

Testimony of Alonzo Fulgham Acting Administrator, U.S. Agency for International Development

Fiscal Year (FY) 2010 Foreign Operations Budget Request

**Before the Appropriations Committee
Subcommittee on State, Foreign Operations, and Related Programs
U.S. House of Representatives
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Madam Chair, Ranking Member Granger, and Members of the Subcommittee, thank you for this opportunity to appear before the Committee today in support of the President's Fiscal Year (FY) 2010 Foreign Operations Budget Request and to discuss the important role the United States Agency for International Development (USAID) will play in advancing our nation's foreign assistance priorities.

I would like to begin my testimony by thanking you for the help and support you have given USAID during the past few years. Your support has been critical to our Agency's efforts to begin to rebuild and regain development leadership in the global arena.

I am a career public servant, and a Senior Foreign Service Officer with over 20 years of experience serving my country at home and abroad. It is my honor to represent the Administration in presenting the FY 2010 Foreign Operations Budget Request. I also proudly represent the more than 7,000 USAID employees, including about 1,300 Foreign Service Officers and 4,000 Foreign Nationals, who serve USAID with honor, often under very trying circumstances, in Afghanistan, Pakistan, Iraq, Sudan, and throughout the developing world.

I also take this opportunity to recognize Secretary Clinton and her leadership team in the Department of State for their engagement with and dedication to development and USAID. From her second day on the job when she came to USAID headquarters to address our staff, the Secretary has made clear her commitment to see development properly established as the third pillar of U.S. foreign policy, alongside diplomacy and defense.

Madam Chair, I would like to make some brief remarks today on the commitment of this Administration to strengthen USAID as it is reflected in the FY 2010 Budget Request. I will then speak on the role USAID will play to support a number of Presidential foreign affairs budget priorities. Finally, I will highlight a number of Agency programs which may be of particular interest to members of this committee, before I respectfully take your questions.

The FY 2010 Budget Request

During his presidential campaign, President Obama made clear his commitment to development assistance, which he viewed as one of the nation's "best investments in increasing the common security of the entire world" and said it would play a critical role in his administration.

What was needed was a new symmetry in this nation's foreign policy: an enhanced role for -civilian engagement, including development and diplomacy, and greater strategic coherence in using all the instruments of American power.

Madam Chair, the President's FY 2010 Budget Request represents a robust commitment to international development, as well as a significant down payment for a revitalized USAID.

The FY 2010 Budget Request for foreign operations is \$36.7 billion (including food aid). This request puts the U.S. Government on the path to double U.S. foreign assistance by 2015 and double the

number of USAID Foreign Service Officers over the next several years.

A centerpiece of the FY 2010 Budget Request is a significant increase in funding for civilian assistance programs in Afghanistan and Pakistan. Madam Chair at a recent dinner hosting the presidents of those two countries which both you and Ranking Member Granger attended, Vice President Biden commented on how the respective national securities of the United States, Afghanistan and Pakistan are now linked in a way that makes cooperation and success imperative in our efforts against terrorism and extremism. We at USAID realize that our name has been called to step forward, staff up and perform in civilian counter-insurgency, transition and development activities in Afghanistan and Pakistan.

I can assure you that the Agency I lead is prepared to fulfill the tasks it is being charged to undertake. It is energized by this Administration's commitment to a robust development agenda as demonstrated in the FY 2010 Budget Request.

Strengthening USAID

As I stated previously, we appreciate the Congress' continued support for USAID. Indeed, if USAID is to effectively perform in the critical role it is being called to play, we will need your continued commitment to rebuild the Agency's personnel and expertise.

Through the Development Leadership Initiative (DLI), USAID is adding sorely needed talent to our ranks, which will serve this country and provide development benefits for the world for decades to come. With the continued support of Congress, we will be able to regain the technical leadership on development issues which has been a hallmark of USAID since the 1960s. We will improve the balance between those functions performed by our staff and those services appropriately provided by contractors. You will see more USAID personnel engaging directly and productively with our recipient country officials, institutions and communities.

