERP funds are put into endeavors that fit into longer-term development strategies.

I think there is an inherent conflict at one level that CERP funds are, first and foremost, seen as force-protection resources and, secondarily, as development resources. They do not have to be inconsistent, and this active consultation and collaboration is, I think, what is required, and we have, obviously, asked as well for some flexibility to use civilian funds for purposes that would enable us to be more active in that.

Mr. CONNOLLY. Thank you. My time has expired, but, hopefully, I will have a chance to come back to that.

Mr. LEW. I would be happy to.

Mr. CONNOLLY. The gentleman from Arkansas, Mr. Boozman.

Mr. BOOZMAN. Thank you, Mr. Chairman.

You mentioned, earlier—you referred to your OMB background and things—that the President had asked the different agencies to identify areas that they could cut back, and I think the State Department came up with $9 million, and it seems like that perhaps there is more than $9 million out there. I know, just in traveling a lot and being around and about, there is duplication of motor pools and this and that.

Can you tell me what the $9 million were that you identified, and if there is a prospect to perhaps identify a little bit more than that?

Mr. LEW. In addition to the budget that we are proposing, we are undertaking a pretty substantial review of management procedures at the State Department.

Obviously, we have only been there for a short period of time, and the agenda that we have is an evolving one, but we have every intention of putting serious senior attention into eliminating duplication that is not necessary for the conduct of programs. That duplication comes in the form of overlapping facilities. It comes in the form of overlapping technology platforms.

These are not simple issues to address. It is not that you can just say, "Stop doing it." If you are going to migrate two technology platforms together, that is a fair amount of work, and it takes more than a few weeks to think through. But we have an ambitious agenda internally to try to drive a reform agenda, and I think that you can take some comfort that that is being driven quite forcefully from the White House and from the Office of Management and Budget to all agencies.

I think that what is a little bit different about State than some other agencies is that, first of all, there is a need to build back capacity because there has been such a diminution of capacity. So there is going to be a bit of a contrast between growing core capacity at State versus other places.

Second of all, the dispersed nature of our activities. The fact that we are in hundreds of different locations and countries makes it different than agencies that have just a U.S. footprint and a headquarters that is, in most cases, in a fairly constrained space.

With that said, we are not different from other agencies, in that we have to look at how we do everything, from procurement to transportation to buildings, and we are undertaking a review of that, and it will be very much part of the work that I am responsible for.

Mr. BOOZMAN. Good. Very good. The $9 million did not seem like very much, and I understand what you are saying, and I applaud that. That is a good answer, and I really do appreciate it. It sounds like you have got a plan.

Tell me about the $97 million cut from the migration and refugee assistance. That really stands out as being a cut. The world is a very dangerous place, with all that is going on in the Middle East, with Sudan, you know, being a place that could explode at any minute. Do you feel that we will need less in that regard in the next year?

Mr. LEW. The request reflects our best assessment of what a full year's requirement would be. As you know, in this area and all areas, we try to anticipate what can be foreseen so that we will not need a supplemental for things that could be foreseen.

Obviously, in the disaster area, it is one of the cases where you cannot foresee everything. There could well be some kind of an emergency that we would not be able to foresee, and I cannot sit here today and say that we have anticipated everything that might occur.

What I can say is that we have looked at a normal run rate for these programs, and we have also looked at what happened in 2009 that was out of the ordinary, and the level of funding that we proposed is a kind of normalized run rate of what the base-plus-supplemental would normally look like.

Last year, there were fairly intense efforts in Gaza, in Georgia, in Lebanon. Those levels are going to go down. We have anticipated that there will be other areas that go up.

So, as with any other effort to estimate contingencies, we will only know after the fact if we were right, but we do believe that it was an attempt to reflect what the needs are likely to be.

Mr. BOOZMAN. Thank you, Mr. Chairman.

Mr. CONNOLLY. Thank you. The gentleman from North Carolina, Mr. Miller, is recognized for 5 minutes.

Mr. MILLER. Thank you. I applaud the Obama administration's and Secretary Clinton's emphasis on smart power, on recognizing the need to address extreme poverty and deprivation in the world, both for its own sake—it is the right thing to do—and in recognition that we will never be secure in a world in which such extreme, hopeless poverty is so prevalent.

General Anthony Zinni said that ungoverned areas and extreme poverty were petri dishes for extremism and for terrorism.

I have a couple of questions on the proposed budget based upon that. One is the peacekeeping appropriations request, both through the United Nations and our bilateral peacekeeping in Africa, including Liberia and the Democratic Republic of the Congo, both post-conflict societies, although it is probably a little optimistic to call DRC a "post-conflict society."

I understand that there have also been some supplemental requests. What is the explanation for the fairly significant reduction in peacekeeping appropriations? Are they covered in supplemental requests?

Mr. LEW. There is not intended to be a supplemental request. There were a number of areas where there are decreases that are anticipated just because of the mission's changing shape, and the

DRC, Congo, Somalia, and Liberia are areas where we think there are likely to be decreases.

So the intent was to be funding the missions that we understand to be there. There is a little bit of a movement in Somalia with the AMASAM mission. As we notified the Congress at the end of last week, there is a portion of that mission that has been voluntary that will become an assessed activity. The logistics and support for Amazon will move from the voluntary to the assessed, so that is another change.

We also had arrears that had built up over the years that were paid down in the supplemental. So what we looked to do was to get ourselves back to kind of being even and then fund the missions that we anticipate to be there, and that is the level that was included.

Mr. MILLER. Okay. I do encourage the State Department not to take the eye off the ball on those societies. Post-conflict societies are very vulnerable to renewed conflict, either the same conflict starting back or another conflict, and, in those societies, the economies are wrecked, as I am sure you know.

Mr. LEW. And security is a constant issue.

Mr. MILLER. And security is a constant issue, and there is no way to build an economy where there is not security.

Mr. LEW. Absolutely.

Mr. MILLER. A second issue is that, in many parts of the world, the most deprived parts of the world, the bottom billion, there is increasing urbanization, and millions, perhaps 1 billion, people—well, many people—are living in extreme poverty in urban slums, migrating from the countryside into urban areas, where they become the urban work force, the industrial force, but they are living in stunning poverty and in very densely populated slums, Kibea in Kenya perhaps the most famous. No water or sewer, public health consequences for that, and on and on, and it does not appear that we have really developed a policy to deal with the specific concerns or problems or challenges that such urbanization presents.

How are we adapting to, how are we addressing, those problems, the tenure security, or lack of tenure security, that makes any kind of improvements almost impossible, water and sewer, on and on?

Mr. LEW. Well, we have many efforts that address the needs that you are describing, though, I am not sure they have been brought together as a program to deal with the problem of urbanization and poverty resulting from urbanization, but we do have efforts underway in the area of food security, in the area of global health, even in the area of climate change, where providing for the needs of the people you are describing will be a natural part of those undertakings.

I think it is an interesting way to think about our assistance from a different perspective that, frankly, I would like to go back and think about a little bit. There are only so many organizing principles that you can have around the assistance programs that come out in urban areas and in rural areas, and I do not think we would want to take an initiative like either a food-security initiative or a water initiative and make it exclusively about urban areas.

Mr. CONNOLLY. The gentleman's time has expired. The gentleman from Texas, Mr. Poe, is recognized for 5 minutes.

Mr. POE. Thank you, Mr. Chairman. Thank you for being here. I have several questions, so please make your answers real short if you would.

I want to commend the Foreign Service for their work. I have seen a lot of officials who have just recently got back from Kosovo, and I cannot tell you how impressed I am with the folks from Kosovo. It is highly impressive in an area that does not get a whole lot of attention.

Sort of where we are in tough economic times, I am concerned about the 35-percent increase; a lot of that going to salaries. Can you address that briefly? Is that justified, when so many people are losing their jobs and taking pay cuts? How do you justify that?

