

**U.S. ASSISTANCE TO AFRICA:
A CALL FOR FOREIGN AID REFORM**

HEARING
BEFORE THE
SUBCOMMITTEE ON AFRICA AND GLOBAL HEALTH
OF THE
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U.S. ASSISTANCE TO AFRICA: A CALL FOR FOREIGN AID REFORM

THURSDAY, APRIL 23, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON AFRICA AND GLOBAL HEALTH,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 12:07 p.m. in room 2172, Rayburn House Office Building, Hon. Donald M. Payne (chairman of the subcommittee) presiding.

Ms. WATSON [presiding]. The committee has officially come to order. Congressman Flake, would you like to make an opening statement? All right, then I will make mine.

This is a very important hearing that the chairman has chosen to hold at this time, and this hearing is concerning United States assistance in Africa, and in regards to global health. As a nation, we are at a critical crossroads. The current economic crisis has highlighted the need for measure effectiveness of every dollar that the government spends. The American people now demand a more transparent government, and one that works well on behalf of the people.

Even through the eyes of the government, and even though they have turned inward in the past few months, we must remember that economic changes in the United States have repercussions around the world. Africa is in need of aid now, as much as ever. Malaria, HIV ravaged the continent, leaving many adults unable to be productive members of society. The number of orphans in many African nations is also on the rise.

The demographics of the nation are shifting as well. Unlike developed nations—we have been able to somewhat control our HIV and AIDS epidemic—African nations are prominently and predominantly populated by the elderly, who are taking care of the orphaned youth. The most productive age group, the young adults, have been victims of HIV and AIDS. The effect of global climate change is beginning to show.

The fertile lines at the base of Mount Kilimanjaro for years have been home to the coffee growers of Tanzania. However, the recent shifts in temperature patterns have caused drought in this area for also the last few years. The farmers that inhabit this region, who were the breadbasket of the nation and of the region, now require food assistance just to stay alive. Many are turning to hunting and deforestation for income, which further exacerbates the situation.

Global disease patterns are changing as well, and as temperatures rise in the flatlands, malaria-carrying mosquitoes are moving

higher into the mountains. Populations traditionally not at risk for malaria are now being exposed. These changes are occurring as we are trying to confront the problems that Africa faces today, and has faced for many years. Infrastructure has been lacking in many parts of the continent.

There are no roads or health clinics, and very little access to quality education. Urban populations, predominantly living in slums, are facing a dual burden of disease and chronic diseases, and political strife, still plaguing many of the nations on the continent. Many different government agencies, USAID, DoD, and the Millennium Challenge Corporation, are working to alleviate some of the problems on the continent.

Each of these groups performs a vital task, but their efforts are disjointed. Perhaps it is time for the United States to resume a leadership role and provide an overall vision for the humanitarian assistance community. So we are very pleased to have Mr. Gast here today.

Okay, Mr. Boozman, do you have any opening remarks?

Mr. BOOZMAN. No, ma'am, just that I am excited to hear the testimony. Thank you very much.

Ms. WATSON. Thank you.

I ask for unanimous consent that the ranking member's full statement be included in the record.

Now, we are going to have two panels this morning, one with our representative from the administration and a second panel comprised of private witnesses. Our administration witness is Mr. Earl Gast, senior deputy assistant administrator for Africa of the United States Agency for International Development. Mr. Gast has served as USAID's senior deputy assistant administrator for Africa since April 2008.

He is responsible for overseeing operations in the Bureau's offices of Sudan Programs, East African Affairs, Administrative Services and Development Planning. This 15-year USAID veteran has received numerous awards and commendations for his dedicated service. Most notably, he received the agency's Award for Heroism in 2004, and in 2003, the Distinguished Unit Award for his work in Iraq. Prior to his appointment to the Africa Bureau, Mr. Gast has served as USAID Regional Mission Director for Ukraine, for Belarus, for Moldova, and as a USAID representative to the U.N. agencies in Rome in 2004.

Mr. Gast began his career with USAID in 1990 as a Project Development Officer for USAID Philippines, where he led designs of major United States assistance projects, including large infrastructure programs in Mindanao. Mr. Gast received a master's degree in political science and Middle East studies in 1987 from George Washington University. He graduated summa cum laude from the University of Maryland in 1984 with a bachelor's degree in history and criminal law.

He speaks Russian and Arabic in addition to his native English. So we want to thank you very much for your service. We commend you for the work you have done in the past. We look forward to the work you will be doing in the future, and we would like you to proceed at this time with your testimony.

STATEMENT OF MR. EARL GAST, SENIOR DEPUTY ASSISTANT ADMINISTRATOR, BUREAU FOR AFRICA, UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Mr. GAST. Thank you, Congresswoman. You know my history better than I do. And thank you, Ranking Member Smith for your comments. It is really a pleasure and an honor to be here before this subcommittee, and I hope that in the future we have a chance to interact more with the members and also the staff about USAID programs and development issues in Africa. I will make a brief oral statement, and we have also submitted a written statement for the record.

The last 10 years, I have seen an unprecedented flow of U.S. Government assistance in Africa, in an attempt to help Africa emerge from poverty. USAID's budget alone for Africa has more than quadrupled from 2000 to 2008. Last year, our assistance level was nearly \$5.5 billion. The benefits of this investment are being felt by millions of Africans all across the continent, but as you correctly point out, very real challenges remain.

Today, I want to talk to you about what our assistance programs in Africa are doing, what we have accomplished, and what we see as some of the major challenges as we move ahead. Wars in Angola, Burundi, the Democratic Republic of Congo, Liberia, Sierra Leone and Uganda and southern Sudan, have ended or have dramatically abated. At the same time, the tragedy in Darfur has escalated, unrest has wracked Kenya, Somalia remains ungoverned, and economic mismanagement and political suppression have brought Zimbabwe to the brink of collapse. But there are signs of positive change.

Across the continent, child mortality has fallen 14 percent since 1990, Africa's gross domestic product has grown, on average, 5 percent since 2005. We believe we are making a difference, but again, much remains to be done. Let me point out a few quick examples of the impact of our assistance. Exports to the United States through AGOA, the African Growth and Opportunity Act, have increased eight-fold since it began in 2000.

USAID has put a lot of emphasis on building public-private partnerships in order to leverage private funding. In Africa, we have been successful. We have 270 partnerships, and with our \$420 million that we have put up, we have received a five-fold match from private sector organizations. Our education programs have benefitted over 61 million students, teachers, education administrators and community members across 40 countries, and girls' participation in education has increased an average of 25 percent over the past 10 years.

Ranking Member Smith, you brought up the issue of PEPFAR. USAID, in partnership with other United States agencies implementing PEPFAR, have helped to put nearly 1.7 million Africans on treatment. Since its inception, the President's Malaria Initiative has cut child deaths from malaria in Zambia by 30 percent, and the number of children infected with malaria by half in 2008. In Rwanda, severe malaria cases were significantly reduced by 64 percent at 19 health facilities in 2007.

Our vision for the future is to capitalize on these gains and strengthen our African partners so that we can face new challenges

jointly. We are committed to the principle of strengthening country ownership, and that means enabling countries to define and advance their own development agendas. Likewise, we are working to build more effective and inclusive partnerships among both Africans and other donors.

We work with and through African organizations such as the African Union, the Common Market for Eastern and Southern Africa (COMESA), the Economic Community of West African States (ECOWAS), and the Southern African Development Community (SADC) to increase the effectiveness of our assistance and to expand accountability for development results. At the same time, we recognize that there are ongoing and new challenges that must be addressed to sustain and expand these achievements. I will touch on a few of those.

In any society, productivity is inextricably tied to health. In Africa, people in their most productive years are often prevented from achieving their potential by acute and chronic illnesses, such as tuberculosis, HIV/AIDS, malaria and cholera. Keeping trained medical staff in those countries, improving the supply chain so that clinics are stocked, and addressing the acute weaknesses of health systems throughout Africa, are all urgent priorities for USAID and development agencies.

Despite gains, extreme poverty continues to plague the continent. Four in ten Africans, more than twice the developing world average, live on less than \$1 a day, and the 2008 rise in food prices worldwide further distressed the extremely poor African households. In order to lift people out of poverty, the gross domestic product for the continent must consistently exceed 5 percent. This was starting to happen.

Unfortunately, with the world economic recession, growth in Africa, according to the latest IMF report, is expected to grow only by 1.7 percent in 2009. Another challenge that you have pointed out is the proportion of youth. Right now it represents, people under the age of 15 represent, 50 percent of the population, and by using the current growth rate for the continent, the population is expected to more than double, reach 1.7 billion, by 2050.

So this rapid population growth will impede the ability of all sectors, agriculture, health, education, and certainly will impact on economic growth.

With the approaching demographic challenges, it is even more important that Africa have strong governance structures in place, and while in 2009 Africa is home to some promising examples of new democracies, it also contains some of the more disheartening glimpses of political stagnation, democratic backsliding, and state failure. I will just point out very briefly: The four recent coups in Equatorial Guinea, Mauritania, Guinea and Madagascar serve as examples.

There are some success stories, however. We are very pleased with the peaceful transition of power in Ghana and in Zambia. In Zimbabwe, we continue our efforts to promote a democratic transformation in the face of dire economic hardships. While the transition government between ZANU-PF and the MDC is now in place, it has had limited achievements, and there remain serious issues to be dealt with, including ongoing land seizures by the govern-

ment, the denial of due process, and a lack of progress on media restrictions and judicial reforms.

The U.S. Government strategy during the transition period over the next 2 years, leading up to what we hope will be free and fair and credible elections, will focus on targeted interventions that build upon our existing humanitarian programs. I want to state clearly before the subcommittee that we will not provide any assistance to Robert Mugabe or ZANU–PF members who have undermined Zimbabwe.

Liberia is a bright spot in Africa where we have seen an impressive transition from a war-torn society to a promising developing economy and society. President Johnson-Sirleaf's strong leadership in moving Liberia's economic and political progress forward, and in addressing key impediments to development, is to be commended. We are pleased to note that they have made sufficient progress on the MCC indicators to qualify as an MCC threshold country.

Finally, conflict remains a significant challenge that devastates the lives and livelihoods of the people, and can destabilize neighboring countries. Two countries in particular are heavily affected by conflict—Somalia and Sudan. In Somalia, we are supporting the current transitional Federal Government, and we believe that restoring the rule of law and effective governance is absolutely key to the region.

Sudan stands as another leading example of the human cost of conflict and instability. The signing of the Comprehensive Peace Agreement in 2005 created an incredible opportunity to advance Sudan on the road to a peaceful and just Sudan, but serious challenges remain to the implementation of the CPA. The conflict in Darfur remains dire, with more than 4.7 million persons displaced by the conflict, and some 2.7 million persons living in IDP camps.