As members of this subcommittee well understand, development is often difficult, halting and uncertain. It is our work to encourage and support good governance, broad-based economic growth, improved health, better education and modern natural resource management in developing countries. USAID responds to disasters, pandemics and post-conflict situations. And though our interventions may not always succeed, I believe our Agency's historic achievements -from investments in microfinance, nutrition, agricultural research, family planning, education and legal reform -- should make the American people proud.

Many commentators speak of rebuilding USAID because of what it lacks and yes, we do have many needs. But we in USAID believe that the rebuilding of our Agency rests on a strong foundation of career public servants, many of whom endure considerable sacrifice every day to carry out the Agency's mission. The DLI not only provides the next generation of international development professionals, it also provides our current leaders and managers with the resources to enhance our engagement and build upon achievements at the local and international levels.

With the DLI, the Agency will be able to address critical staffing needs throughout our technical and management areas. For example, we are increasing the number of officers in Program/Project Development, Economic Growth, Health, Education, Engineering and Crisis Stabilization.

We are also hiring additional Regional Legal Advisors, Controllers and Contract Officers to better manage and account for the resources that Congress appropriates to the Agency. The men and women of USAID are mindful of the economic difficulties we face here at home and grateful for the support of the American people. As such, we are determined to be the very best stewards of the taxpayers' dollars.

As the members of this Committee know, diversity is central to the strength of any organization and is a high priority of the Obama Administration. Our Agency is serious about minority recruitment, retention, and promotion, and we are making special efforts to reach out across the country, including to Minority Serving Institutions, to promote the exciting opportunities for service with USAID. I am pleased to report that we have made good progress in this regard, and will continue to intensify our efforts. By way of example, of the five classes of DLI admitted to the Agency so far, minorities represent approximately 32 percent of the incoming Foreign Service Officers.

Sitting behind me, Madam Chair, is a mixture of my colleagues at USAID, new hires along side those

with decades of experience. The employees of USAID are energized to undertake the achievement of development objectives which will be necessary to support U.S. foreign policy. The Agency is on track to fill its share of development expert positions related to the civilian surge in Afghanistan.

Thanks to strong support from the Congress, USAID will add an additional 300 Foreign Service Officers to its total workforce with resources provided by the FY 2009 Omnibus appropriation. In addition, the President's FY 2010 request includes funding for 350 new Foreign Service Officers under the DLI.

This effort to rebuild our Foreign Service staff remains USAID's highest priority. With careful and strategic planning, and the continued support of Congress, we will be the USAID that our nation and the world require.

Presidential Development Priorities

In FY 2010, USAID will take the lead in implementing a number of Administration development priorities:

1. Basic Education
2. Global Health Initiative
3. Food Security
4. Climate Change
5. Rapid Response Fund

Basic Education

The FY 2010 request for basic education is \$981 million and will ensure that the United States remains a global leader in efforts to assist all girls and boys to access quality basic education. This budget request represents a more than 50 percent increase over last year's requested level. It will permit USAID to scale up and expand the realization of access, quality and positive educational results for millions of underserved children around the world. Importantly, it builds upon the vision and commitment to basic education that has been a hallmark of this subcommittee for the past several years.

Our basic education programs include the following components:

- Adequate access for at-risk children and out-of-school youth: our efforts to achieve universal basic education must reach all children, particularly those who are most likely to be out of school. This component includes children in conflict or disaster areas; children with disabilities; indigenous or minority ethnic groups; and girls, who currently account for a majority of children who lack access to education.
- Quality education: We must ensure that every child has access to a quality education, and is in an environment that is conducive to learning. Achieving quality basic education will require adequate resources, including a trained teacher workforce, relevant educational materials, improved tools to measure learning outcomes and a safe learning environment.
- Accountability: With our increased investment, we must also increase coordination across agencies, donors and other partners, so that we are complementing, not duplicating, other efforts. USAID will play a strong coordinating role to facilitate cooperation among sister agencies and our other partners so that we continue to make progress toward quality universal basic education.