Mr. LEW. Well, we are highly sensitive to the fact these are difficult economic times. The entire budget of ours included is being put together in the context of being very focused on the economic crisis here in the United States.

At the same time, the needs we have to provide for the national security of the United States do not go away because of the economic crisis. Our need to be able to predict U.S. civilian presence in parts of the world that we just do not have the resources to have the presence that we need to have to get the job done exposes us to risk if we do not act now to build the proper resources.

We cannot hire somebody today and assign them tomorrow with a set of languages skills that it takes a year to learn. You know, in a lot of cases, it takes a year to get someone up to the point where they are ready to go out into a part of the world and speak the language and operate fully effectively. Other people are going to be trying to hire on a mid-career basis, where they come in with more skills and can get out faster.

I think the urgency of moving quickly is great. If you look at our USAID programs, all of the hopes we have to do reform in those programs, to run them better, to reform contracting, it all comes down to having people with the right skills in place. I think if we were to wait until a year or 2 from now to begin, we are really at the peril of putting together an effective civilian presence for diplomacy and development.

Mr. POE. In my own observation, I think the department is to be commended for hiring folks that are in their second or third career. They seem to be doing quite a good job.

What is the number one language problem that you are concerned with; the number one language that you need?

Mr. LEW. Well, right now, as we try to assign hundreds of people to Afghanistan, you know, obviously we wish we had more people who spoke Dari and Pashto.

But I think in the longer term, the difficult languages for us are the non-romance languages, where it is harder to learn them quickly, and there are few people who come out of basic education with the language skills.

We have the Foreign Service Institute that is fully staffed up, training people in the languages that we need. In addition to the languages I mentioned, you know, Chinese, Urdu, and Arabic are high on the list.

Mr. POE. Observation, I noticed that you request in the budget to send more money to the United Nations. I think the United States is already spending too much money on the U.N. They do not balance their books any better than the Federal Government does.

But why should we continue to support an increase in money to an organization that continues to vilify our ally, Israel, and blames them really for all of the world's problems? How can we justify that?

Mr. LEW. Well, we are looking to play a more active role in the international organizations for a number of reasons. First, we do not accept the actions that are sometimes taken, that we disagree sharply with. We are going to participate to try and change the direction of actions like the ones you described.

But we are going to try to change it from the inside, pushing hard to present the arguments and apply the pressure to prevail.

In terms of our own interests, the participation in international forces gives us the ability to leverage our contributions.

When we participate in an international peace keeping operation, the U.S. taxpayer pays roughly 26–27 percent of it. When we go in on our own, we pay 100 percent of it. The only way we can get that multiplier effect is by participating with international partners.

Mr. POE. Excuse me for interrupting. I am about out of time. I have one more question. It seems to me that this new budget proposes that the State Department be more active in countries in promoting social and even changes in legislation. Is that a role of the State Department?

For example, if you go to Saudi Arabia, do you advocate that they change the law so that women can be treated equally and that they are not abused as they are in some countries; or is that not a role of the State Department?

Mr. LEW. May I respond?

Chairman BERMAN. Briefly, because the gentleman's time has expired; yes, Mr. Lew?

Mr. LEW. I think we have made clear through actions we have taken and statements we have made that when we have an active relationship, particularly a relationship of support, we make our views known on legislative matters that we think go beyond the pale and require our stating a view.

I think developing institutions, where there is respective law and governance institutions, it is a balance. I mean, we are not going to be in a place where every government that we have relationships with does everything the way we would do it. The question is, where is it beyond the line and where does it require that we engage?

I think if you look at some of the issues related to the rights of women, where we have spoken up in the past few weeks, you know, we make our views known and I think we make our views known with some effect.

Chairman BERMAN. Thank you; the gentleman from California, Mr. Sherman, is recognized for 5 minutes.

Mr. SHERMAN. Thank you; I have got so many questions, I will just state them, and I will ask you to respond for the records; so relax.

As to DDTC, which I mentioned in my opening statement, you are requesting $3 million less of appropriated funds. Now you are going to get more fees.

I would want you to increase that agency, hopefully without relying only on fee income—first, because an exporter's tax strikes me as a bad thing to do if you are a country with a big trade deficit; and second, because you cannot use the fee income to hire more licensing staff.

Now if worse comes to worse, if you cannot provide the appropriated funds and you want Congressional authority to use the fees to hire licensing staff, come talk. Maybe we will do it. Because what is most important here is the speed of the decision; not whether it is a yes or a no.

Second, those with great academic prestige at the State Department want to do things like public diplomacy. But for every advantage we have of public diplomacy, we have ten times the harm, because of the terrible consular system that you go through to visit the United States.

Every one of us here hears complaint after complaint from the very people who should be advocates for America in their home countries. Our system is slow. It is capricious. It is unaccountable.

You have no system of keeping track of who leaves the country on time, and so you can never evaluate the consular officers to see what their batting average is. Are they giving these visas to people who will leave on time; and the bureaucracy likes it that way. They like capricious, unaccountable power, frankly. Many of us do.

The bureaucracy has rejected the idea of a performance bond, whereby a private bonding agency could assure that somebody will leave the country on time, or the State Department gets a substantial bond fee.

Now I am talking only about the process of determining whether somebody is an economic risk; that is to say, an over-stay economic migrant to the United States when they are seeking a tourist visa. Obviously, you want to do everything necessary to keep terrorists out of the country, and my focus here on those might be economic migrants.

You are going to be seeking like $100 billion for the IMF. This will make the IMF bail out capable. This is a bad thing to do if Iran remains bail out eligible; and the fact that the IMF has the capacity to bail out a country the size of Iran, and that Iran remains bail out eligible under the rules of the IMF is completely unacceptable, because it will increase Iran's credit rating, even if they do not actually get any money from it.

The GAO reports titled, Strengthening Oversight Needed to Address Proliferation and Management Challenges, points out that we are contributing to a fund that is then providing assistance to such countries as Iran and Syria, and that perhaps we should be withholding from this fund the portion that is going to those two countries and other terrorist states.

As to Armenia, you are cutting in this budget, I am told—and this is not something that you have published yet—but I am hearing that you might cut from 48, which was the appropriated amount, down to 30. This would be a mistake, as would it be to

not include the $8 million that we appropriated last year on a continuing basis for the people of Nagorno-Karabakh.

Finally, as to North Korea, you propose using $98 million from the ESF funds and denuclearization funds of $75 million. How do you plan to use this money, if there is no progress in negotiations with North Korea? They do not seem bent on using our money or any other money for denuclearization.

Why do I not give you 1 minute to respond, to whichever portion you choose; and I know that you will want to respond in writing to these pithy questions.

Mr. LEW. Well, let me just say that in the area of consular affairs, we are taking a look at where there are issues. The ones that have come to my attention most regularly have frankly been security, not economic issues; the process of this time it has taken.

Mr. SHERMAN. Not the many cases pending in my office.

Mr. LEW. So, you know, I am sure that there are economic cases, as well. But we are actively engaged in looking at the issues there. In terms of the IMF funding——

Chairman BERMAN. I think my friend from California anticipated there would be a follow-up written dialogue on these questions.

Mr. LEW. I will be happy to respond.

Mr. SHERMAN. I will look forward to it.

Mr. LEW. I will be happy to respond for the record.

Chairman BERMAN. The gentleman from American Samoa, Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman; and thank you, Secretary Lew, for appearing before the committee.

I do have some questions. Recently, we had Secretary Clinton appear before this committee. She made an oral commitment on the part of the State Department, at least to this member, that we are going to finally come up with a more comprehensive foreign policy toward Oceania, or toward the Pacific Region.

I do not know how the budget process went through the administration. But I know there is not one penny that has been committed in any way to deal with the needs of some 16 IDA nations in the Pacific Region. There is no indication whether or not we are going to have USAID presence in the Pacific Region.