We have witnessed the dramatic expansion of U.S. assistance over the past decade. I have given a few examples of how we have made a difference, but again, serious challenges remain. Thank you again for your time, and I welcome any questions you might have.

[The prepared statement of Mr. Gast follows:]

**Testimony by United States Agency for International Development
Acting Assistant Administrator for Africa Earl Gast
U.S. House Committee on Foreign Affairs
Subcommittee on Africa and Global Health
Chairman Donald Payne
April 23, 2009**

Good morning, Mr. Chairman, Ranking Member Smith, and Members of the Subcommittee. Thank you for the opportunity to testify on the road ahead for sub-Saharan Africa and how the U.S. Agency for International Development (USAID) is confronting challenges and promoting progress.

The last ten years have seen an unprecedented influx of U.S. Government assistance targeted at helping Africa help itself in an attempt to emerge from poverty. USAID's budget for Africa has quadrupled since 2000, reaching an estimated \$5.5 billion in FY 2008. The benefits of this investment are being felt by millions of Africans all across the continent, but the challenges remain stark.

Today I want to talk with you all about what our USAID programs in Africa have accomplished, and what we see are some of the challenges going forward. Wars in Angola, Burundi, the Democratic Republic of the Congo (DRC), Liberia, Sierra Leone, and Uganda, and southern Sudan have ended or dramatically abated. At the same time, the tragedy in Darfur has escalated, unrest has wracked Kenya, Somalia remains ungoverned, and economic mismanagement and political suppression have brought Zimbabwe to the brink of collapse.

But it is the positive signs that change may be coming that reinvigorate USAID and our development partners. Across the continent, child mortality has fallen 14 percent since 1990. Unfortunately, overall life expectancy has also fallen due to the effects of poverty, war, and disease. Africa's gross domestic product has grown an average of five percent since 2005, but the global economic crisis and food insecurity is undermining development and destabilizing nations.

Before I begin, I would like to thank you, Mr. Chairman, for your continued support and your travel to Africa to see the work we are doing on the ground. We were very concerned to learn about the attack on you and members of your delegation during this most recent trip.

Accomplishments

Our presence in Africa has made a difference. I would like to give you a few examples of what our programs have accomplished.

- Exports to the United States from Africa under the African Growth and Opportunity Act (AGOA) have increased eight-fold since the program began in 2000. USAID support has helped increase the participation of small and medium enterprises—especially woman-owned business—in AGOA trade.

- The African Global Competitiveness Initiative has enabled over \$635 million in new trade-related infrastructure investments continent-wide and trained over 3,775 Africans on how to do business with the United States.
- In 2007, the Initiative to End Hunger in Africa helped 195,000 African enterprises access business development services and facilitated access to \$40 million in credit.
- USAID has built 269 public-private alliances with 800 partners in Africa since 2001. Our \$420 million has leveraged \$2.1 billion in private money.
- USAID education programs have benefitted over 61 million students, teachers, education administrators and community members across 40 countries in sub-Saharan Africa. Africa-wide, girls' participation in education has increased an average of 25 percent over the past 10 years.
- When the U.S. President's Emergency Plan for AIDS Relief (PEPFAR) was announced in 2003, only 50,000 people living with HIV in all of sub-Saharan Africa were being treated for HIV/AIDS. By the end of FY 2008, USAID in partnership with other PEPFAR implementing agencies helped to treat over 2 million Africans with life-saving antiretroviral treatments.
- Mortality among children under five has fallen Africa-wide by 14 percent since 1990, from 187 per 1,000 live births in 1990 to 160 in 2006.

In short, USAID is wisely investing the American people's tax dollars in Africa and in return we are saving lives, building economies to create commerce and help people move out of poverty, and making the world more peaceful.

Vision

Our vision for the future is to capitalize on these gains and strengthen our African partners so that we can face new challenges jointly as they arise. We are committed to the principle of strengthening country ownership—enabling countries to define and advance their own development strategies. Likewise, we are working to build more effective and inclusive partnerships among both Africans and other donors. We work with and through African organizations such as the African Union, the Common Market for East and Southern Africa, and the Economic Community of West African States, and the Southern Africa Development Community. In this way, we will increase the effectiveness of our assistance, and expand accountability for development results, so that collectively we are able to alleviate poverty and expand stability and democracy on the continent. We are also committed to expanding our circle of partners to leverage even greater results. U.S. development policy in Africa ultimately strives to help Africans better their own lives, build their own nations, and transform their own futures.

Challenges

There are several critical challenges that we see in the coming years for Africa:

Health. In any society, productivity is inextricably tied to health. In Africa, people in their most productive years are often prevented from achieving their potential by acute and chronic illnesses such as tuberculosis, HIV/AIDS, malaria, and cholera. USAID interventions focus on increasing the availability, effectiveness, and access to quality health care, and on developing,

disseminating and advocating the adoption of state-of-the-art, Africa-appropriate approaches to health improvement in order to break this cycle of disease and preventable deaths amongst vulnerable populations, and strengthen the ability of individuals to contribute to sustained economic progress and overall well-being in their countries. Many of these interventions are conducted in partnership with other U.S. Government agencies through programs like PEPFAR, which use the unique strengths each agency brings to bear on these important and life-saving initiatives.

As new technologies have expanded the range of health care services available in Africa, including immunizations for children, drug treatment for people infected with HIV, new combination therapies to treat malaria and ready to use therapeutic foods to recuperate the malnourished, the need for a larger, well-trained, well-equipped work force in the sector has also expanded. Keeping up with that need, especially given the increasingly common choice of competent staff to emigrate to more developed countries and the movement of skilled staff to the ever growing private sector, poses a major challenge. While USAID continues our work to train new staff and upgrading pre-service curricula, we are also trying innovative programs such as health financing schemes to enable skilled workers to earn a better living, and the formation of new cadres of health workers with specific skills to increase efficiency.

As health care services are extended to populations in Africa living further and further away from urban areas, the challenge of maintaining an efficient supply chain for essential drugs and equipment grows accordingly. In Africa, this challenge is magnified by limitations on the technologies used to monitor stocks and flows of key commodities as well as the obstacles of poor road networks and the growing costs of transport. In response, USAID invests substantially in developing and supporting logistics systems to manage the flow of essential drugs and other commodities from procurement through delivery at the most peripheral health service delivery point, often the rural community itself.

Finally, the development of the physical health infrastructure, health centers and health posts, within reach of rural populations has not kept pace with the population growth. To bring health services to people living in areas without local health facilities, USAID has been testing and promoting community case management. By empowering and training community members to administer selected treatments, including antibiotics to counteract pneumonia and the new combination drug therapies to treat malaria, progress is being made to bring effective disease treatments to everyone, even those in the most remote geographical areas.

Poverty. Despite gains, extreme poverty continues to plague the continent. Four in ten Africans—more than twice the developing world average—live on less than \$1 a day, and the 2008 rise in food prices further distressed extremely poor African households, which spend up to 70 percent of their income on food. African gross domestic product (GDP) growth must consistently exceed 5 percent to increase per capita income by 2 percent. But Africa's economic growth dropped from a robust 6 percent in 2007, to a projected 1.7 percent in 2009—nearly 4 percent lower than was projected in just November of last year. And without steady economic progress, the number of Africans living in extreme poverty will continue to grow.

On a positive note, since 2000, Africa's economic growth has been increasingly diverse, boosted by sustained high prices of natural resources and increased prices for a number of agricultural commodities. The strong macroeconomic policy environment where governments have made sound policy choices that has been put into place over the past 15 years has also played a role in Africa's decade of strong GDP growth. But two economies—Nigeria (which is predominantly industrial) and South Africa (which is dominated by services)—represent more than half of the region's GDP. There remains widespread lack of access to safe drinking water and sanitation, roads are insufficiently developed, and more than half a billion people lack access to modern energy. While investment has significantly increased, it is still not enough. The business climate tends to work against investment in many countries, and the breadth and depth of financial systems remain weak—less than one in five African adults has access to formal sources of finance.

USAID works to help countries achieve rapid, sustained, and broad-based economic growth so they can reduce and eventually eliminate extreme poverty. Our programs aim to develop well-functioning markets by working with the drivers and enablers underlying economic growth to create the conditions for sustained increases in productivity, output, and incomes; enhance access to productive opportunities for the poor, women, and other disadvantaged groups to help ensure that they benefit from growth; and strengthen regional and international frameworks of policies, institutions, and public goods that support growth prospects and opportunities for poor countries.

Agriculture, like no other sector, can generate employment and income for poor people. This year, the U.S. response to the global food crisis, which builds on and expands the foundation laid by our Initiative to End Hunger in Africa, has undertaken urgent actions for fast-impact food production in key areas. These actions include national and regional efforts to make staple food markets work better, both to give the poor greater access to food and to stimulate private investment needed to sustain growth and build resilience to economic shocks.

USAID support for trade-led job creation through the Africa Global Competitiveness Initiative is being built on a strong agriculture sector to increase manufacturing and service sector jobs for urban youth. Regional integration and inter-regional connections in support of a continental African Economic Community will also provide economies of scale to increase trade at all levels.

Population. It is telling that nearly half of all Africans are less than 15 years old, and at the current 2.5 percent yearly growth, Africa's population will double to 1.7 billion by 2050. Eight countries will double their population even sooner – including Nigeria, Africa's largest country – in about three decades. This rapid population growth will impede the ability of all sectors—agriculture, health, education, economic growth—to keep pace with the growing numbers of people who need basic services.

The expanding population of youth will also have a tremendous impact on the education sector's ability to respond to their demand for a quality education. Teacher supply at the present rate cannot keep up with the Millennium Development Goal of universal access to primary education. It is estimated that Africa will need an additional 25 million new teachers over the next 15 years merely to maintain current class sizes. When combined with a high urban growth rate and land

and water scarcity, an uneducated youth population is a high risk for social and political unrest as well as economic fragility. We can make a difference in this area. USAID has helped raise contraceptive prevalence rates and lower total fertility rates: in Rwanda between 2005 and 2007 the contraceptive prevalence rate rose from 10% to 27% and in Madagascar between 1997 and 2007, the contraceptive prevalence rate CPR rose from 9.7% to 18.3%.

In addition to mitigating the impact of rapid population growth, the benefits of expanding access to family planning services could help women avoid poorly timed pregnancies that put their health and that of their children at risk. For example in Nigeria, according to a USAID-funded study, meeting the current demand for family planning by women would avert 19 thousand maternal deaths, 1 million child deaths, and 1.2 million abortions over 10 years. Not only is USAID the single largest donor to programs to help families extend the time between successive births, it is the strongest advocate with our donor and host country partners for voluntary family planning services.

