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TESTIMONY BEFORE THE
SUBCOMMITTEE ON STATE, FOREIGN OPERATIONS
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
REGARDING THE FISCAL YEAR 2011 BUDGET REQUEST
APRIL 20, 2010**

I. INTRODUCTION/HAITI

Chairman Leahy, Ranking Member Gregg, Members of the Subcommittee, I am honored to join you here today in support of the President's Fiscal Year (FY) 2011 Foreign Operations Budget Request.

It has been less than four months since I was sworn in as Administrator for the U.S. Agency for International Development. As you know, just days after my swearing-in, the people of Haiti were struck by a tragedy of almost unimaginable proportions. The United States – and the American people – responded swiftly and aggressively to this unprecedented disaster – a response that reflected the leadership and compassion of our nation.

In the immediate aftermath of the earthquake in Haiti, President Obama designated me as the Unified Disaster Coordinator and charged our government with mounting a swift, aggressive and coordinated response. In that capacity, USAID coordinated the efforts of the Departments of State, Defense, Homeland Security, and Health and Human Services. We worked collaboratively with the Government of Haiti and a host of other governments, the United Nations, other international organizations, NGOs, the private sector, and with thousands of generous and concerned individuals. Together we have provided a comprehensive response to a complex disaster whose scope far exceeds any other that the Administration has faced internationally and one that requires a continued aggressive and unique approach.

Our unprecedented level of coordination in response to these challenges has shown results on the ground. With our partners, we launched the largest, and most successful international urban search-and-rescue effort ever – with more than 135 lives saved by over 40 countries' search and rescue teams in Haiti. In coordination with Haitian authorities, our military, the United Nations, and NGO colleagues, we created a fixed distribution network to surge food distribution to nearly 3 million people – the most robust urban food distribution in recent history. Within thirty minutes of landing on the ground, the U.S. military secured the airport, and in the hours that followed, rapidly expanded its capacity to well beyond pre-earthquake levels. The United States also helped to restore a critical sea port, thereby scaling up the delivery of essential goods and restoring commercial capacity. And our partners at the Department of Health and Human Services provided medical assistance that enabled an additional 30,000 patients to receive treatment.

Nevertheless, we all know that Haiti faces a long and steep road to recovery. Reconstruction will take time and will require the shared commitment and resources of our international partners, working in concert with the Government and the people of Haiti.

We are requesting a total of \$1.6 billion for the Department of State and USAID in supplemental funding for efforts in Haiti. Of that, approximately \$501 million will be used to reimburse USAID for the emergency humanitarian response already provided through International Disaster Assistance and Food for Peace Title II. Of the funding requested in the supplemental for reconstruction, \$749 million is requested for the Economic Support Fund to support Haiti's critical recovery and reconstruction needs, including rebuilding infrastructure, supporting health services, bolstering agriculture to contribute to food security, and strengthening governance and rule of law. Finally, we have requested an additional \$1.5 million for USAID's Office of the Inspector General to ensure greater oversight of these funds.

II. GUIDING PRINCIPLES AND OVERVIEW

Recovery in Haiti will continue to be a major focus for the foreseeable future. But we will not lose sight of the important work of strengthening USAID and helping other countries achieve their development goals. Investment in development has never been more strategically important than it is today. Even in the midst of difficult economic times domestically, helping nations to grow and prosper is not only the moral obligation of a great nation; it is also in our national interest. The investments we make today are a bulwark against current and future threats – both seen and unseen – and a down payment for future peace and prosperity around the world.

As Members of this Subcommittee know very well, development is an essential pillar of our foreign policy. As President Obama said in Oslo last December, “Security does not exist when people do not have access to enough food, or clean water, or the medicine and shelter they need to survive.” Building the capacity of countries to meet these basic needs – and in turn, increasing dignity and opportunity for their people – is what guides our work and the resources we put behind it.

While the scope and complexity of the world's challenges have grown – from the food crisis to the global financial crisis, terrorism to oppression, climate change to pandemics – we have never had the technology, tools and global imperative for action that we have today. Together with other government departments and agencies, USAID is examining our policies, resources, and capabilities to determine how best to achieve our development objectives through the Presidential Study Directive on U.S. Development Policy and the Quadrennial Diplomacy and Development Review. And already, we are moving to face these challenges, guided by the following important principles:

- Working in **partnership, not patronage** with the countries we serve;
- **Coordinating across U.S. agencies and among donors and partners** for maximum impact;

- Ensuring **strategic focus with targeted investments in** areas where we can have the greatest impact with **measurable results and accountability**;
- Embracing **innovation, science, technology and research** to improve our development cooperation; and
- Enhancing our **focus on women and girls**.