I just want to say that I am very, very disappointed to see that the Pacific Region is not even on the map. If you want to put it, there is no U.S. footprint. I would say, this is a classic example of no United States footprint; the fact that we have depended entirely on New Zealand and Australia in determining what our foreign policy should be in this region.

I also noticed, Mr. Secretary, that you plan to cut funding from the East/West Center from $21 million to $11 million. That is a very drastic cut; and I would like to know from your position what the reason is for this. I want to just start with those two issues.

Mr. LEW. Congressman, the question of the Pacific Islands is one that the Secretary has raised with me and which people are working on, looking at a number of issues to see where we have some opportunity to be helpful.

You know, while the number is small, I understand they are quite important in those small countries. Rather than answer the

question now, what I hope to be able to do is follow up with you after and go through some of the issues maybe in some detail.

We have a number of programs which are not country-specific programs, where we do have the opportunity in the course of developing implementation for them.

Mr. FALEOMAVAEGA. Well, Mr. Secretary, I know my time is limited. Does the State Department intend to have presence of USAID in Oceania and the Pacific Region?

Let me just tell you the difference here, Mr. Secretary. No footprints whatsoever is what we have done for all these years.

Given the fact that I remember one time, one of your Secretaries said that they were very concerned about the check book diplomacy that China and Taiwan are doing to influence these 16 island countries, for which we absolutely have not done anything to help them, I wanted to ask you, I am a little frustrated.

Because this is not the first time that I have raised this issue. Can you tell me if these island countries are really that important in our foreign policy or not? Because it seems to me that this is the way we have been going now for all these years.

Mr. LEW. The island countries are important, and I do not mean for the answer that I am going to provide to suggest otherwise.

You have asked if there are plans to open and have a presence. There are no plans right now. But we are looking at what we can do in this area to play a more active role. We will look at a number of options, and I will be happy to get back to you.

Mr. FALEOMAVAEGA. Well, let me just tell you this, Mr. Secretary. Not only is there not smart diplomacy in existence in the Pacific Region; to me, it is a do not care and indifferent attitude that our country has always taken toward these island countries.

Now if it is possible for China and Japan and other countries that have poured in hundreds of millions of dollars in giving assistance to these island countries; we have not even given the time of day to pay attention to their problems. Let alone, I have not even touched the issue of North Korea and Myanmar and Southeast Asia. But if you could just address why the cuts in East/West Center are so drastic.

Mr. LEW. The East/West Center proposed budget is very similar to the levels that have been proposed in past budgets. While I know it is not going to be a comforting answer that this budget does the same thing, over the course of the last number of years, going back some time that I could recall actually, there has been a pattern of administration requests being somewhat lower than appropriated amounts.

Mr. FALEOMAVAEGA. I am sorry. My time is up. I will follow up with a list of questions, Mr. Secretary. Thank you, Mr. Chairman.

Chairman BERMAN. Yes, this is almost a time honored practice; and who is chairman of the Center, never mind. [Laughter.]

The gentleman from Florida, Mr. Wexler, is recognized for 5 minutes.

Mr. WEXLER. Thank you, Mr. Chairman. I want to begin by acknowledging what I think are the extraordinary set of skills that Secretary Lew brings to the endeavor that he has recently begun.

I want to focus, if I could, on the Palestinian Authority. Throughout our appropriations process, it is often controversial, or not

without controversy, to fund various elements of the Palestinian Authority; to fund various either humanitarian or security endeavors connected with the Palestinian Authority.

And I want very much, in the most sincere fashion, to applaud both yourself and the Secretary in the manner in which they have directed the money that is provided, both in the supplemental and in the regular appropriations process, especially with regard to the great care that has been provided in terms of ensuring that the money provided does not, in fact, fund Hamas; and that, in fact, gives Prime Minister Fayyad and President Abbas the ability to control to a degree their own destiny.

I was in Israel over the past weekend; and while the concerns expressed by members are entirely legitimate, the good news is, that President Abbas and Prime Minister Fayyad say that while they appreciate the conditions and respect the conditions that we put on the money, the good news is that they are not just our conditions. They are their conditions, and that is the critical point.

Prime Minister Fayyad and President Abbas will not have anyone in their government that does not personally, publicly, and in every substantive way, support the core positions with respect to the recognition of Israel, the renouncing of violence, and the adhering to past agreements.

I also spent some time in Jericho. I think it is critically important to both applaud and acknowledge the administration's efforts, both in Jericho and in Jordan, with respect to the training of the Palestinian Presidential Guard and the Palestinian security forces.

If there is to be any hope whatsoever of a two state solution, where Israel can have the ability to have assurances that they can relax the IDF's role in the West Bank, the answer is what this administration is funding in Jericho and in Jordan.

To witness the several hundred Palestinian men, ages 23, 24, 26, going through routine military Army-type training, run by the United States under General Dayton's direction—this is the future of a peace effort.

For anyone who cares deeply about the security of the State of Israel, I would respectfully suggest that it is what the administration is doing in Jericho and in Jordan that will ensure for years to come at least the potential for a successful process.

There is one last thing I just would like to observe. The finest aspect of what I saw in Jericho was that these young men are literally walking ambassadors for the peace effort. What I learned from these young men is that their brothers want to emulate what they are doing. They credit the United States for giving them the opportunity to learn to become part of an elite professional security program.

Twenty years from now, if there is any possibility of a two state solution, undoubtedly the leaders of the Palestinian State will come from these forces. Just from a parochial point of view, an American point of view, the notion that there will be on the ground 5,500/6,000 Palestinian elite forces, who owe their career to the United States of America, and the fact that they will rise within Palestinian society—that in and of itself is worth the money that you have put forth in this regard.

If there is anything else you wish to say, with respect to those funding projects in Jericho and in Jordan, I would like, Secretary Lew, to give you that opportunity.

Mr. LEW. Thanks, though I maybe should just stop right there. We put a great deal of effort into working with the Congress on these provisions, and are very pleased with the way things are developing in the supplemental appropriation process.

I think that you have really made the point that we have been making quite consistently, which is our effort is all about strengthening forces in moderation, strengthening forces of security, creating an environment in which there can be a meaningful engagement; doing nothing to support terrorist organizations; and being very careful about whom we give assistance to and how we monitor the assistance, to make sure that the conditions that we impose are actually complied with.

I think that those are the conditions that need to be in place for Senator Mitchell to have the ability to move forward; and for the President, when he meets with the leaders from the region who are coming in the next few weeks, to make progress, and the progress could not come at a more important time.

Chairman BERMAN. The time of the gentleman has expired. If I could just use the prerogative of the chair, just to insert. I want to echo the gentleman from Florida's comments.

I mean, he did not even have time to go into all aspects of the positive fallout, in terms of Israeli/Palestinian cooperation, the recognition among Israelis whose job is security, of how well this working; the ability to open up areas within the West Bank for commerce and transportation as a result of the success of these security forces. It has a tremendous ripple effort.

My time has expired; the gentlelady from California, Ambassador Watson?

Ms. WATSON. Thank you so much, Mr. Chairman; and I want to say, among those extraordinary skills, Mr. Lew, is your patience, and your tone of voice, and I quite admire you.

I am going to make a statement, and then you can spend the rest of my time responding, and when the chair takes that gravel, I probably know before I ask my question, your response.

But anyway, in a recent article appearing in Foreign Affairs entitled, Arrested Development, the authors, three former USAID administers write the following: The problems with current U.S. development efforts cannot be fixed without major organization reforms. The time has come to recognize that the semi-merger of USAID and the State Department has not worked.

The missions and personnel requirements of the two organizations are indeed different. Last month, I held a hearing, and as chairperson of the Government Management Subcommittee on USAID, I had the hearing on USAID entitled, USAID Management Challenges and Strategic Objectives.