Democracy. With the approaching demographic challenges it is even more important that Africa have strong governance structures in place. While Africa in 2009 is home to some of the most promising examples of new democracies in the world, it also contains some of the most disheartening glimpses of political stagnation, democratic backsliding, and state failure. According to Freedom House, democracy in Africa has declined for three years in a row. Recent *coups d'état* in Equatorial Guinea, Guinea, Mauritania, and Madagascar, post-election violence in Kenya, and the fragile transitional government in Zimbabwe highlight the challenges to strengthening democracy and governance on the continent. In addition, many countries that have held democratic elections are now closing or restricting the political space - particularly for civil society groups - such as Ethiopia and Uganda. Other countries, such as Nigeria which suffers from weak central control and corruption, or many West African countries being affected by narcotics trafficking, could easily become potential flashpoints if institutions of governance are not strengthened to address these challenges. There are some success stories, however. Recently, both Ghana and Zambia experienced peaceful elections leading to democratic transfers of power, Angola held its first successful parliamentary election in 16 years, and post-conflict societies from Liberia to southern Sudan to Burundi continued the painstaking work of rebuilding governance institutions without a return to widespread conflict.

The recent political unrest in several African countries is very troubling, in particular because these states were making progress towards democratic consolidation. Prior to the August 2008 coup in which the President was ousted from power by a group of military generals, Mauritania appeared to be making reasonable economic and political progress and was even under consideration for a Millennium Challenge Corporation Threshold Program. The death of President Conte and the subsequent assumption of power by the military in Guinea in December 2008, and the extra-constitutional assumption of power in Madagascar by Andry Rajoelina, the former mayor of the capital Antananarivo in March of this year are clear setbacks and illustrate the importance of programs to promote democratic consolidation and build institutions that can withstand and outlast changes in these politically charged environments.

Other circumstances remain more challenging. In Zimbabwe, we continue our efforts to promote a democratic transformation in the face of dire economic hardships. Southern Africa Development

Community-mediated negotiations held in the wake of an internationally criticized election last year resulted in a transition government between ZANU-PF and MDC this past February. It is too early to tell if this new arrangement will produce sustained changes for the benefit of the Zimbabwean people, but there have been some limited achievements including establishment of new monetary and fiscal policies, a decrease in politically motivated deaths and injuries, and the release on bail of the majority of political prisoners. But there remain serious issues to be dealt with, including ongoing land seizures, denial of due process, lack of a credible and transparent Reserve Bank team, and lack of progress on media restrictions and judicial reforms. The work of the reform-minded members of the transitional government is slowly leading to some fundamental changes that have the potential to improve the economic and political stability in the country for the benefit of all Zimbabweans. Our policy, therefore, is to carefully assess those changes in a calibrated way to best assist the reform-minded elements and isolate those working against the reform process. The U.S. Government has developed a new strategy to guide our efforts during the transition period leading up to what we hope will be free and fair elections, projected at 18-24 months from now. The strategy will focus on targeted interventions that build upon our current humanitarian assistance programs to provide enhanced support for food security and a social safety net and promote economic revitalization as appropriate. We are mindful of U.S. law and restrictions on assistance to Zimbabwe and will work in close concert with Congress as we move forward. We want to state clearly that we will not provide assistance to Robert Mugabe or ZANU-PF members who have undermined Zimbabwe's economic and political stability. We will also not provide direct budget assistance to the Government of Zimbabwe nor will we provide broad-based development assistance until we see substantial improvements in the governance and human rights areas.

Since the ouster of Charles Taylor in August of 2003, Liberia has made steady and remarkable progress with our and other donors' assistance. From a decade-long civil war to the democratic election for Africa's first female president, Ellen Johnson-Sirleaf in November of 2005, Liberia has made an impressive transition from a war-torn and strife-ridden society to a promising developing economy and society. President Johnson Sirleaf's strong leadership in moving Liberia's economic and political progress forward and addressing key impediments to development there is to be commended. Development assistance has evolved as Liberia has evolved from relief, resettlement and reintegration programs to a focus on health, education, economic growth and further democratic development. While peace and security challenges remain to be addressed, the balance has dramatically shifted, to the point where Liberia is now being considered for an MCC Threshold Program. Other USG assistance, to promote demobilization, disarmament and reintegration has also been vital to Liberia's peaceful progress. With strong governance practices in place, we know that our investments in Liberia's future can have a significant impact.

Conflict. In Africa, conflict remains a significant challenge and one that affects everything. Conflicts devastate the lives and livelihoods of the people living through them and destabilize neighboring countries and the region as a whole. Despite the tragic many examples of instability in Africa, the little-told story is actually one of hope and progress. Since a continental spike in violence in 1991, levels of conflict have gradually fallen; both the intensity and the frequency of conflicts today show evidence of decline. USAID, along with its interagency colleagues, has played an important role in mitigating conflict's impacts and assisting recovery, reconstruction,

and reconciliation in their wake. Our next challenge is to more aggressively work to prevent conflicts well before they start.

Since the fall of the Siad Barre regime in 1991, Somalis have been the victims of armed conflict resulting in catastrophic human suffering. USAID has been critical in supporting the current incarnation of the Transitional Federal Government which is being hailed as Somalia's best hope for government in 18 years. Our support to the Djibouti Peace Process has led to the expansion of Parliament to include members of the opposition group, the Alliance for the Re-liberation of Somalia, as well as members of civil society and the business community which in turn has led to the election of the former chairman of the Union of Islamic Courts, Sheikh Sharif Ahmed as President of Somalia. USAID support to the constitution drafting process in Somalia has also been critical in promoting dialogue in Somalia that is crucial to conflict resolution and lasting peace. You are all well aware of the scourge of piracy off the coast of Somalia. The recent attacks against ships carrying U.S. food aid for Somalia and other countries in the Horn of Africa, illustrate vividly the urgency to restoring the rule of law to Somalia.

While the U.S. is collaborating with international partners to address this problem on the water, the ultimate solution to instability and piracy lies in restoring a government and providing productive livelihoods for the people of Somalia. To this end, USAID has supported the Somali Youth Livelihoods Program which aims to provide skills training to unemployed youth as well as match job seeker skills with market needs.

Sudan stands as another leading example of the human cost of conflict and instability. The signing of the Comprehensive Peace Agreement (CPA) between North and South Sudan in 2005 created an incredible opportunity to advance Sudan on the road to democratic transformation, towards a peaceful and just Sudan where the tremendous diversity of Sudanese voices are heard. While significant milestones have been achieved in Sudan with USAID support including the standing up of the Government of Southern Sudan, promulgation of the Constitution and conduct of the first national census, there remain serious challenges to implementation of the CPA including delays in preparations for the national elections now scheduled for early 2010, and support for the implementation of the Abyei Agreement signed in 2008. The situation in Darfur remains dire, with more than 4.7 million people displaced by the conflict and 2.7 million living in internally displaced persons camps. Over the past six years, the USG has committed over \$3 billion in life-saving humanitarian assistance to the victims of this crisis, which has kept millions of Darfuris alive and provided much needed health care, shelter and access to water and sanitation. Unfortunately, a peaceful resolution of the situation in Darfur remains elusive. Recent actions by the Government of Sudan have further restricted the ability of the international community to continue this lifesaving assistance to Darfur and the Three Areas, and we are gravely concerned about the impact of these actions over the coming months. On March 18, President Obama appointed retired Major General Scott Gration as his Special Envoy for Sudan. Since then, the Envoy has traveled to Sudan and begun a new dialogue with the Government of Sudan intended to address our humanitarian concerns in Darfur, move forward a peace process that will be crucial to alleviating the humanitarian crisis there, as well and continue USG's long-standing commitment to the CPA.

I began this testimony by noting that we have witnessed a dramatic expansion of U.S. assistance to Africa over the past decade. I have tried to give just a few examples here of how the generosity of the American people has translated into real and sustainable change on the ground in numerous countries around the continent. I have also tried to convey a sense of the challenges that still remain, and how we at USAID are working to address these challenges in partnership with our African colleagues. When we act together to promote the development of stable, prosperous and democratic states in Africa, we make America safer as well. We take heart in the progress that has been achieved, and with your support we will continue to push forward and bolster those who seek to fulfill the highest aspirations of what Africa can achieve in the coming years.

Thank you, Mr. Chairman, Ranking Member Smith and members of the Subcommittee for your continued interest, and for the commitment you have illustrated to the African people.

I welcome any questions you might have for me.

Ms. WATSON. We want to thank you for what I consider a very comprehensive presentation. Just a few questions, and as you were talking about Zimbabwe and some of the troubles in that area, how are we coordinating with the African Union, and do they have the resources to be the overseers or the protectors in various states close to Zimbabwe, South Africa?

Mr. GAST. Sure. If a State colleague were here, I would defer to him or her, but let me say that we do have a very close relationship with the African Union, we do have a U.S. Mission to the African Union, and we do have an USAID development professional seconded. So, the African Union is stepping up and member states are stepping up in providing troops. More troops are needed, and more funding is needed to support the peacekeeping troops.

Ms. WATSON. I am concerned, as well as the chair and I know other members, about streamlining the policy and its approach, as we deal with Africa, and we have been looking at USAID and how to readjust that, and the U.S. Government's 2006 report to the OECD's Development Assistance Committee listed 26 Federal departments and agencies as implementers of official development assistance, and this fragmentation is kind of significant, and it shows the lack of an overreaching strategy that defines our global development priorities across all government agencies.

The most recent attempt to consolidate programs under a single authority, the State Department's Bureau of Foreign Assistance, has actually only consolidated responsibility for about half of all U.S. foreign assistance, and can you speak to the need to streamline United States assistance toward Africa through a defined, unified policy and goals?

Mr. GAST. I think this is the exception, and that is in the Africa Bureau, and when I say Africa Bureau, I am talking about USAID, the Africa Bureau over at NSC, and also the State Department, some 2 years ago came up with a National Security Policy Presidential Determination. I believe it came out in September 2008, and it represented the interagency, the main players in the interagency on development and diplomacy in foreign policy coming together and identifying collectively what the United States goals and objectives are for Africa.

We obviously have a new team in place. We have a very good team over at State, and I know that they are adding more political appointees over in the Africa Bureau over at State, and also in the NSC, and we have been having biweekly coordination meetings. Obviously, the priorities are readjusting our policies in Somalia and Sudan and Zimbabwe, but once we get beyond that, we have a commitment to get together and identify collectively what our policy objectives and goals are going to be for the continent, and USAID is a player in that.

Ms. WATSON. Thank you. I am going to go now to Mr. Smith for questioning.