Global Health Initiative

The President's Global Health Initiative requests \$7.6 billion in FY 2010 in the Global Health and Child Survival (USAID and State) account as part of a total effort of \$63 billion over six years to undertake a new, comprehensive and integrated approach to global health. The Global Health Initiative has five principal components:

- It will integrate global health programming while retaining U.S. leadership in confronting HIV/AIDS, TB and malaria by leveraging the effective interventions of State, USAID and other agencies.
- With increased investments, USAID will scale up efforts to reduce the mortality rates of

- children under five and mothers, and avert unintended pregnancies.
- It will seek to eliminate several neglected tropical diseases.

It will strengthen health service delivery systems in developing countries

It will coordinate programs and partners to achieve greater efficiency in the deployment and use of health resources.

This is a significant investment by the President to focus on global health problems and is a substantial component of his doubling of foreign assistance initiative.

Food Security

A permanent solution to food insecurity requires restoration of rapid and sustained agriculturally led economic growth that directly engages the world's poorest populations, approximately 20 percent of whom depend on agricultural labor for most or all of their household income and food consumption.

For this reason, the President announced at the G-20 summit that we are requesting a doubling of U.S. financial support for agricultural development in developing countries, to more than \$1 billion in FY 2010. This budget request for agriculture and food security is part of a multi-year effort to renew U.S. leadership in providing food security and to galvanize an international partnership to cut global hunger.

Agricultural development assistance will focus on three objectives:

- Increase productivity and rural incomes by modernizing developing country agriculture through:
 - Expanding development and use of modern technology, working in collaboration with U.S. land-grant universities and strengthened host country research institutions;
 - Boosting access to quality seeds, fertilizers, irrigation, and rural credit; Linking small producers to markets;
 - Strengthening agricultural value chains, including by organizing farmers, establishing warehouse receipt systems, increasing access to loans, reducing post-harvest losses, and connecting goods to local and regional markets;
 - Improving national and regional trade and transport corridors; and, Encouraging private investment in agricultural productivity and post-harvest activities
- Reduce the dependency on international food aid and draw the poorest into the growth process through social safety nets (e.g., jobs, education, health care)
- Build multilateral partnerships and leverage the strength of the private sector, non-governmental organizations, and our universities.

Climate Change

The FY 2010 budget requests \$579 million, an increase of \$309 million over the FY 2009 level of \$270 million, to support global climate change programs and to address climate change in developing countries. USAID programs will help make more adaptive and resilient those developing countries most vulnerable to the impact of climate change. This request includes funding for clean energy activities that will reduce greenhouse gas emissions as well as the deployment of tools for earth observation and geospatial information hubs and early warning systems.

USAID's Global Climate Change Program signals the Obama Administration's efforts to partner on this issue with the global community. The program will support the UN Framework Convention negotiations and addresses each of the priority areas for developing countries as part of those negotiations under the Bali Action Plan.

Rapid Response Fund

The \$76 million Rapid Response Fund (RRF) will serve as a flexible way for the United States Government to respond quickly to unforeseen opportunities in its efforts to help shore up fragile democracies. This will enhance our ability to respond to unbudgeted but critical "windows of opportunity."

As conceived, the RRF will leverage all rapid response tools available in USAID's development kit as well as those of other federal departments and agencies with proven rapid response mechanisms. It will be activated after reviewing data from early warning analyses and other monitoring mechanisms, as part of a broad interagency analysis, or according to assessments made by Posts and geographic bureaus. Its implementation is modeled after USAID's Disaster Assistance Response Team (DART) concept, a flexible and rapid tool used by USAID to respond to humanitarian crises worldwide.