All the witnesses, including a former USAID Deputy Director and Director of Procurement, emphasize that the establishment of a comprehensive set of strategic goals for the U.S. foreign aid program is management challenge number one, and should be the centerpiece of any effort to reform our foreign aid process.

So if you can give us your opinions, and I think I have already many of them, and what you are already doing. Is it working and can it work; and should the Administrator look to re-vamp the F Bureau, and should the new USAID Administrator wear two hats as Director of the F Bureau and head of the USAID?

I know that under the last administration, both Secretary of State Colin Powell and Condoleezza Rice viewed the Department of State as being severely under-staffed, and both sought an increase in hiring levels. Colin Powell was granted an additional 1,069 staff and Secretary Rice's request for additional personnel was rejected.

In order to fully staff the efforts in Iraq and Afghanistan, if you are granted additional staff, how would you maximize these efforts and utilize new diplomats in these countries? You have 2 minutes and 15 seconds.

Chairman BERMAN. For the question of all questions, by the way. [Laughter.]

Mr. LEW. I could not agree more that it has to begin with policy. It has to begin with what our goal for our development program is; what our strategy is.

I think that we have been very clear that we think that the development strategy and the foreign policy need to come together. One has to inform the other. They have to become an organic whole. We cannot have a foreign policy that goes in one direction and a development policy unrelated to it.

On the other hand, our foreign policy does have to be informed by our development objectives. A lot of what we have been discussing today comes down to how you can describe the same objective in two different ways.

I can describe an objective as being a purely humanitarian objective to relieve suffering and end poverty; or I can describe it as the critical step we have to take to prevent instability that will present the next source of danger to the United States. They are not inconsistent. They are both true ways of stating the challenge.

I think we have to be careful, as we engage in high conflict areas like Afghanistan, not to think of all development through that lens. Our goal has to be to have development programs that prevent us from having situations like Afghanistan in more places; and we have to think differently about how we do development work in a counterinsurgency environment, that we think about how we do development work in most of the rest of the world.

As far as the organizational issues go, I have been trying, in my first months at the State Department, to be open minded on questions; not coming in with conclusions, but coming and learning and asking questions.

I see an enormous need for coordination. I am not certain of the extent to which it makes sense to force different programs together into a single place. I tend to be of the view personally that coordination can solve an awful lot of the problems that we see.

But I do think that the fundamental notion that the development program has to be guided by the Secretary of State is an important one; and that no way diminishes the important role of the USAID Administrator. We are hoping very soon to have a USAID Administrator who will be a forceful leader, a dynamic thinker and organizer, to help drive our program.

But if you want the foreign policy and the development policy to be connected, the role that the Secretary of State has is quite central. I do not have time to go on and discuss the F process. But I would be happy to, at a later date.

Chairman BERMAN. The time of the gentlelady has expired. That is very interesting. I would add, some of that same logic applies in the context of security assistance; but never mind—the gentlelady from Texas, Ms. Sheila Jackson Lee?

Ms. JACKSON LEE. Thank you very much, Mr. Chairman. Let me welcome the distinguished Secretary for important times such as these. Obviously, the budgeting process is extremely important, and I would like to add my commendation for the team that is being put together at the State Department.

Frankly, I believe that there is keenly a focus on diplomacy, and that is what I would like to emphasize in my questions. I have a long litany of questions that would probably take another 3 days. But I understand that you are only here for another day-and-a-half. So I will not pose these questions to you.

Pakistan, in its present state of affairs, and whether or not we are prepared through the supplemental, but also as we look going forward—the key that I want to focus on is, of course, the reports that we expect about 1 million refugees. That is not military. That is typically the work of the State Department through refugee resettlement and other issues; and when I say that, obviously, refugees within the context of the boundaries of Pakistan.

I would like to give a series of questions, and then I will just yield. What preparation is being made? Do you think the present supplemental—which obviously is an appropriations question, but I know you have reviewed it—is sufficient; and what preparation do we have going forward?

As an editorial comment, I think if there will be any Achilles Heel for us in our efforts in Pakistan, it will be the visuals of 1 million refugees fleeing, or 1 million persons being internally displaced. We all know what the visuals were of Kosovo and those refugees fleeing, and this is a question I have great concern about.

The other issue is overall personnel, and whether or not going forward we have all of our embassies fully staffed up. I think that is key when it comes to this new attitude about diplomacy. How long will it take and what do we think we have to invest in personnel to do so?

Third, I do not know whether someone else has asked about this in a personnel question, as to whether there will be any review on how we are treating the partners of gays and lesbians, and whether or not we have reached that decision.

Lastly, I have an interest in decentralizing or using anti-trust laws to bust the large contractors, if you will, that do business with our agencies. What efforts will be made to work with small, medium, and women-owned businesses in contractual relationships with the State Department?

They can provide a lot of services; and particularly, I would like to emphasize USAID. So many non-profits, so many talented single owned businesses, can be so helpful to USAID; and the question is, how can they do that?

I have 1 minute and 30 seconds. My last question is on monies for Sri Lanka and the displaced persons, dealing with the Tamil area there, and the plight of those people who are also internally displaced.

Chairman BERMAN. If you promise not to tell anyone, I will give you a little longer time. Because I am interested on the answer to a few of these questions, myself.

Ms. JACKSON LEE. Mr. Chairman, I thank you, and I yield to the gentleman.

Mr. LEW. I appreciate that, because I did not know how I was going to get through that list in 1 minute and 30 seconds. [Laughter.]

Ms. JACKSON LEE. Thank you for your service, Mr. Secretary.

Mr. LEW. Thank you; starting with Pakistan, we share your concern deeply about the number of internally displaced persons. Before the current counterinsurgency effort of the Government of Pakistan, there were already roughly 0.5 million internally displaced persons. All estimates that I have seen suggest that there could be as many as 1 million more.

There is already a situation where many people have taken family members and friends into their homes. So the capacity to absorb easily displaced persons is already quite taxed. I think I would divide the response in two ways. First, one is money and the other is capacity.

On the money side, we think that there are sufficient resources for the United States to play a leadership role in responding. Should we find out otherwise, we would bring that to the Congress's attention immediately.

In terms of the capacity, that is a bit of a greater challenge. Because it is not an easy area to get into right now, and it is not clear who will have access readily.

You know, our Ambassador in Islamabad is an extremely experienced diplomat, who is taking the lead for us on the ground, working with NGOs and international organizations and the Government of Pakistan. In fact, there are meetings going on while I am here, with people working on this.

We share very strongly the view that we need to play a leadership role in responding and making sure that steps are taken; not just this month and next month, but as we head into fall and the difficult winter period, when it is more likely to become an emergency.

All reports that I have seen are that for the next several months there is food and other provisions that are likely to be available; that the problem is likely to come further down the road. So we are actively engaged in this, in many parts of the Federal Government.

Ms. JACKSON LEE. And I understand Congress would be involved with you on that.

Mr. LEW. Yes, we will consult with the Congress on that. In terms of overall personnel, we do not have enough overall personnel. That is why we need to increase the foreign service in the State Department by 25 percent; why we propose doubling the personnel in USAID.

In order to staff the missions in Iraq and Afghanistan, we have thinned out resources in many other parts of the world. We need

to begin as quickly as possible to bring new people in, to train them, to hire people with the right skills, so that they can be deployed as quickly as possible.

That is kind of why I started, in my oral testimony, with people. I would not have normally chosen to testify on people before program. But it is a critical, critical need.

In terms of the contracts that you asked about, we are taking a look at contracts across the foreign policy area; and I think you correctly noted that the larger contracts, in many cases, are in USAID. There are a lot of large security contracts in the State Department. But the service contracts, the large ones, are in USAID.

This is not unrelated to the question of personnel. The practice of these large contracts arose out of, in part, pressure to reduce the number of Foreign Service Offices. The number of contract dollars, supervised by USAID Foreign Service Offices, had just grown so dramatically that you could not expect them to have meaningful oversight over the contracts that they are supervising.