Mr. SMITH. Thank you very much, Ambassador Watson, and Mr. Gast, thank you for your leadership over the course of many years, including in places like Kosovo, which obviously needs it, but especially for your work on Africa. As I mentioned in my opening statement, the New Partners Initiative was a very successful endeavor under the Bush administration to bring in new grantees for

PEPFAR funding and to promote sustainable programming by working with in-country NGOs, especially faith-based groups in Africa.

Does the new administration intend to continue this initiative with respect to HIV/AIDS funding, and are efforts being made to expand this initiative to all foreign assistance?

Mr. GAST. One foreign policy reform that wasn't mentioned, but was started in the last administration, supported in Congress and absolutely embraced by the new administration, and that is the build-up of USAID's human capacity. One of the things that we are doing is, over the next couple of years, more than doubling the number of foreign service officers in Africa, and we are involved in the planning session; we are coordinating with State and also the NSC on that.

What that will do is actually help us better tailor our programs to the local needs, to include identifying new partners. When we have a deficit of officers, we tend to use these large mechanisms, so to get to your point, which is, will smaller groups that have very targeted expertise be part of USAID's programs in the future? I anticipate that to be so.

Mr. SMITH. I would obviously strongly encourage it. I met with Archbishop Onaiyekan from Nigeria, and the Sultan of Sokoto was also traveling with him as part of Nigeria's Inter-religious Council, and heretofore, they have been largely excluded from government funding, global funding, but our hope is, my hope would be strong, because I find this all over Africa as I travel, these faith-based groups provide an enormous network of volunteers, hospitals, clinics, and they don't get the funding that would enable them to reach out to additional people. They actually are trying to mitigate the problem of malaria, where 250,000 cases of malaria, as you know, and one-fourth of all cases are in one country, Nigeria, at least according to some estimates. So the more we are able to bring faith-based groups in and, I think, utilize that asset, the more we mitigate disease, and hopefully prevent disease in the first place.

Mr. GAST. Great, thank you for your comment, and absolutely, our having more officers in the field will allow us to work with more local—

Mr. SMITH. Because very often, that is the hurdle they can't get over, the ability to write a program request, whereas some others have that capability. When it comes down to actually implementing, however, local, indigenous NGOs far exceed their capacity and capabilities. Finally, what procedures and policies are being implemented to ensure that conscience clause protections, enacted as part of the PEPFAR re-authorization, are continued?

Does USAID have procedures and policies in place to ensure faith-based organizations are not only protected from discrimination, but are considered for funding in the context of the very unique benefits and advantages that they inherently provide in terms of service delivery in Africa?

Mr. GAST. May I send you specifically what our policies are on that?

[NOTE: The information referred to was provided by Mr. Gast to Congressman Smith during a briefing on Thursday, April 30, 2009.]

Mr. SMITH. Okay, but does that continue? Is there a seamless transition from the previous administration to this one on conscience, because I would just say parenthetically, I am the one who offered that amendment on conscience protection, very contentious in the first go in 2003, but I think it proved itself enormously, and when we did the 2008 re-authorization, there was a strong consensus on both sides of the aisle, and conscience protection was actually increased and made more durable and more effective. I want to ensure that that is faithfully carried out, because again, that means buy-in from others who have heretofore been excluded.

Mr. GAST. I don't wish to misstate it, but I will get back to you.

Ms. WATSON. Excuse me, may I interrupt you for a minute? Since we have a call on, I will ask Ms. Woolsey to raise her question, we will recess, and then when we come back, maybe you can have the manual or something ready for him, or just send it to us, and then you can respond to her question too. We have a call on, we have a few minutes left, so Ms. Woolsey?

Ms. WOOLSEY. Thank you very much, Madam Chairwoman.

Thank you, Mr. Gast. I just returned from the Easter break from a trip to Tanzania. The focus of our delegation, of our trip, was to study maternal mortality and how we can, and should, promote healthy mothers and reduce deaths in the third world countries, and this was Tanzania specifically, but I am sure it translates throughout Africa and other third world countries. Actually, I came back struck by how difficult and challenging it would be to live in a third world country, but primarily, how almost impossible it is to be a woman of childbearing age in a third world country where there is lack of family planning, where the cost of giving birth falls on a family if they want to go to a medical facility, how transportation is almost nonexistent, and expertise in equipment is lacking, all the way up to but not quite including the hospitals that are involved.

We learned some shocking facts. We learned that problems due to pregnancy and childbirth are the leading cause of disease burden for women in developing countries, that a woman in sub-Saharan Africa has a 1 in 16 chance of dying in pregnancy or childbirth, compared to 1 in 3,000 risk in the United States, and that 40 percent of all child deaths each year, most of which are preventable, are linked to poor maternal health.

So my question to you is, how should any foreign aid plan address the most primary needs of women and infants and coordinate with other donors to address this worldwide crisis, and can we do it, and how can we do it without taking away from the programs that we know are already successful, such as malaria and TB and AIDS? I mean, I am not suggesting that we do anything that is going to take away from the existing good programs.

Ms. WATSON. What we are going to do now is recess. There are four votes on the floor, and we will come back after the last vote and then you will, we will start off with you addressing Ms. Woolsey—

Ms. WOOLSEY. Madam Chairwoman, I can't come back. I will be on the floor.

Ms. WATSON. Okay, can he give you a response it writing, or do you want to—the chair is—

Ms. WOOLSEY. I would appreciate that, but I think we have time—

Ms. WATSON. Yes, the chair is here now, so then he can do it. I am going to leave and go to the floor. Okay.

Mr. Chairman?

Ms. WOOLSEY. Whatever.

Mr. PAYNE [presiding]. Yes, we have time for you to respond, and let me certainly apologize. I was at a special program, a day of remembrance, and I was asked to be with President Obama, and survivors of the Holocaust at a program that just ended, and so I really apologize, but I was unable to leave that very important event that was in the Rotunda of the Capitol. So we have enough time for the response to Ms. Woolsey's question.

Mr. GAST. You raise a very good question. We also are concerned and we also appreciate your not wanting to take from other programs, and neither do we. We don't want to take resources out of PEPFAR, we don't want to take resources out of the Malaria Initiative, but what we did do was we went back to Congress and we argued for additional money for maternal and child health funding, and the good thing was that Congress came back and said yes, we are giving you additional funding, but we want a strategy. We want to understand what your strategic approach is to allocating this funding, and so, we have worked over the past 6–8 months in coming up with the strategy that has been submitted to Congress, and what it essentially does is that it is a matrix in allocating the funding, certainly based on need, but also based on the ability of the country to utilize the funds effectively.

Ms. WOOLSEY. Have we seen the report, and have you gotten any input back from us?

Mr. GAST. We have identified 30 priority countries, and there are several in Africa, and I do believe that Tanzania is getting additional funding. I will have to look at my colleague in the back. I do believe that Tanzania is one of the 30 countries worldwide.

Ms. WOOLSEY. Did I see a nod yes? Okay, but I am not only talking about Tanzania. I am talking about all these countries.

Mr. GAST. Yes, but you picked a priority country.

Ms. WOOLSEY. Thank you very much.

Mr. GAST. Thank you.

Ms. WOOLSEY. Thank you, Mr. Chairman.

Mr. PAYNE. Well, thank you very much. As I indicated, once again, I apologize for being delayed, but let me belatedly welcome all of you here. We are certainly pleased to have you here, Mr. Gast, in your very important role as the senior deputy assistant administrator. We certainly look forward to working closely with you. This particular meeting, as you know, is a look at United States assistance to Africa and a call to foreign aid reform, and we want to really discuss how we feel there can be a debate about foreign aid and to determine how it can be more effective.

We understand there is a recent book out that I haven't had the opportunity to read yet, talking about the failures of foreign aid, and I am sure that there are; however, if we look at what is happening now in malaria where we are almost eliminating it after a year or 2 of concentrated effort, I am not so sure that we need to only highlight the failures but also the tremendous successes that

have happened through foreign assistance. We are particularly interested, though, in the effectiveness of U.S. assistance to the continent, a discussion which is inevitable particularly because of the world global problem, because of the fact that we all are going to be asked to tighten our belts.

We are all going to have to really scrutinize and evaluate programs very, very carefully, and so a look at foreign assistance is very, very important at this time. We have certainly seen significant increases in aid funding to Africa in recent years, and I have said on several occasions that I applaud President Bush's cooperation in programs toward Africa, particularly the PEPFAR program and the Millennium Challenge Corporation, where much of the increase in funding to Africa has come from.

Although we believe these two programs are successful, it is going to be a challenge to keep them going in addition to some of the areas where we have fallen behind. There are other successes, which the USAID witness highlighted in his testimony, as we have already heard. Certainly, USAID and what we do make us proud to be Americans as we move around the world.

However, I also feel that we must be careful and assess with a lot of scrutiny what our assistance is actually contributing in terms of long-term, sustainable development, and that is what a key is, to not simply rest on our laurels. Even with our PEPFAR funds, we need to see if we are creating health systems that, when funding decreases, that those countries that have been privileged to be PEPFAR recipients will have the capacity to maintain the health system.

That is what the real goal is, so assistance is sustainable over a long-term period. We also know that it is not enough to simply increase funding levels, but like I said, we have to be sure that we have strong institutions. I submit that we have gotten away from some of the core development work that we have looked at, and the fact that, as I mentioned earlier, some of the things that we did before have sort of been lost in the surge in certain areas, and what we have to really think about is having a balance in our approach.

We should get back to basics. One is agriculture development. USAID has explored the whole question of agriculture—maybe two decades ago—and food security, as we see, is a very, very important issue today. We can't continually have food aid. We even have seen it diverted in certain areas. So we need to get back as we once were in the development of agriculture assistance toward the health system, as I mentioned, and consider how we can have a sustainable education program.

However, if we are not improving higher education, if we are not improving the capacity of the educational system to absorb the new students, then we are having a diluted educational system, and nation development into areas like science and technology will fall behind unless we have a strong higher education program.

I certainly commend President Obama's G-20 announcement that he will double support for agriculture and rural development to over \$1 billion, aimed at helping poor nations achieve food security. In terms of our assistance more broadly, I welcome the administration's moves toward increased multilateralism and greater co-

operation with other donors, and I think that this is very key as we move into the future.

I feel that we must take a more integrated, long-term and regional approach to our foreign assistance. I feel that these can be balanced with short-term objectives, but as we deal with short-term objectives; it should really be based on what we feel national security and strategic interests will finally roll out. In conclusion, we must also hold ourselves accountable to the funding we provide intended for development in Africa and elsewhere.

We must be able to ensure our taxpayers that the money is used wisely, and we can do that by ensuring that the intended recipients of aid actually get the aid as intended to do. Secretary Clinton spoke passionately about this issue before our committee yesterday, highlighting that less than 50 cents on the dollar reaches the people, where the bulk of funds go to contractors and associated costs, and I think we really have to take a look at this whole issue.