The RRF will be administered by USAID, and the USAID Administrator will direct its use to assure the greatest impact and quickest implementation. State and USAID bureaus, and other U.S. Government agencies, will be included in its use.

Other Issues

Before I conclude, let me address some issues which may be of particular concern to members.

Afghanistan: On March 27, President Obama stated that the "core goal of the U.S. must be to disrupt, dismantle, and defeat al Qaeda and its safe havens in Pakistan, and to prevent their return to Pakistan or Afghanistan." This goal cannot be achieved by military means alone. Increased assistance to Afghanistan in FY2010 will help Afghans improve governance, stimulate licit economic growth through agriculture and alternative development programs, enhance the rule of law, and help stabilize communities through short-term job creation programs. Importantly, our assistance will be implemented by a significantly expanded team of civilian experts from across the U.S. government, including USAID.

Pakistan: To meet our foreign policy objectives in Pakistan, USAID assistance is aimed at restoring government writ and security to areas under Taliban control, stabilizing the national economy, moving development efforts forward, and strengthening national and local governance. The President's FY2010 budget request includes funding that will help Pakistan to reinforce democratic values and institutions, enhance the rule of law, meet the people's health and education needs; promote broad-based economic growth; and deliver humanitarian assistance to conflict-affected populations. As in Afghanistan, USAID will also increase its civilian presence on the ground.

Iraq: FY 2010 will be a critical time for Iraq, where our assistance request will help us transition from a focus on the military towards capacity building and efforts spearheaded by civilians. Funds are requested to help strengthen Iraq's democracy, build capacity in Iraqi institutions, help millions of displaced Iraqis reintegrate into their communities, promote economic growth and diversification, and improve security. Importantly, USAID will continue the matching policy submitted to the Congress this Spring, whereby the Government of Iraq matches our contributions by a ratio of 1 to 1.

Haiti: A top USAID priority in the Caribbean region is to support Haiti in all sectors, bilaterally and through multinational cooperation, with a goal that nurtures Haiti's fragile democracy and helps protect and strengthen its environment so that it can safely mitigate natural disasters. In addition, U.S. assistance provides capacity building in municipal governments and communities to improve fiscal accountability, modernize infrastructure and ensure safe, healthy and viable communities.

Sudan: The recent expulsions of international NGOs by the Government of Sudan (GOS) have severely constrained the ability of the international community to continue life-saving humanitarian assistance to Darfur and other special areas of concern. Discussions with the GOS on the resumption of this assistance are ongoing and as of today, appear to be headed to a positive outcome. For FY 2010, the humanitarian needs of the internally displaced persons camps and other vulnerable populations throughout the country are projected to remain very high. USAID provides emergency health services, water and sanitation, nutrition, hygiene and shelter. Recovery needs in Southern Sudan also remain massive. USAID is supporting increased stability, tangible benefits of peace and improved governance. Practically speaking, this means peaceful and credible elections, improved infrastructure and conflict management activities.

West Bank and Gaza: USAID assistance is designed to help foster the conditions in which a Palestinian state can be realized and a two-state solution to the Israeli-Palestinian conflict can be advanced. We will continue our response to humanitarian needs - all the while taking requisite precautions that no U.S. foreign assistance falls into terrorist hands.

Humanitarian Assistance: The FY 2010 request of \$880 million for International Disaster Assistance includes \$300 million for emergency food security and \$580 million for disaster response activities.

USAID cannot forecast all of the coming year's disasters and so the possibility of a requirement for supplemental funding in the case of a major unanticipated emergency cannot be ruled out. However, the FY 2010 budget reflects increases in Humanitarian Assistance contingency funding and Disaster readiness funding and begins a practice of more realistic funding requests.

Madam Chairwoman, this concludes my testimony. Once again, I thank you for this opportunity to brief the Subcommittee. Our Agency stands committed to working with you in the months and years ahead as we achieve our shared agenda on behalf of the American people and those we serve throughout the developing world. I am pleased to answer any questions you or your Committee may have.

Thank you.