We have to get more people in there and reduce the number and the amount of contracts. We also have to move away from these big contracts which may be easier to issue because it takes less work—and with strained work force, that is an understandable step that would be taken—and break them up into parts where the objectives are clearly defined, and more opportunities are available on a broad basis.

I think that it comes back, in some ways, to what we were talking about a few moments ago. It is all about policy. We have to make the policy behind these contracts at the level of full-time Government employees; and we have legitimate reasons to have partners whom we contract with for implementation purposes.

But we should not contract out policy. I think that historically there has been some crossing of that line. Do I have another minute to answer the other two?

In terms of the members of household issue, we have been working on that, and are hoping that we are in a position to very soon make some policy determination public.

Finally, on the question of Sri Lanka, you know, we have been very concerned about the actions of the Government of Sri Lanka—the fact that innocent civilians have been caught in between the government and the Tamil Tigers; that the actions taken have been, as we have said many times, not appropriate in terms of the way that civilians should be treated.

There will be a need for some assistance, I think, on the humanitarian basis. I think the first thing that has to happen is, the situation has to stop making it worse—which hour to hour, day to day, it is hard to know exactly where we stand. But, you know, we have talked with, worked with, the international community on this, and are prepared to be of assistance.

Ms. JACKSON LEE. Thank you very much.

Chairman BERMAN. The benefits of being the last questioner is, you are not on the clock. I have a question which I will submit for the record, and if it is okay with everyone—I mean, I know you hate to leave—but we will adjourn the hearing; thank you very much.

Mr. LEW. Thank you, Mr. Chairman.

[Whereupon, at 4:22 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE

Committee on Foreign Affairs

U.S. House of Representatives
Washington, D.C. 20515-0128

Howard L. Berman (D-CA), Chairman

May 6, 2009

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held in **Room 2172 of the Rayburn House Office Building:**

DATE:	Wednesday, May 13, 2009
TIME:	1:30 p.m.
SUBJECT:	Building Capacity to Protect U.S. National Security: The Fiscal Year 2010 International Affairs Budget
WITNESS:	The Honorable Jacob J. Lew Deputy Secretary of State for Management and Resources U.S. Department of State

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Wednesday* Date *5/13/09* Room *2172 RHOB*

Starting Time *1:33 P.M.* Ending Time *4:23 P.M.*

Recesses [1] (*2:37* to *3:27*)

Presiding Member(s) *Howard L. Berman (CA), Chairman; Eliot L. Engel (NY); and Gerald E. Connolly (VA*

CHECK ALL OF THE FOLLOWING THAT APPLY:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]

Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF HEARING or BILLS FOR MARKUP: *(Include bill number(s) and title(s) of legislation.)*
Building Capacity to Protect U.S. National Security: The Fiscal Year 2010 International Affairs Budget

COMMITTEE MEMBERS PRESENT:
see attached

NON-COMMITTEE MEMBERS PRESENT:
n/a

HEARING WITNESSES: Same as meeting notice attached? Yes [✓] No [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*
n/a

ACTIONS TAKEN DURING THE MARKUP: *(Attach copies of legislation and amendments.)*

RECORDED VOTES TAKEN (FOR MARKUP): *(Attach final vote tally sheet listing each member.)*

Subject	Yeas	Nays	Present	Not Voting

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *4:23pm*

Doug Campbell

Doug Campbell, Deputy Staff Director

Attendance - HCFA Full Committee
Building Capacity to Protect U.S. National Security: The Fiscal Year 2010 International Affairs Budget
Wednesday, May 13, 2009 @ 1:30 p.m. , 2172 RHOB

Howard L. Berman (CA)
Eni F.H. Faleomavaega (AS)
Donald Payne (NJ)
Brad Sherman (CA)
Robert Wexler (FL)
Eliot L. Engel (NY)
Diane E. Watson (CA)
Gerald E. Connolly (VA)
Sheila Jackson-Lee (TX)
Shelley Berkley (NV)
Brad Miller (NC)
David Scott (GA)
Jim Costa (CA)

Ileana Ros-Lehtinen, (FL)
Christopher H. Smith (NJ)
Dan Burton (IN)
Dana Rohrabacher (CA)
Edward R. Royce (CA)
Jeff Flake (AZ)
John Boozman (AR)
Jeff Fortenberry (NE)
Ted Poe (TX)
Bob Inglis (SC)

Opening Statement of Chairman Howard L. Berman at hearing, "Building Capacity to Protect U.S. National Security: The Fiscal Year 2010 International Affairs Budget"

May 13, 2009

It's a pleasure to welcome Deputy Secretary of State Jack Lew to the committee this afternoon. For members that have come here in the last 8 years, and haven't worked with Mr. Lew, I think I can safely say that you won't find a fairer, more accessible, more straight-talking public servant.

Jack, your former position as OMB Director makes you uniquely qualified to serve as Secretary Clinton's deputy for Management and Resources.

Your familiarity with this institution, as Speaker Tip O'Neill's counsel in the 1980's, assures our Members that you will be uniquely attuned to their concerns.

The purpose of today's hearing is to give you an opportunity to present and to justify the Obama Administration's fiscal year 2010 international affairs budget.

At the outset, I want to commend you and your talented team for putting together this impressive and ambitious budget document. There are many important proposals in the budget request, but in the interests of time, let me highlight just three.

First, the budget proposes significant funding increases to rebuild capacity at the State Department and USAID.

Our national security stands on three pillars: defense, diplomacy, and development. Yet, for far too long, we have failed to provide our civilian foreign affairs agencies with the resources they desperately need to fill critical overseas posts, provide adequate training, and ensure effective oversight of programs they manage. This has greatly limited the effectiveness of American diplomacy and development. It has also resulted in the migration of traditional State Department and USAID responsibilities to other government agencies that lack the requisite expertise, including the Department of Defense.

This budget is an important first step in addressing these debilitating capacity problems. And we await the appointment of a USAID administrator to assist you in those efforts, which we hope will take place in the very near future.

Second, the budget request proposes to pay our current dues in full and much of the debt we have accumulated in recent years in our accounts with international organizations, including the United Nations.

The U.N. system is far from perfect, and it often doesn't live up to our expectations. But it should be clear to everyone that we are simply not capable of solving every foreign policy challenge on our own.
And, in so doing, we should set the example of a member in good standing by paying what we owe.

On a wide range of issues – from Iran's nuclear weapons program, to Darfur, to climate change -- we need to cooperate closely with the international community.

Third, I am pleased to see that the budget request puts the United States on track to double foreign assistance by the year 2015. Providing assistance to those in need reflects the values and generosity of the American people. Foreign aid also supports our national security interests by promoting stability, economic growth, and respect for democracy and human rights. And from

a financial perspective, preventing a failed state today is much more cost effective than paying for the negative consequences resulting from that failed state in the future.

Secretary Lew, tomorrow I plan to introduce a State Department authorization bill for fiscal years 2010 and 2011.

This legislation will authorize State Department operations and related accounts, in most cases at the level requested in your budget submission. It will also include a number of authorities requested by the Department, including a provision to end the 20 percent pay cut that junior Foreign Service Officers suffer when they are assigned to overseas posts. Finally, it will incorporate a variety of congressional initiatives from both sides of the aisle.

I am very hopeful that we can move this bill forward on a bipartisan and bicameral basis, and look forward to working closely with you and your staff.

To conclude, many of my colleagues and I are committed to getting you and Secretary Clinton the resources you need to conduct skillful diplomacy and effective development.

At the same time, we are also committed to upholding our responsibility to conduct oversight of the executive branch, and to ensure that tax dollars are spent wisely. This will be reflected in the State Department bill as well as legislation we hope to introduce later this year on foreign assistance reform.