This does not mean that we eliminate contractors. They are certainly essential and important. However, it does mean that we need to strengthen USAID. The fact that we have not expanded the agency and have depended on contractors tends to leave us minimizing what we do. Like I said, we are not talking about eliminating contractors. They are very important; they are essential. It is just that we need to figure out a way we can get more bang for the buck by using contractors, but in some way expand our capacity to do it ourselves.

As you know, our witnesses, and we have already heard our Acting Assistant Secretary for Africa, Earl Gast; senior fellow at the Center for Global Development, Dr. Steve Radelet will be on the next panel; director for Africa at the International Food Policy Research Institute, Dr. Ousmane Badiane; from the Ed J. Bloustein School of Planning and Public Policy at Rutgers University, Dr. Meredith Turshen; and Catholic Relief Services senior director for advocacy, Bill O'Keefe.

We will certainly look forward to the other witnesses, and at this time, I have been instructed to hit the gavel and say that we are not in recess, and this is a part of the official transcript so that will be recorded. We reconvened from that very moment of recess, so we are in real session now for a very short period of time.

I wonder if I can ask, and I don't know if it is already been asked, but in your opinion, what are the greatest strengths and weaknesses of the main United States agencies delivering foreign aid to Africa—USAID, the Millennium Challenge, and the Global AIDS Program? To what extent are their efforts appropriately coordinated in your opinion? What roles should African governments play in implementing United States assistance programs?

To what extent do you believe that USAID should follow the MCC model and provide more funds directly to African governments to implement aid programs themselves, and even perhaps the criteria used by MCC on criteria of governance and so forth. To what extent, if at all, should this include direct budgetary support? What accountability measures should U.S. taxpayers expect under such assistance? If you could try to tackle any part of that, that would be appreciated.

Mr. GAST. Which part?

Mr. PAYNE. Any of the above.

Mr. GAST. Let me start with your first question, which is comparing the strengths and weaknesses of the various development agencies of the U.S. Government, and I may have a bias, because I come from USAID, but I have worked with MCC and have worked with PEPFAR, so I do have some knowledge. I would say that our greatest strength as USAID, and the U.S. Government's greatest strength is the field presence of USAID. You know that we have 23 bilateral missions and 3 regional missions in Africa, and the way that we program resources, some of the money certainly goes in supporting government policy reforms at a macro level, but the other strength of the agency, of USAID, is that we are not encumbered by delivering all of our assistance through government structures.

We can then work with civil society organizations, so that they can provide a counterbalance to government. We can work with independent media. We can work with private sector organizations, again, so that there is an effective balance among all the power centers in a country. MCC has a terrific advantage in that it doesn't come weighted down with a lot of directives, let us say. They can come in with a large sum of money, and largely, their compact programs have been on infrastructure, and we have worked very closely over the years with MCC to have a coordinated approach.

In fact, my previous job, I was Mission Director in Ukraine, Regional Mission. Two of my missions were MCC countries, so I worked very closely with MCC and the government in shaping the program and in facilitating MCC's entry. We do that in Africa as well, and in fact, I should say that many of the MCC country directors are former USAID directors who have retired from the Foreign Service and have come back to work with MCC in development.

We, back here in Washington, the Africa Bureau coordinates with Rodney Bent and his team on a quarterly basis, and we talk about broad issues and some country-specific issues, to make sure that we are on the same wavelength and that if there are any issues that need to be resolved at a senior level, we can do it at that point. With PEPFAR, PEPFAR is less of an implementation organization, as you know.

It is one that develops the programs, the concepts and strategies, and we and other U.S. Government agencies have been working with PEPFAR in trying to influence strategy, but certainly carrying out the programs in the field.

Mr. PAYNE. Let me ask another question that has been bounced about here on Capitol Hill. Although it has actually gone into effect under the past administration, the whole question about civilian and military coordination. You know, we have the U.S. Africa Command, and I just wonder, what coordination mechanisms have been created to reconcile Department of Defense and USAID objectives with respect to DoD's civilian, humanitarian and development activities in Africa?

What role does USAID's Office of Military Affairs play in Africa? Have the presence of USAID personnel and DoD Africa Command and other USAID OMA improved the conduct of United States military humanitarian civic actions and reconstruction projects in

Africa? In Africa, what role do Chief of Missions play in ensuring necessary consultation and coordination between USAID personnel and DoD personnel in the countries of responsibility are interacting?

Let me just say that there are people who, some of us, in particular, me, that have been concerned about AFRICOM, and the way that it initially was introduced. We felt that there was not enough preparation done, as it was not only introduced to African countries, but also to the Congress, we read about it—at least our committee. Now, maybe Department of Defense committees had a little more involvement in it, but it certainly was out-of-hand rejected by 52 out of 53 sub-Saharan African countries when it was first mentioned.

People felt that we were militarizing USAID. If you are in the alliance of the willing, then you get money. If you are not willing to do that, then you don't, and secondly, that USAID, the image was, would have to go to see the general in charge to see whether it is permissible to start our new agricultural program, et cetera. What is your take on AFRICOM?

Mr. GAST. I think the situation has been steadily improving, that is, the coordination. It is interesting, USAID has very few personnel. We have about 277 Foreign Service Officers on the entire continent, yet we have huge monetary resources. The DoD approach is quite the opposite; very little on the program side, but a lot of people, and unfortunately, in the early days, especially with CJTF-HOA based out of Djibouti wanting to initiate development activities or humanitarian activities, the human cost of interacting with DoD was excessive for us, and also for embassies.

What we have done over the last year is gotten an agreement with CJTF-HOA, and now with AFRICOM, on how activities are going to be coordinated, and that is that if—and by the way, we are talking about a small amount of resources. I believe the amount of money that CJTF-HOA managed last year was \$11 million, so it is a very small sum of money, but whenever they have ideas for humanitarian assistance, they are to come first to the USAID Mission Director, and if it is endorsed by the USAID Mission Director, it is then presented to the country team, and if the country team, headed by the Ambassador, of course, agrees that it is appropriate for the country, only then will the activity go forward.

So I think that that is, it is becoming a very effective coordination mechanism, and it is becoming an effective mechanism in-country. You rightly point out that we do have persons seconded over to AFRICOM. We have a Senior Development Advisor, Senior Foreign Service Officer, and we also have two others who have been seconded over to AFRICOM. I would say three USAID persons is not enough, but given the size of our organization, it is, I think, a very valuable contribution, and they greatly appreciate it.

Mr. PAYNE. The rationale is that the Department of Defense has the robust capability to do things. I have heard this argument, and of course, because the Department of Defense, you know, tend to be able to get what they want in appropriations over the past several years, USAID closed several offices in Africa during the last administration. I wonder what the Obama administration intends

to do. Is it going to try to make the USAID more, build it up again, or will we keep it at these same levels?

Mr. GAST. We, during the last administration, and it is been endorsed by this administration, and certainly with this bipartisan support of Congress, is our Development Leadership Initiative, which aims at doubling the number of Foreign Service Officers by 2011 or 2012. That has been supported and endorsed by Secretary Clinton, and we are well on our way to doubling the Foreign Service force. Definitely, there are issues.

Space is an issue on the continent, but we are expecting to open additional missions over the next several years.

Mr. PAYNE. Well, that is good. I certainly look forward to a strengthened USAID operation, and I hope that we can have a balance with the growth of the military. You know, that is how some countries operate in Africa. In the old days, you know, the military was the one that dispensed anything and everything. We really don't want to have it look like they were doing the right thing when they should have been working through civilian operations. Thank you very much.

I think I will call this hearing into recess. We have several other votes coming up, and so I would ask the witnesses on the second panel if you would remain. We have three 5-minute votes, one of which I am probably going to miss, which is on now with 1 minute left. Then there will be two other 5-minute votes, so that is about 10 or 12 minutes, one vote to recommit, and then final passing, so it will be between 15 and 25 minutes, 15 minutes at the least.

It is according to whether we have a recommit vote, whether it will be longer. So the meeting stands in recess. Thank you.

[Recess.]

Mr. PAYNE. Once again, thank you all, very much. As you know, this is rather unusual today and so if we invite you back again, it is not going to be like this, we do not believe. The hearing will resume and we move on to the second panel.

First, we have Steven Radelet. Radelet is a senior fellow at the Center for Global Development, where he is working on issues related to foreign aid, developing country debt, economic growth and trade between rich and poor countries. He was, in the past, Secretary of the United States Treasury for Africa, the Middle East, and Asia from January 2000 to June 2002. In his capacity, he was responsible for developing policies on United States financial relations with the countries in the region, including debt rescheduling and programs with the IMF, the World Bank, and other international financial institutions. From 1990 to 2000, Dr. Radelet was on the faculty of Harvard University, where he was a fellow at the Harvard Institute of International Development, Director of the Institute of Microeconomic Programs, and lecturer on economics and public policy. He was also a Peace Corps volunteer in Western Somalia from 1981 to 1983. He currently serves as an economic advisor to the President and Minister of Finance of Liberia. His research and publications have focused on foreign aid and economic growth, financial crisis, and trade policy in developing countries, especially in sub-Saharan Africa and East Asia.

Next, we have Dr. Badiane. I am having a tough time today. Dr. Ousmane Badiane is the Africa director for the International Food

Policy Research Institute (IFPRI). In this role, he coordinates IFPRI's work in the areas of food policy, research, capacity strengthening, and policy communications in Africa. He is also in charge of IFPRI's partnership with African institutes dealing with the above. He was a needs specialist for food and agricultural policies for the Africa region at the World Bank from January 1998 until August 2008. He previously worked at IFPRI as a senior research fellow from 1989 to 1997, where he led the institute's work on market reform and development. While at IFPRI, he taught as an adjunct professor at Johns Hopkins School of Advanced International Studies from 1993 to 2000. He received a master's degree and Ph.D. in agriculture economics from the University of Keil in Germany.

Next, we have Dr. Meredith Turshen, professor of the Edward J. Bloustein School of Planning and Public Policy at Rutgers University. Her research interests include international health, particularly African women's health, where she specializes in public health policy. She holds a second interest in the impact of war on women. She has written several books, including *The Political Ecology of Disease in Tanzania* and *What Women Do in War Time, Gender and Conflict in Africa*. Dr. Turshen serves on the board of Association of Concerned African Scholars, as treasurer of the Committee on Health in Southern Africa, as a contributing editor of the *Review of African Political Economy*. She holds a position on the editorial board of the *Journal of Public Health Policy*. Dr. Turshen has lectured widely in the United States and abroad and as a speaker on international health policies, women health in Africa, and, as I mentioned, the impact of war on women.