The FY 2011 budget request will support development priorities that contribute directly to our national security. Specifically, our request is focused on three priority areas:

- *Securing Critical Frontline States* – \$7.7 billion in State and USAID assistance will support U.S. development efforts in Afghanistan, Pakistan, and Iraq.
- *Meeting Urgent Global Challenges* – \$14.6 billion in State and USAID assistance will support local and global solutions to national and transnational problems, including global health, food security, poverty, disasters, and threats of further instability from climate change and rapid population growth.
- *Enhancing Aid Effectiveness and Sustainability* – \$1.7 billion will support the ongoing rebuilding of USAID personnel and infrastructure.

III. SECURING CRITICAL FRONTLINE STATES: AFGHANISTAN, PAKISTAN, AND IRAQ

By far the largest component of our requested budget increase is dedicated to the critical states of Afghanistan, Pakistan and Iraq. We have made some progress in each of these countries, but we realize that significant challenges remain.

Over the past several years, our focus in **Afghanistan** has been achieving greater stability and security. Working within a fully integrated civilian-military plan, our goal is to create space for economic investment and to lay the foundation for a more representative, responsible and responsive government. We believe these investments are key to providing sustainable security and stability in Afghanistan.

We are gradually delivering more of our resources through public and private Afghan institutions and these efforts have been successful so far. We are performing careful and diligent oversight and directing resources to local institutions and partners who perform well.

We are beginning to see major improvements in the Afghan health care system. In 2002, just eight percent of the population had access to some form of health care, but by 2009, that number had increased to 84 percent.

We have also made significant strides in education. Under the Taliban, only 900,000 boys and no girls were officially enrolled in schools. As of 2009, more than six million children were enrolled, 35 percent of whom are girls. One of our biggest economic accomplishments in Afghanistan has been to begin to rejuvenate the agricultural industry. In November of last year,

with USAID support, Afghan provincial farmer associations sent to India the first shipment of what is expected to be more than 3,000,000 kilograms of apples this season.

USAID has also been active in developing a coordinated Afghan energy policy, and helped advance new electricity generation capacity and provide 24-hour power for the first time in cities including Kabul, Lashkar Gah, and Kandahar City. With additional resources, we expect a half million people will benefit from improved transportation infrastructure.

In **Pakistan**, our request supports ongoing efforts to combat extremism, promote economic development, strengthen democratic institutions, and build a long-term relationship with the Pakistani people. We are focusing on programs that help demonstrate the capacity of local civilian governance to meet the Pakistani people's needs, and channeling assistance to less-stable areas to rebuild communities and support the Government of Pakistan's counterinsurgency efforts.

USAID and our partners in Pakistan have made progress in several areas. In 2009, we expanded educational opportunities, rebuilt schools and increased support for higher education. We trained 10,852 health care providers, 82 percent of whom were women, and provided essential care to nearly 400,000 newborns. Over the life of our program, we have helped treat 934,000 children for pneumonia, 1.6 million cases of child diarrhea, and provided DPT vaccines to 731,500 babies through training programs for health care workers.

We have also focused on generating economic opportunities for the people of Pakistan, contributing to the country's stability. USAID programs generated more than 700,000 employment opportunities in 2009, including training more than 10,000 women in modern agricultural techniques.

The funding increase in FY 2011 for Pakistan will help USAID reach approximately 60,000 more children with nutrition programs, increase enrollment in both primary and secondary schools by over one million learners, and support 500,000 rural households to improve agricultural production.

Finally, turning to **Iraq**, we have transitioned to a new phase in our civilian assistance relationship – shifting away from reconstruction toward the provision of assistance to bolster local capacity in line with Iraqi priorities. Indeed, we are working in partnership with the Government of Iraq whose investment in their own development matches or exceeds at least 50 percent of U.S. foreign assistance funds.

Specifically, USAID is promoting economic development, strengthening the agricultural sector, which is the largest employer of Iraqis after the Government of Iraq, and increasing the capacity of local and national government to provide essential services. For example, USAID is strengthening public administration, strategic planning and project management in critical Iraqi ministries by supporting 180 international post-graduate scholarships in programs related to public administration for Iraqis at universities in Cairo, Amman, and Beirut. The additional funding requested will also promote small and medium enterprise growth, strengthen the Iraqi

private banking sector and increase access to lending for entrepreneurs engaged in new market opportunities resulting from improved stability.

IV. MEETING URGENT GLOBAL CHALLENGES

In addition to supporting these critical frontline states, we are targeting investments to assist with urgent global challenges that – if unmet – can compromise the prosperity and stability of a region or nation.

First, **global health**, where we are requesting \$8.5 billion in State and USAID assistance. Our request supports President Obama’s Global Health Initiative, which builds on the President’s Emergency Plan for AIDS Relief (PEPFAR), launched by the Bush Administration, and other U.S. global health programs and will help our 80 partner countries strengthen health systems and sustainably improve health outcomes, particularly for women, children and newborns. This initiative will be carried out in collaboration with the Department of State and the Department of Health and Human Services to ensure our programs are complementary and leave behind sustainable health care systems that are host-country owned.