CONGRESSWOMAN SHEILA JACKSON LEE, OF TEXAS

HOUSE FOREIGN AFFAIRS FULL COMMITTEE

"THE INTERNATIONAL AFFAIRS FY2010 BUDGET REQUEST"

MAY 13, 2009

Thank you, Chairman Berman, for convening today's important hearing. I would also like to thank the Committee's Ranking Members, and to welcome our distinguished witness the Honorable Jacob J. Lew, Deputy Secretary of State for Management and Resources from the Department of State. I look forward to your informative testimony on President Obama's FY2010 International Affairs, 150 function, budget request.

With the release of the International Affairs Function 150 regular enacted budget President Obama has kept his commitment to increase the foreign budget with transparency and avoid supplemental appropriations separate from regular budget funding. This budget's $53.9 billion total is an 8.9 percent increase over FY2009 appropriated amounts, including supplements. This request put the U.S. government on a path to double the U.S. foreign assistance from $25 billion by 2015. The bulk of this request is split among three umbrella areas, foreign operations, State Department operations and funds channeled through the Department of Agriculture and several independent programs.

Foreign Operations

President Obama has requested $34.8 billion for the foreign operations budget. This request would increase funding for developmental assistance, global health programs, couternarcotics and multilateral assistance.

Among the foreign assistance accounts, USAID would receive a 36 percent increase in administration accounts totaling $1.7 billion, an emphasis on development assistance by increasing such accounts by 34 percent, an increase of Transition Initiatives by 152 percent, an increase in the Millennium Challenge Corporation by 63 percent, and an increase in global health programs by 5.6 percent. For multilateral economic assistance, the Administration seeks a 46 percent increase, including funding for the World Bank and never before funded International Clean Technology Fund and International Strategic Climate Fund. However, the budget would decrease certain areas, such as the Economic Support Fund, down by 7.3 percent, assistance for Europe, Eurasia and Central Asia, down 14.6 percent, and Peacekeeping Operations, down 25%.

Another reason for the increase in USAID are the recent and continuing efforts to expand the Foreign Service Officers staff. The request would enable an increase of 350 new Foreign Service Officers. This is needed because, according to USAID, at the present time, only 25 percent of its 75 missions have an adequate US direct hire presence. This makes USAID less able to effectively carry out its basic functions. Additionally, half of the current Foreign Service Officers are reported as eligible to retire.

Of special importance in evaluating the Foreign Affairs budget are Iraq and Afghanistan due to our military presence in each. The FY2010 request for Iraq reconstruction reflects the Obama Administration's intention to move towards a diminished U.S. presence in the county, as it should. FY2010 request for Iraq is $470 million, 23% less than the year before. That amount will be split among three groups, the Economic Support Fund, receiving $415.7 million, International Narcotics Control and Law Enforcement, receiving $52 million, and International Military Education Training, receiving $2 million.

Afghanistan, on the other hand, will get a 32 percent increase in funds over the previous year's appropriations, reflecting the Administration's focus on the war in Afghanistan and a new counter-insurgency strategy that raises the profile of non-military methods. Afghanistan would receive $2.6 billion, with $2.2 billion going to Economic Support Fund and $450 million going to International Military Education Training.

The Administration's strategy for Afghanistan involves not only the country but the region, and has a strong focus on Pakistan. The President's budget reflects a major new emphasis on nonmilitary assistance to Pakistan, particularly by increasing funds for economic development from $575 million in FY2009 to 1.07 billion in FY2010. The Administration ultimately intends to triple past levels of nonmilitary aid to Pakistan. Law enforcement and border security assistance would be more than doubled, as well as would double previously appropriated funds for military training programs.

The Millennium Challenge Corporation, with the purpose of decreasing poverty through economic growth, would receive a substantial increase over the previous year's appropriation. The larger appropriation is to support three new programs, averaging $350 million in size, in the Philippines, Jordan and Malawi.

As to the vital issue of global health, the President asks us to approve $8.6 billion for global health initiatives, $63 billion over six years, to shape a new, comprehensive global health strategy that would focus on "broader global health challenges, including child and maternal health, family planning, and neglected tropical diseases, with cost effective intervention." More than 70% of that request would be focused on the crucial issue of HIV/AIDS interventions.

State Department

The President's FY2010 budget request for the Department of State totals $16.3 billion, which is a $1.6 billion or 10.9 percent above the FY2009 total. There will be significant increases in the Diplomatic and Consular Programs Account, the Civilian Stabilization Initiative and exchange programs, while it seeks lowers funds in FY2010 for State's Capital Investment Fund, Embassy Security, Construction and Maintenance and US Contributions for International Peacekeeping.

The Administration has five critical requests that they say will enable the State Department to meet critical goals. Those goals include (1) strengthen capacity to pursue diplomatic solutions; (2) coordinate stabilization and reconstruction efforts; (3) further assist transition to Iraqi responsibility; (4) strengthen public diplomacy and exchanges; and (5) support multilateral engagement.

Within these goals, the Administration is requesting funding for an additional 1,181 positions of which about 739 are Foreign Services personnel. Among those positions the Administration is requesting 180 positions be designated as training positions, particularly in

their training capacity to more effectively interact in languages such as Arabic, Chinese, Hindu and Urdu.

Back to the ever present issue of Iraq, the Administration seeks a total of $1.175 billion to maintain operations for US mission in Iraq. These funds will support basic mission operations, logistic support, information technology, the sustained operation of up to 27 Provisional Reconstruction Teams and overall security requirements.

Other

Significantly, the FY2010 budget request will also provide resources for the U.S. to pay all of its current dues to the United Nations and to pay arrearages in UN accounts that have accumulated in recent years. It also provides full funding of all 2010 scheduled payments to the Mutlilateral Development Banks, including a portion of the outstanding arrears.

Conclusion

In conclusion, President Obama's International Affairs FY2010 budget addresses a large array of issues and programs and puts a true concentration on increasing our foreign aid and our governmental staff abroad. It is vital that we have ample, well trained personnel to meet the human rights challenges we are facing abroad. I am very interested to hear your insight on the budget, Mr. Lew, and how it will enhance our foreign policy. Thank you, Mr. Chairman. I yield back the balance of my time.

Committee on Foreign Affairs
Building Capacity to Protect U.S. National Security: The Fiscal Year 2010
International Affairs Budget
Wednesday, May 13, 2009

Questions for the Record

Response from The Honorable Jacob J. Lew, Deputy Sectary of State for Management and Resources

Rep. Shelley Berkley

Question:

Why does the budget request propose that wealthy states like Saudi Arabia, Kuwait, Libya, and Qatar receive funds for International Military Education and Training (IMET)? Why don't these states pay for the training themselves? In particular, why do you propose Saudi Arabia's IMET funding be increased more than four-fold, from $15,000 to $65,000? It is not an ally of the U.S., it supports terrorism, and it does not need our money.

Answer:

Limited U.S. assistance to these countries through the International Military Education and Training (IMET) program forms a key component of our security relationships. IMET assistance facilitates training for a large number of military officers at U.S. institutions, building respect for U.S. values such as human rights throughout their militaries. The assistance also supports interoperability with U.S. forces.

Saudi Arabia is a full partner in U.S. efforts to defeat terrorism and combat violent extremism. Our dialogue with Saudi Arabia is one of the most productive security cooperation relationships we have with any ally. The Kingdom is also an essential partner on a long list of regional security challenges, including efforts to promote a lasting Middle East peace and to end Iran's pursuit of nuclear weapons. In 2008, the Saudis purchased over $28 million in U.S. military training programs.

Question:

The President recently requested $400.4 million in economic assistance for the West Bank and Gaza "to strengthen the Palestinian Authority as a credible partner in Middle Eastern peace and continue to respond to humanitarian needs in Gaza." The request also states that this assistance "will provide significant resources to support the stability of the Palestinian Authority, economic development of the West Bank, and provide funding to increase the capacity of the PA to meet the needs of their people."