Last, but not least, we would like to welcome Mr. O'Keefe. Bill O'Keefe is Catholic Relief Services' senior director for advocacy, based at its headquarters in Baltimore. He oversees efforts to change foreign policy in ways that promote justice and reduce poverty overseas. This involves lobbying Congress and the administration on a range of foreign policy issues and educating United States Catholics about international issues involving them and public campaigns for policy change. Mr. O'Keefe received his bachelors of science, cum laude, from Yale University in 1984 and a master's in public policy from Kennedy School of Government at Harvard in 1987. He joined Catholic Relief Services in 1987 as project manager in Tanzania, designing and monitoring community development projects. And he has in the past served in various capacities with CRS. He was appointed senior director for advocacy in 2003.

Let me thank all of the witnesses and we will start with you, Dr. Radelet.

**STATEMENT OF STEVEN RADELET, PH.D., SENIOR FELLOW,
CENTER FOR GLOBAL DEVELOPMENT**

Mr. RADELET. Thank you, very much, Chairman Payne. Thank you for holding this hearing this afternoon. Today, of course, we face enumerable challenges in Africa and around the world: Two wars in Iraq and Afghanistan, challenges of terrorism and piracy off the coast of east Africa, the continued spread of disease, and, of course, the global economic crisis and deepening poverty, as a result of that. At times like this, the world looks to the United States

for leadership and it is tempting for us to turn inwards. But for us to do this at this point would be counterproductive for us and for the rest of the world and it would be a terrible mistake to do so. For better or for worse, the world sees and believes that the United States caused the global crisis and for us to step back and—and whether that is true or not is irrelevant—but for us to step back from that just when people in countries are looking for our assistance, I think would really be a mistake for us to do it.

Instead, it creates an opportunity for the United States to strengthen its leadership role through smart power and other efforts to create a better and safer world over the long run. In particular, I think today there is a great opportunity in Africa. Americans tend to still think of Africa as a place of African big men rife with corruption, no democracy, no economic opportunities, and deepening poverty. But, actually, there are big changes underway and have been underway for the last 10 or 15 years in Africa. By international indicators, in 1989, there were three democracies in Africa and today there are over 20. Some are fragile, some are less fragile. I was glad to hear in the early part of the hearing the mentions of the successful elections in Ghana and Zambia, among other places, which hardly get the press that some of the negative news gets. We have had over 10 years of 5 percent growth across most of Africa. The poverty rate, according to the World Bank, in Africa has dropped from 58 percent to 51 percent in the last 10 years, which is a remarkable change to have that kind of drop in just the last decade. So, there is a lot of good news across at least half the continent, if not more, and we have an opportunity today to help consolidate that progress and to help create stable and contributing members to the international community.

But, it will take a full set of our tools of how we engage with developing countries, not just foreign assistance, but also changes in our trade policies, our health policies, our environmental policies, and a range of other policies. Now, all of those are important. Our focus today is on foreign assistance, so I will speak about that, but I think it is important to remember that that is but one tool in our tool chest of the ways that we can help support development and poverty reduction around the world.

Our foreign assistance programs are far more successful than they are given credit for. It is very easy to pick out failures. But, as we heard earlier today, there are successes around the world and in Africa, from the HIV/AIDS programs and other health programs, to helping Liberia get back up on its feet, to education programs in various parts around the world, infrastructure and power programs, as well. And the programs generally do not get as much credit as they ought to get. But having said that, there are some significant problems. Our foreign assistance programs are out of date and they are pretty badly in need of significant modernization and reform and consolidation across agencies, as you mentioned today.

I want to mention quickly just seven things that I think are important steps that need to be taken in the near future to strengthen and modernize our foreign assistance programs.

Number one, it is hard to make progress without a strong leader. The first key step is for the administration to name a strong, capa-

ble leader as the USAID administrator. You had many questions this morning about the administration's new approach and they could not be answered, because we do not have the strong development leadership in place. The administration needs to name a strong leader at USAID. I believe they need to make that person a member of the National Security Council, to give that voice of development at that table on national security decisions. They, also, need to appoint the other leading positions in development around the government, at OGAC, at the MCC, at Peace Corps, and other kinds of positions. That is number one.

Number two, we need a development strategy that articulates our goals for what we are trying to achieve as a country in developing countries, how we are going to achieve those, what the modalities are of our approach. We do not have a strategy for what we are trying to achieve. We need an interagency strategy led by the NSC, not just the State Department, but across many agencies that articulates a strategy of what we are trying to do, how we are trying to do it, in our engagement with developing countries. That strategy should be developed in parallel with the National Security strategy, the quadrennially defense review, and other strategies that are out there. But right now, the absence of a strategy puts us all over the map in terms of what we are trying to do.

Number three, we need a much stronger legislative foundation for our foreign assistance programs. As you well know, the Foreign Assistance Act, written in 1961 and amended many times thereafter, is very much out of date, overburdened with too many amendments, some of which are at odds with each other and has not been re-authorized in two decades. And there is a time and an opportunity right now to rewrite the Foreign Assistance Act, to have a sure vision between the executive branch and the legislative branch on the roles and key issues going forward on foreign assistance. It would need to provide the executive branch with the authorities that it needs to address key issues on the ground, to have the flexibility to address the highest needs on the ground, and at the same time ensure rightful and effective oversight by the legislative branch. We have to get that balance back and I think rewriting the Foreign Assistance Act is key to that.

Number four, we need a strong consolidated development agency. You mentioned earlier today that we have programs all over the place. By various counts, Congresswoman Watson mentioned 26 agencies according to the OECD report across the executive branch agencies that are delivering foreign assistance. The left hand does not know what the right hand is doing. They work at odds. There is duplication, there are gaps, and it is far too many agencies trying to achieve the same thing. We need to consolidate many of those programs, not necessarily all of them, into a strong and revitalized USAID or a successor agency. It needs new staffing. It needs strong new leadership. It needs the legislative foundation. It needs strong monitoring and evaluation programs and it really needs to be made into a strong 21st century development agency. And we can talk more about how that could be done, as we go forward.

Number five, in Africa and in other regions, we need a more differentiated approach in how we work in different countries. Some

countries are very well governed and we ought to be working very closely with governments and give those governments much more leadership in setting priorities and identifying the highest needs, not identifying all those needs here in Washington. The MCC is the first step in that process, where it supports countries that are moving in the right direction and lets them make the decisions, not us, on what the highest priorities are. In other countries where there is much weaker governance, we should be working with more NGOs and in parallel with the government, but being more opportunistic, working with the Ministry of Health, if that makes sense in that country, the Ministry of Education in a different country. It depends on the situation when it is a more poorly governed country. In situations like Zimbabwe or Somalia, it is much more difficult to work with the governments, we ought to be working with NGOs and faith-based groups to help provide support for basic services. So, we need a much more differentiated approach with different tools to fit different circumstances. For far too long, we have had one size fits all and we need to move away from that.

Number six, we need to much better leverage our bilateral assistance with our multilateral assistance. The share of our foreign assistance that goes through multilateral channels have fallen to 10 percent—10 percent. One out of ten dollars goes through multilateral channels. And it is a missed opportunity for us to leverage assistance, use our dollars, and multiply it by the contributions of other member countries that have really fallen by the wayside during the last administration and I think needs to be rejuvenated.

And, finally, all of this will take more money, as well as making sure that money is better spent. It is not just a matter of moving boxes. We need the resources to get the job done or we need to make sure that those resources are used effectively, not through the bureaucratic channels that we have now, and tracking those with an effective monitoring and evaluation program to make sure that the dollars we spend have the impact.

So, it is a long list, but we have the opportunity to do it and the need to take on these reforms. It will not be easy. I do not underestimate the challenges at all, either for the legislative branch or the executive branch and it is even harder with today's global financial crisis. But, the need is great and we have the opportunity now to take on these challenges, to build a better and safer world. It is time to take advantage of the opportunity to really make our development programs a strong and effective pillar of both national security policy and humanity in general. Thank you, very much.

[The prepared statement of Mr. Radelet follows:]



U.S. Assistance to Africa: A Call for Foreign Aid Reform

**Testimony for the House Foreign Affairs Subcommittee on
Africa and Global Health
April 23, 2009**

**Steven Radelet
Senior Fellow, Center for Global Development**

Thank you Chairman Payne, Ranking Member Smith and distinguished members of the subcommittee. I am honored that you have invited me to testify on the challenges and opportunities we face in reforming U.S. foreign assistance in Africa and beyond.

I. Introduction: The Challenge and Opportunity

Americans' well-being is linked to the lives of others around the world as never before. Today's challenges—disease, human and food insecurity, climate change, financial crises—do not respect borders and are instead global problems requiring collective solutions. Trade, remittances, and private investment tie rich and poor countries together, creating shared opportunities for prosperity in plentiful times, but also shared instability and strain in times of financial crisis.

The Obama administration and the 111th Congress are confronting a perfect storm of domestic economic concerns at home and multiple challenges overseas: continued wars in Iraq and Afghanistan, escalating instability in Pakistan, emerging sanctuaries for terrorism and piracy in unstable regions of Africa, and, in the wake of the global economic downturn, deepened poverty and threats of heightened political instability in countries around the world.

Faced with many urgent challenges, it may be tempting to let attention be diverted away from U.S. development programs and those related to Africa in particular. However, it would be a mistake to let these programs languish beneath a growing list of other priorities. This imperative is now more urgent than ever. The aftermath of the U.S. financial crisis and the resulting global economic crisis is now being felt in countries across Africa. As private investment to Africa dries up, the flow of remittances slows, and exports drop sharply, Africa faces a potential loss of some \$50 billion in income in the next two years alone, through no fault of their own. The human toll of these losses could be grave, with growing poverty, malnutrition and food insecurity threatening to reverse previous gains in human development. I urge this committee to see today's economic crisis and global problems not as insurmountable obstacles, but as a challenge and opportunity to do better.

With this in mind, I'd like to focus my remarks on the current state of U.S. foreign assistance, some good news out Africa, and seven steps for how we can do better:

1. Put someone in charge, with a seat at the NSC.
2. Craft a national strategy for global development.
3. Build a strong legislative foundation with a new Foreign Assistance Act.
4. Organize for success with a strong, consolidated, empowered U.S. development agency.
5. Different approaches for different country contexts.
6. Leverage the multilateral institutions.
7. More resources, better spent.

II. The Current State of U.S. Foreign Assistance

The Obama administration, Congress, military leaders and American voters have recognized that strong development policies and programs are critical to enhancing the U.S. image in the world, achieving our foreign policy goals and increasing our national security. To reap these benefits from development, however, we must work with international partners and recipient governments in ways that demonstrate impact on the ground and show that we are reaching our key objectives in developing countries: stimulating economic growth and poverty reduction, promoting political stability and responding to humanitarian crises.