With additional funding, we will build on our strong record of success in HIV/AIDS, TB and malaria, and achieve results where progress has lagged, in areas such as obstetric care, newborn care and nutrition. The initiative will include a special focus on up to 20 countries where we will intensify efforts to ensure maximum learning about innovative approaches for working with governments and partners, accelerating impact and increasing the efficiency and effectiveness of U.S. government investments.

Second, to support global **food security**, we propose investing \$1.2 billion for food security and agricultural programs, in addition to the \$200 million set aside for nutrition programs that support the goals of improved global health and food security. These funds are in addition to the emergency and non-emergency food assistance we provide. There is a strong link between security and hunger, made clear in 2008 when the global food price crisis led to a dramatic rise in food riots in more than 30 countries around the globe. With these additional funds, we will work in countries in Africa, Central America, and Asia to combat poverty and hunger. Our work will draw upon relevant expertise across the United States government to deliver the most effective programs possible.

Our third principal challenge is **climate change**. We propose to invest \$646 million in our programs, part of the Administration’s overall request of \$1.4 billion to support climate change assistance. USAID will support implementation of adaptation and sustainable landscape investments, as well as low-carbon development strategies, market-based approaches to sustainable energy sector reform and emission reductions, capacity-building and technologies to enhance adaptation and local resilience to climate change in partner countries. We plan to expand renewable energy programs in the Philippines, improving electric distribution systems in Southern Africa, and support high-level bilateral climate change partnerships with major economies like India and Indonesia.

Finally, we remain focused on **humanitarian assistance**, including emergency and non-emergency food aid, where USAID and the Department of State propose to use \$4.2 billion. The tragedy in Haiti brings clarity to both the critical need for America's leadership on humanitarian assistance and the strong support from the American people that such efforts enjoy. This funding allows us to assist internally displaced persons, refugees, and victims of armed conflict and natural disasters worldwide.

With the combined investments proposed in global health, food security, climate change and humanitarian assistance, we will build the capacity of countries to save lives and, through economic growth, help make people less vulnerable to poverty and the threat of instability that extreme poverty can represent. In so doing, we honor our basic values, strengthen our national security and promote our national interests.

VI. ENHANCING AID EFFECTIVENESS AND SUSTAINABILITY

All of the priorities I have outlined require well-trained personnel and robust infrastructure. We must treat development as a discipline. This requires strong capacities in evaluation, planning, resource management, and research to ensure we are incorporating best practices. At the same time, we must be able to recruit, hire and retain best in class development professionals.

As we build our workforce, we must reclaim the Agency's historical leadership in science and technology. We must also strengthen USAID's capacities to identify, implement, and rigorously evaluate new and existing approaches that reward efficiency, effectiveness, and sustainability. We must have the capacity to analyze, plan, and invest strategically for the long term. And most important, we must stay relentlessly focused on results – which means establishing baseline data, measuring progress, being transparent about both our successes and our failures - learning from both and improving our approach as we go forward.

Our Fiscal Year 2011 budget request represents a vital investment in our human resources, and I want to thank the Committee for its foresight and support for the Development Leadership Initiative. The additional resources requested will allow us to bring on 200 new Foreign Service Officers, furthering our goal of doubling the size of our Foreign Service Corps. Fields of particular focus are education officers, economists, agriculturalists, stabilization, governance and reconstruction officers, global health officers and evaluation experts.

This long-term investment in human resources is critical to help fill a shortage of experienced middle- and senior-level technical experts and managers. Equally important, by reducing our reliance on contractors to design and evaluate programs, we will not only save taxpayer dollars but also enable greater oversight and more effective program implementation.

Through these critical investments, we can achieve the development goals we have set around the world and restore USAID's standing as the world's premiere development agency.

VI. CONCLUSION

Our objective each day is to seek out these best practices, learn from them, and adapt them to everything we do. We are committed to transparency in both our successes and our failures – viewing both as opportunities to learn and improve.

I know this is a time of great economic strain for so many Americans. For every dollar we invest, we must show results. That is why this budget supports programs vital to our national interests. The United States must be able to exercise global leadership to respond to crosscurrents of a complex world. This requires the effective use of all instruments of our national security – including development. We agree strongly with President Obama and Secretary Clinton’s vision of embracing development as indispensable to American foreign policy and national security.

It is through this relentless dedication to results that we do justice to our motto, “from the American people.” We do this not just by extending a helping hand, but by sharing the hopefulness of the American dream in places where hope remains shrouded by poverty, oppression and despair.

In many cases, the balance between a future filled with fear and a future filled with hope is fragile. Every day, USAID tips the scale toward hope and opportunity.

Thank you very much.