How will these funds be disbursed? What specific projects will be funded and through what specific organizations?

Answer:

In FY 2010, the United States intends to allocate $250 million for programs to assist the Palestinians in the areas of water and sanitation, roads and other infrastructure, education, health, youth development, economic growth, and governance. These programs will be managed by USAID. USAID programs in 2010 plan to support the priority activities previously identified in partnership with the Palestinian Authority (PA) in support of the 2008-2010 Palestinian Reform and Development Plan (PRDP). Funds will be disbursed principally to ongoing and successful USAID projects.

For example, large-scale infrastructure activities in road construction and water/sanitation programs will be implemented through the USAID Infrastructure Needs Program and implemented by Montgomery-Watson-Harza (MWH), International Relief and Development (IRD), APCO/ArCon construction and Services LLC, The Morganti Group and American Intercontinental Constructors LLC. The "flagship" Health Sector Reform and Development Project will continue to be implemented by Chemonics. Food assistance programs will be implemented through the World Food Program. Democracy and Governance programs in the areas of rule of law, local governance assistance, political competition and elections assistance, civic participation, and media support will be provided through CHF International, the International Foundation for Electoral Systems, Associates in Rural Development, and additional implementing agencies to be selected through competitive processes. Basic education support will continue to be provided through America-Mideast Educational and Training Services, Inc. (AMIDEAST) and additional implementing agencies to be selected through competitive processes. Economic growth and business development programs will continue to be implemented by CARANA Corporation and the Academy for Educational Development.

Additionally the U.S. Government intends to provide $150 million to the PA as a direct transfer of budget assistance to help pay down accumulated debt. The PA is facing a severe budget crisis that threatens its economic and political stability. The cash transfer will be done in the same manner as previous transfers and the PA will only be authorized to use funds for purposes approved by the USG. As in the past, vetting of specific private sector creditors will be a prerequisite to disbursements of funds.

Question:

Who will oversee these funds once they are disbursed? Will there be any reporting requirements?

Answer:

The USAID mission in Tel Aviv is responsible for oversight of the humanitarian and development assistance funds. There are numerous reporting requirements instituted by the

USAID Mission, including monitoring visits by USAID local American staff to project sites in the West Bank, requiring implementing partners to submit reports and photo documentation for the projects for which they are responsible and, in the case of large infrastructure projects, hiring an independent design and construction management firm to oversee the performance of the construction contractors.

Each year the USAID Mission establishes performance targets for every program receiving funding, using standard performance indicators established by the Director of Foreign Assistance. Performance reports are submitted each fall as part of the Performance Plan and Report process.

Question:

What portion of these funds will be used for humanitarian assistance in Gaza?

Answer:

In FY 2010, the U.S. Government will allocate $23.9 million in ESF toward humanitarian assistance in the West Bank and Gaza. USAID assistance programs, including food assistance through the World Food Program and medical assistance under the Health Reform and Development Project, operate in both the West Bank and Gaza. The relative commitments in each area are periodically reassessed using up to date information on needs and the distribution plans adjusted accordingly. USAID also expects to implement parallel humanitarian assistance programs in Gaza into FY 2010 utilizing funds, if appropriated, from the FY 2009 supplemental request. In addition to what is requested in the FY 2010 budget, a total of $156 million in FY 2009 supplemental funds has been requested for a wide range of humanitarian assistance activities in Gaza.

Question:

Are you confident that there are safeguards in place to ensure this assistance reaches its intended recipients and does not land in the hands of Hamas or somehow benefit Hamas? If yes, can you please provide an explanation of the safeguards in place?

Answer:

We have made it clear that the United States will only work with a PA government that unambiguously and explicitly accepts the Quartet's principles: a commitment to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the Roadmap. The U.S. Government provides all bilateral program assistance for Gaza through international organizations, U.S. non-governmental organizations, and local vetted organizations. All USAID local sub-grantees are vetted to ensure that there are no terrorist connections.

Before making an award of either a contract or a grant to a local NGO, USAID checks the organization against lists maintained by the Office of Foreign Assets Control (OFAC) within the U.S. Department of Treasury. The USAID Mission checks these

organizations and the organization's principal officer, directors and other key individuals through law enforcement and intelligence community systems available to USAID's Office of Security. All NGOs applying for grants from USAID are required to certify, before award of the grant will be made, that they do not provide material support to terrorists.

Additionally, USAID's Inspector General annually audits all direct grantees, contractors and significant sub-grantees, and sub-contractors' local costs are subject to regular GAO audits. Finally, in order to safeguard U.S. investment and to ensure the funding is used only for agreed upon purposes, all grant recipients, contractors, and subcontractors are required to submit financial reports to USAID on how funds are spent.

Question:

The United States has spent hundreds of millions of dollars on Palestinian projects and provided many hundreds of millions directly to the PA government over the past decade. How do you judge the success of these efforts? What have they achieved? What metrics should we use to evaluate which programs have been successful and which have not? Could you give us a few specific examples of successful projects?

Answer:

The United States is committed to achieving a two-state solution to the Israeli-Palestinian conflict as part of a comprehensive peace between Israel and all of its Arab neighbors. Our assistance, therefore, has short and long-term objectives. Building institutions necessary for a Palestinian state will take time, but even now Prime Minister Fayyad's government has made great strides in instituting reforms and establishing a transparent and accountable government that international donors and financial institutions, such as the World Bank and IMF, have recognized. As a testament to the international community's belief in the strength of the PA government's reforms, donors contributed more than $1.7 billion in 2008 in direct budget support. PM Fayyad proved to be a good steward of this assistance, paying down private sector arrears and lowering the need for donor support in 2009 by almost one-third. We need to continue our support of the PA in order to sustain the trajectory of positive progress, keeping the PA a viable and moderate alternative to violence and extremism.

Examples of how U.S. Economic Support Fund (ESF) assistance supports the emergence of an independent, democratic, and viable Palestinian state include USAID's funding of development priorities of the Palestinian Authority government, as identified in the Palestinian Reform and Development Plan (PRDP), such as health and humanitarian assistance projects that have helped build local capacity to deliver quality health services through trainings/workshops, national guidelines for clinical care, health education materials, construction or rehabilitation of more than 80 clinics, and other necessary inputs such as pharmaceuticals, medical supplies, and equipment. USAID democracy and governance programs have also advanced the rule of law and respect for human rights by supporting basic administrative training to more than 2,600 court administrators, judges, and lawyers; supported 460 civil society groups; and assisted

more than 120 local governments with the development of participatory planning processes and improvements to municipal facilities and infrastructure.

Question:

Can you specify how these funds will support economic development in the West Bank? How has U.S. assistance demonstrably helped the moderate Palestinians in the West Bank?

Answer:

Of the $400.4 million request for Economic Support Funds (ESF) in FY 2010, $95 million is specifically allocated to Economic Growth activities in Gaza and the West Bank. U.S. assistance will provide direct support to Palestinian enterprises that will generate employment and economic opportunities in domestic, regional and global markets. Trade facilitation and export enhancement programs will work with the Palestinian private sector along with Palestinian and Israeli government authorities to ease the existing restrictions on movement and access, while addressing legitimate Israeli security concerns, and increase access to domestic and international markets. Firm-level assistance in agriculture and other productive sectors of the economy will increase productivity and promote stronger commercial relationships between Palestinian firms and Israeli and other international partners. Support for financial institutions will encourage the provision of financial services to micro-, small- and medium-size enterprises to support the development of a sustainable Palestinian private sector.

Question:

Will any of these funds be used for direct assistance to the Palestinian Authority? If yes, what mechanisms are in place to ensure that this aid reaches its intended recipients? Are you confident in these mechanisms?