Our current development programs deserve more credit than they usually receive. The President's Emergency Plan for AIDS Relief (PEPFAR) has provided the financial and technical wherewithal to provide life-saving antiretroviral treatment to two million people; the Millennium Challenge Account (MCA) has spurred policy reforms and paved the way for supporting economic growth in eighteen countries through investments in agriculture and essential infrastructure; and USAID has many examples of large scale successes, from the substantial reductions in child mortality and in the impact of diseases like river blindness and polio, to efforts to bring peace and security to countries such as Bosnia and Liberia.

At the same time though, our foreign assistance programs are out of date and badly in need of ambitious modernization to confront today's global challenges. Our core development policy—the Foreign Assistance Act—was written during the Kennedy Administration in the early days of the Cold War to meet goals that were important at the time, but that differ significantly from today's foreign policy objectives. Over the years, new programs, goals, directives and restrictions have been added to the legislation often with good intentions, but typically in an ad-hoc manner. The result: U.S. foreign assistance programs are now a hodge-podge of uncoordinated initiatives from multiple institutions without a coherent guiding strategy.

We can, and must, do better with our foreign assistance. But we must also bear in mind that foreign assistance alone will not be enough to achieve U.S. foreign policy goals. Policies affecting trade, migration, climate change, capital flows, governance and others also influence America's standing in the world and our relationship with other countries,

and at present, these policies often contradict each other and can undermine development objectives. Getting a bigger bang for our development bucks requires being smarter about our development strategy, legislation and organizational apparatus.

III. The Good News Out of Africa

While international attention often focuses on bad news out of Africa—events in Somalia, Sudan and Zimbabwe for example—there is good news in many other parts of the continent. A growing group of sub-Saharan countries are embracing democracy and good governance, instilling stronger macroeconomic management, and benefiting from significant debt relief. These countries are beginning to show results with faster economic growth, reduction in poverty rates, and improvements in social indicators. At the same time, some of the most protracted conflicts around the continent have come to an end, including in Angola, the Democratic Republic of Congo, Liberia and Sierra Leone. There is a long way to go, but these hopeful signs across Africa signal a promising new beginning and hope for a better future.¹

At the root of these critical structural changes are three major trends of enormous historical importance that are spreading across Africa, but often go unnoticed by the outside world:

1. Dramatic increases in the number of democracies in Africa. In 1989, there were just three democracies in all of sub-Saharan Africa according to widely accepted measures of democracy: Botswana, Cape Verde, and Mauritius. Today by the same measures there are more than 20 including Benin, Ghana, Lesotho, Liberia, Namibia, Niger, Mali, Mozambique, South Africa, and Tanzania among others. In just one generation, Africa has seen a six-fold increase in the number of democracies; today nearly half of Africa's countries are democratic, with more competitive elections, stronger respect for civil liberties and human rights, freer press, and more accountable and transparent governance. Some of the nascent democracies are relatively strong (consider Ghana's recent successful elections and transfer of power), while other are still fragile (for example, Madagascar and Kenya). It is hard to predict the future, for we are in new territory: never before in world history have so many low-income countries become democracies in so short a time. This enormous change, engendered by an empowered citizenry, has huge implications for Africa and our relationship with the continent.

2. Improved macroeconomic management. The macroeconomic crises—high rates of inflation, large budget deficits, and yawning trade gaps—that once plagued almost every sub-Saharan African country are now distant memories for most of them. With a few unfortunate exceptions – the tragedy in Zimbabwe being the most obvious – countries have shifted to much stronger macroeconomic policies. In the 1980s, inflation averaged 13.6 percent (excluding the cases of extreme inflation, which would drive these figures much higher), but in the ten

¹ See "The Good News Out of Africa: Democracy, Stability, and the Renewal of Growth and Development," Ellen Johnson Sirleaf and Steven Radelet, CGD Essay, February 2008, <http://www.cgdev.org/content/general/detail/15416>.

years from 1996-2005 it averaged just 7.7 percent (excluding Zimbabwe). Foreign exchange reserves doubled on average from two months of imports in 1980 to four months of imports in 2001. Budget deficits and trade deficits are much smaller today than they once were. To some extent these changes are the result of policy conditions imposed by the IMF and World Bank. But in most cases, senior policymakers have internalized the importance of sensible macroeconomics and are choosing to implement more prudent policies, with important benefits for their economies.

3. The end of 25 years of huge debt burdens in Africa. Debts began to grow in the late 1970s and early 1980s following oil and other commodity shocks, made all the worse by government mismanagement. Creditors were a big part of the problem, too easily lending large amounts of money to unaccountable dictators that misused the funds and left the mess for the next generation to clean up. Resolution of the debt crisis has proceeded slowly in distinct stages over the past twenty years and was specifically addressed in poor countries who owed most of their debt to the IMF and World Bank through the Heavily Indebted Poor Country, or HIPC, Initiative. Today of 41 HIPC-eligible countries, 35 countries have qualified for the first stage of debt relief, and 24 of these have completed the full process and eliminated substantial portions of their debt. In a major step forward, last week Liberia bought back \$1.2 billion in commercial debt that the government owed to banks, investment funds, and other private sector creditors at a 97 percent discount off the face value, the largest discount ever on a HIPC country private sector deal. The deal effectively extinguished one-quarter of the government's debt without litigation, retiring debt that had been in arrears for 25 years or more. Liberia is aiming to reach the HIPC Completion Point and retire most of the rest of its debt early next year.

The end of the debt crisis has brought about two kinds of changes: 1) improved financial positions of governments that no longer must service debts and can increase spending on health, education, infrastructure, or civil service wages or reducing their budget deficits or build foreign exchange reserves, and 2) countries have much greater capacity to design their own economic policies and spend less time continually renegotiating old loans.

All of these changes are achievements in themselves, and also represent the creation of a firm footing for progress toward improved social welfare. Health, education and other types of social development investments yield the most in economically stable environments where governments are held to account for their responsiveness to citizens.

The good news coming out of Africa deserves much more attention than it usually receives. But the emerging success over the last decade by no means guarantees future success. The global financial crisis threatens to undo this progress by reducing investment, exports and aid just as it should be expanded to build on these successes. While the key responsibility for sustaining progress lies with the leadership and the citizens of African countries themselves, there is much that the international community

and the U.S. can do to support their efforts and ensure more good news keeps coming out of Africa.

IV. Seven Steps toward Better U.S. Foreign Assistance

People around the world, especially because of the financial crisis, are looking to the U.S. for leadership. Whether accurate or not, many blame the U.S. for the current crisis and are looking for us to step up and help out. The worst thing we could do is to turn our back on our most visible and influential tools of global engagement at precisely the time when our leadership and support is wanted most.

We should continue to press for ambitious and comprehensive reform of our global development and foreign assistance policies to help minimize the impacts of the global financial crisis on developing countries and continue to support the growing successes in many sub-Saharan African and other low-income countries around the world. Among the broad steps the U.S. should take are those to improve the overarching U.S. development strategy, legislation, organizational structure, resources and impact evaluation. These are familiar issues to the committee and are fundamental to making U.S. development and foreign assistance programs more effective. In addition, I offer seven steps toward better U.S. foreign assistance:

1. Put Someone in Charge of U.S. Development with a Seat at the NSC

Despite strong rhetoric signaling the importance of the so-called 3-D's—development, defense and diplomacy—there is a glaring absence in the Obama administration's line up so far: there is no USAID administrator, nor are there appointees for other senior development positions at the Office of the Global AIDS Coordinator (OGAC), the Millennium Challenge Corporation (MCC), Peace Corps, and other agencies. The administration and Congress are moving quickly to tackle a host of pressing issues, including instability in Pakistan and Afghanistan and the threat of piracy off the coast of Somalia. These threats and many others have serious implications for developing countries, and will require effective development assistance to attain our national security goals. Yet to date, the development voice is missing. While Secretary of State Clinton brings enormous knowledge and leadership on these issues, our efforts will be incomplete without strong development expertise and a strong development voice at the table.

To concretely signal and effectively implement President Obama's commitment to elevate development as a smart power national security approach alongside defense and diplomacy, the administration must name a strong, capable leader as USAID administrator as soon as possible to exert leadership on development policy. The USAID administrator should be included as a member of the National Security Council and other high-level interagency deliberative bodies. At a minimum, the administrator should be invited to all NSC Principals Committee meetings dealing with international economic issues. This will provide professional development perspectives and policy input at the highest policy-setting table, independent from but complementary to diplomatic and defense.

The ultimate objective would be to have the USAID administrator be the lead voice of the U.S. government on development policy and development assistance, the key point of contact for the field for questions on development impact of programs and of other government policies (trade, migration, investment, etc.), and the central person accountable to Congress for delivering the development and development assistance agenda.

This would respond to the calls across many sectors for greater coherence. In global health, for example, leading organizations including the Center for Global Development, the Center for Strategic and International Studies, the Council on Foreign Relations and the Institute of Medicine have called for major improvements in the coherence of this country's now fragmented approach to engaging in global health activities. Similar recommendations have been made in other sectors. While even achieving within-sector coherence would be a step in the right direction, it is obviously far preferable to have a balanced and broad development strategy that encompasses all sectors and achieves the potential synergies – for example, between more and better education for girls and better maternal and child health services.

2. Craft a National Strategy for Global Development

The administration should prepare, under the leadership of the NSC, a National Strategy for Global Development (NSGD) distinct from but consistent and coordinated with the National Security Strategy. A strong strategy is essential for clarifying goals and objectives, coordinating development-related activities spread across the government, and increasing the efficiency and effectiveness of key programs.

We have no whole-of-government strategy or doctrine for development policy. All too often U.S. development policy and U.S. foreign aid are conflated when, in fact, U.S. development policy is about the integration (or lack thereof) of the all U.S. policies that impact global development: aid, trade, migration, climate change, foreign investment, etc. A National Strategy for Global Development would set development priorities and coordinate the development activities of all relevant government agencies to ensure they are working in tandem, and not at cross-purposes. Given the limited resources available for foreign assistance worldwide and the variety of problems to address, it is essential that the United States thinks systematically about the most effective ways to reduce global poverty while advancing its national interests. It is not enough simply to spend money on certain sectors (such as health care or agriculture) and to fund the foreign assistance programs of disparate government agencies (from USAID to the Department of Justice) without articulating how those initiatives work together. To be effective on the ground and to maintain the support of the American people, the collective outcome of our disparate development programs must be greater than the sum of its parts. This can only happen with a clear, credible and authoritative plan that guides the development activities of the entire U.S. government.