Answer:

The PA is facing a severe budget crisis that threatens its economic and political stability. $150 million of the 2010 budget request will be used as a direct transfer of budgetary assistance to the Palestinian Authority to pay down accumulated debt. The cash transfer will be done in the same manner as previous transfers and the PA will only be authorized to use these funds for purposes approved by the USG. As in the past, vetting of specific private sector creditors will be a prerequisite to disbursements of funds.

On May 21, 2009, the Regional Inspector General in Cairo released an audit report on USAID/West Bank and Gaza's March 2008 Cash Transfer of $150 million to the Palestinian Authority. The report included an unqualified, or "clean", audit opinion and noted full compliance with the terms of the agreement. This grant agreement was the largest single cash infusion to the Palestinian Authority in its history (since followed by a second $150 million transfer by USAID in October 2008) and the proceeds were used to

support the PA budget by servicing debt and specific purchases from commercial vendors.

Question:

How much specifically have the Arab states contributed to help the PA over the past few years? How much has actually been contributed for Gaza as opposed to how much was pledged at the Sharm el Sheikh conference from the Arab states? Why are they so reluctant to help?

Answer:

In 2008, Arab states provided the PA with almost $500 million in direct budget support. Saudi Arabia, the United Arab Emirates, Kuwait and Algeria were the largest donors to the PA. Saudi Arabia provided more than $230 million, making it the second largest national donor behind the United States ($300 million in CY 2008). So far in 2009, the PA has received approximately $75 million in direct budget transfers from Arab donors against a total anticipated need in 2009 of approximately $1.5 billion.

Arab states pledged more than $1.8 billion for Gaza recovery and reconstruction at the Sharm el-Sheikh donors' conference, with Saudi Arabia pledging more than half of the total funding. However, Arab governments have provided none of the pledged funds to date.

The United States is pursuing an aggressive strategy of outreach to Arab governments as part of our effort to achieve comprehensive regional peace, urging them to provide immediate budget support to the PA as a critical component in achieving a two-state solution to the Israeli-Palestinian conflict.

Committee on Foreign Affairs
Building Capacity to Protect U.S. National Security: The Fiscal Year 2010
International Affairs Budget
Wednesday, May 13, 2009

Questions for the Record

Response from The Honorable Jacob J. Lew, Deputy Sectary of State for Management and Resources

Rep Jim Costa:

Question:

I am very puzzled by the 38% cut in aid to a landlocked, blockaded country: Armenia. And, in the same budget we see a 20% increase in aid to Azerbaijan. As you know, the President's budget calls for $30 million in US aid to Armenia, which is down from $48 million in FY09. Can you please explain the reasoning behind these cuts?

Answer:

The United States has had a strong partnership with the Republic of Armenia since it became independent in 1991, and that close relationship is continuing in this Administration. Over the past 18 years, we have provided over $1.8 billion in assistance to Armenia, addressing humanitarian needs, promoting economic growth and fostering market reforms, building democratic institutions, and improving the functioning of the social sector. We have also built a collaborative relationship with Armenia's law enforcement and military structures over the years by providing training, equipment, and other assistance aimed at helping Armenia integrate into international organizations and participate in international peacekeeping missions. More recently, the Millennium Challenge Corporation has been providing infrastructure and other support aimed at reducing rural poverty in Armenia, under a five-year, $235 million Compact.

The Administration's $30 million FY 2010 request for Armenia under the Assistance for Europe, Eurasia and Central Asia (AEECA) account is $6 million (25 percent) above the previous Administration's $24 million FY 2009 budget request. As a result of subsequent Congressional action, the appropriated amount for FY 2009 – $48 million – doubled the Administration's request.

In comparison, the Administration's $22.1 million FY 2010 AEECA request for Azerbaijan is $2.6 million (13.5 percent) above the previous Administration's $19.5 million FY 2009 budget request. The final FY 2009 appropriation for Azerbaijan was $18.5 million, $1 million less than the Administration's request. Compared to the over $1.8 billion provided to Armenia since its 1991 independence, the United States has provided less than half that amount – about $753.3 million in assistance – to Azerbaijan during the FY 1992-FY 2007 timeframe.

Military assistance to Armenia and Azerbaijan, in light of the ongoing Nagorno-Karabakh conflict, is carefully considered and calibrated to ensure that it does not hamper ongoing efforts to negotiate a peaceful settlement between Armenia and Azerbaijan. Over the years, we have built a collaborative relationship with Armenia's military structures by providing training, equipment, and other aid aimed at developing Armenia's capacity to cooperate with NATO and participate in international peacekeeping missions.

The $3 million request for funding under the Foreign Military Financing (FMF) program for Armenia for FY 2010 is the same as the level directed by Congress for FY 2009. For Azerbaijan, the FMF level increased from $3 million in FY 2009 to $4 million in the FY 2010 request. This specific increase is linked to U.S. priorities in fighting terrorism, peacekeeping, and maritime security, including countering proliferation and drug trafficking on the Caspian Sea. The Administration believes that building up the capacity of Azerbaijan and other Caspian coastal states is important to prevent the transit of destabilizing items and to secure energy transit routes that are critical to U.S. national security interests.

Question:

As I told Secretary Clinton last month, I am very happy to see a new direction of our nation using more "smart power" around the globe, and I feel much of the President's proposed budget reflects this new direction. But where are our priorities around the globe? Obviously Afghanistan, Pakistan, and Iraq are high on the list, but where else can we exercise an effective smart power?

Answer:

To exercise our global leadership effectively, we need to harness all three Ds – diplomacy, development, and defense. In addition to the urgent challenges in Afghanistan, Pakistan, and Iraq, the United States faces a new array of transnational threats, including energy security, climate change, and disease. The United States must develop new forms of diplomatic engagement to combat these challenges through our ability to create and convene pragmatic and principled partnerships.

We are also revitalizing our historic alliances in Europe, Latin America, Africa and Asia, strengthening our bilateral ties with emerging regional leaders like Indonesia, Brazil, Turkey, Mexico, and India, and working to establish more constructive and candid relationships with China and Russia.

The United States is expanding our partnerships beyond traditional government-to-government efforts, working with women's groups, civil society, human rights activists around the world, and encouraging more people-to-people cooperation. These connections may be one of the great new tools that we have in our diplomacy. Development efforts are also playing a critical role in creating both goodwill among people and stronger partnerships with governments.

It is in America's interests to pursue these smart power policies. No country benefits more than the United States when there is greater security, democracy, and opportunity in the world. By relying on the right people, the right policies, strong partnerships, and sound principles, we can have a century of progress and prosperity led by the United States of America.

Question:

Could you explain how President Obama's new initiative on hunger and food security is reflected in this budget request, and how these figures compare to previous funding levels?

Answer:

The President announced at the G-20 Summit on April 2 that he will work with Congress to increase U.S. financial support for food security in poor countries, to more than $1 billion in FY 2010. The FY 2010 President's budget request provides approximately $1.36 billion in agricultural development assistance, more than double the FY 2009 request level. Excluding Afghanistan and Pakistan, the FY 2010 request provides over $1 billion in U.S. assistance for agricultural development in poor countries. A portion of these resources will support multilateral efforts to provide rapid assistance for farmers and the rural poor.

Target countries in West Africa were identified for FY 2009 Bridge Supplemental food security funding, including Ghana, Liberia, Mali, Nigeria and Senegal. In FY 2010 the list of targets was expanded to East and Southern Africa, the Western Hemisphere, and some countries in Asia. These target countries were chosen on the basis of a combination of a high prevalence of hungry people in need, reasonable prospects for expanded agricultural productivity; and the potential for that country to have a role, consistent with market principles, as a regional breadbasket.

The President has also asked that Secretary Clinton and the leadership of USAID develop a comprehensive food security initiative to be launched later this year. This initiative will build on the FY2010 budget request and include a whole-of-government approach that fully utilizes the strengths of U.S. agencies engaged in food security activities. We look forward to working with Congress to help shape the initiative.

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