The NSGD should be derived from the National Security Strategy, which is the document periodically produced by the White House outlining the international challenges facing the United States and the means by which it will meet them. Just as the National Military Strategy, produced by the Defense Department, articulates how military assets will advance the foreign policy objectives contained in the National Security Strategy, the NSGD would do the same thing for development activities. It too would be led by the White House with interagency involvement and external consultation, and be reviewed quadrennially. At a minimum, it should include the following elements:

- Approach to development explaining the policies and mechanisms the U.S. government will support to bring about sustainable economic growth;
- Apportionment of responsibilities articulating the specific tasks for which various U.S. government agencies will be responsible; and
- Relationship with partners delineating how the U.S. government will work with various international partners and beneficiaries.

3. Build a Strong Legislative Foundation with a New Foreign Assistance Act

The Foreign Assistance Act of 1961 is unwieldy and outdated, and adds significantly to the costs and inefficiencies of many of our programs. Although several critical pieces of foreign assistance reform can be achieved without legislation—creating a national development strategy, strengthening monitoring and evaluation systems, improving procurement and contracting procedures, building human resource capacity—no broad-based foreign assistance modernization initiative can be fully implemented without major legislative modifications.

Rewriting the FAA will require a grand bargain between the executive branch and Congress, reflecting a shared vision of the role and management of U.S. foreign assistance, providing the executive branch with the authorities it needs to respond to a rapidly changing world, and ensuring rightful and effective legislative oversight. Done purposefully, inclusively and transparently, this bargain would reestablish confidence in the foreign assistance system among the U.S. public and non-governmental development organizations and reduce the ability of special interests to secure self-serving earmarks. Partially amending the act, rather than rewriting it, would run the risk of exacerbating the fragmented and incoherent nature of the existing act, continuing to layer modernized legislative provisions on top of outdated and irrelevant policy authorities.

The bottom line is that without a restructuring of authorities and a rationalization of restrictions, whether they be congressional earmarks or presidential directives, all the personnel and organizational reforms undertaken will not make a truly material difference in the effectiveness of U.S. foreign assistance programs. As you know well, the foreign assistance authorization process, which once reviewed and modified the FAA nearly every year, has not functioned in over twenty years and I strongly support Chairman Berman's commitment to reauthorize U.S. foreign assistance and rewrite the Foreign Assistance Act. I hope you and other members of the committee will help him make that promise a reality.

4. Organize for Success with a Strong, Consolidated, Empowered U.S. Development Agency

For our development policies and programs to contribute to the U.S. smart power agenda, we need to be smarter about who sets our development policies, how they inform the decision-making process and where they sit within the U.S. government. Today, our programs are spread across twenty-some different U.S. government agencies. USAID has also been significantly weakened over the last decade. President Obama had it right during the campaign: to meet today's challenges we need an elevated, empowered, consolidated and streamlined development agency.

Building a strong and effective development agency will require providing our development programs with a certain degree of autonomy from our diplomatic and defense efforts alongside distinct authority and responsibility over the development budget and policy. Restoring budget and policy authority to a strengthened development agency will enable the agency to provide a meaningful voice for development (and contribute field perspectives) during the budget preparation and interagency negotiations and to facilitate long-term thinking and planning on development policy. Some degree of autonomy also will help attract strong leadership and professionals with strong development backgrounds to our development agencies, and will help strengthen results by more strongly coordinating our development programs with diplomacy, rather than subordinating them to short-term political pressures and diplomatic efforts.

Over time, USAID (or a newly named agency for development, a "Development Investment Agency" for example) would be strengthened and re-professionalized to serve as the basis for consolidation of other major foreign assistance programs such as MCC, PEPFAR and perhaps even the multilateral development bank programs currently housed at Treasury.

5. Different Approaches for Different Country Contexts

Given this subcommittee's focus on Africa, you know well that the continent is not a singular entity, but a diverse region with a disparate set of challenges and opportunities for engagement. Governance, economic, and social issues vary across countries and within them. Strong U.S. foreign assistance requires a diverse array of tools that can differentiate among these varied circumstances and engage accordingly. The U.S. should have the flexibility and range of tools to link its foreign assistance strategies with country characteristics, and with the most pressing needs on the ground. Too often the sectoral makeup of our foreign assistance does not reflect the development priorities on the ground. In Ethiopia, for instance—an extremely poor, rural country that suffers from periodic famines—the lion's share of U.S. assistance in 2007 was consumed by HIV/AIDS prevention, health and emergency food relief, whereas agriculture, economic growth and education each received less than 2 percent of total foreign assistance.

While we need to consolidate and coordinate our fragmented foreign assistance

programs, we should maintain distinct approaches for different country circumstances and needs.² To illustrate:

Countries with good governance. In countries with good governance, such as those countries that are MCC-eligible, it makes sense to give the host government much more of the responsibility to set priorities and design activities consistent with their own development strategies and take the lead in coordinating donors. Depending on the country, local and provincial governments and NGOs could also receive significant funding to complement government efforts. Donors could focus less on micromanaging and more on measuring and achieving broad results. Funding could be committed for five years or more, subject to demonstrated good governance and reasonable results. The amount of funding could gradually decline as the economies grow and gain access to private capital markets.

Countries with average governance. In countries with average governance such as those who fall just short of MCC eligibility, we should be opportunistic and identify competent ministers or sectors through which U.S. assistance can be most beneficial. Governments in these countries would receive less support than well-governed countries and while they could play an active role in setting priorities and designing projects in certain sectors where strong leadership is displayed, donors would have a larger role (relative to well-governed countries) in establishing priorities, ensuring broad-based local participation and technical rigor. Most funding could come in the form of well-designed projects consistent with the country's overall development strategy, focusing on activities to which the government has shown the strongest commitment and with the potential for progress. Financial commitments could be for three to five years, contingent on progress. A larger share of funding could go through NGOs or civil society groups than in well-governed countries. Project performance should be monitored carefully, with clear performance standards. Strong performance could lead to increased financial support and longer commitments, while weak results could lead to less aid. Donors must be prepared to reduce funding when agreed performance standards are not met.

Countries with weak governance. Countries with weak governance must be dealt with on a case-by-case basis since circumstances vary widely—some are failed states, others are failing, while still others are weak or fragile. In places like Somalia or Zimbabwe, we should be much more targeted in our approach, giving short term assistance to NGOs or local organizations rather than the government, aimed largely at meeting immediate humanitarian needs and providing social safety nets. In most of these cases, assistance is likely to be heavily influenced by strategic and security considerations. Donors could focus on a limited set of high priority activities with the potential for demonstrating quick results to policymakers and the public, to help consolidate the reform process.

² For an earlier version of the proposal to apply different approaches in different countries see "From Pushing Reforms to Pulling Reforms: The Role of Challenge Programs in Foreign Aid Policy," Steven Radelet, CGD Working Paper No. 53, February 2005, <http://www.cgdev.org/content/publications/detail/2735>.

Table 1: The Development Continuum

Level of Country Governance	Primary recipient of assistance	Other potential assistance recipients	Characteristics of assistance	Monitoring Focus
Good Ghana, Tanzania, Indonesia, other MCC-eligible countries	Central government would set broad priorities and design activities consistent with its own development strategies	Local and provincial governments NGOs	Country-owned: supports country's own development strategies based on broad-based participation Most assistance (although not all) to governments Long term funding, 5 years or more	Broad results
Average Haiti, Timor-Leste, Kenya, etc.	Competent ministers, ministries or sectors Combination of government and civil society participation in program design	NGOs	Opportunistic Greater share of assistance to NGOs Project focus Medium term funding, 3-5 years, contingent on progress	Broad-based participation and technical rigor in project design Funding tied to clear project performance standards
Poor Sudan, Zimbabwe, Somalia, etc.	NGOs or local organizations including faith-based	N/A	Focused on humanitarian and basic needs, social safety nets Short term, high-impact activities Influenced by strategic and security considerations	Limited set of high-priority activities with quick results for policymakers and the public Linked to progress on strategic and security objectives

6. Leverage the Multilateral Institutions

The lack of attention and funding for multilateral programs is a major missed opportunity for the U.S. to better leverage its assistance dollars. Large U.S. contributions to the multilaterals are typically followed by increased contributions by other members, and a multilateral approach lightens the administrative burden on recipient countries because it reduces the number of donor agencies involved. But in recent years only about 10 percent of U.S. official development assistance, or ODA, was channeled through multilateral agencies, compared with 33 percent of assistance from other major donors. Scant funding to the multilaterals weakened U.S. ability to provide positive leadership to strengthen and shape these agencies.

The latest G-20 meeting reminds us of the crucial role that these institutions can and should play in helping countries cope with global challenges like the financial crisis. The multilateral institution's ability to marshal resources and address a wide range of economic and development goes far beyond what any one country can do alone, and in many ways represents the very kind of coordinated, global response demanded by the global challenges of today.

With a national strategy for global development, new legislation and a coordinated and empowered development agency, the U.S. will be better positioned to work with other donors in developing countries. At present, nearly all U.S. foreign assistance is pre-allocated to sectors and programs by congressional and presidential directives, leaving little to no room for the U.S. to adjust its programs either to country circumstances or to coordinate with other donors operating in the country. The U.S. does not need to do everything in every country as there are multiple donors operating at any given time, each with varying degrees of expertise in certain areas and regions, and U.S. assistance needs enough flexibility to respond to country contexts, including what other donors are doing.

7. More Resources, Better Spent

More money by itself will not help the U.S. to better achieve its foreign policy goals. But more money, better spent, is an important part of the answer. In today's difficult economic times, we must ensure that every dollar we spend is used as effectively as possible on the ground, and the steps outlined above are central to spending U.S. funds more effectively. So too is allocating our funds more wisely, with more funding going to low-income countries with the biggest needs and to better-governed countries that can use it well. We can also use funding in ways that create incentives for positive outcomes.

One approach, to stimulate accelerated R&D for innovations that benefit the developing world, is an Advance Market Commitments (AMCs) that promises a reward if and when a new technology, such as a new vaccine, is developed and made available. Another is a "cash-on-delivery program" in which governments are provided with incremental payments for providing education, health or other services. For example, a government could receive a payment for every additional child completing school. A more micro-level application of this type of performance in the health sector, which has been

successful in many settings, is the use of rewards for the achievement of performance targets by health workers or health facilities.

But additional funding also will be necessary. President Obama's commitment to double foreign assistance is critical for the U.S. to meet some of its most important foreign policy and national security goals. The increased funding of recent years is a good start, but it was on top of a very low base, and is inadequate for the United States to fight poverty, state failure, and instability in low-income countries around the world. If we invest in solving global problems early—like halting the spread of new infectious diseases before they reach the U.S., and easing the suffering and indignity that foster anger and violence—we save both lives and money.

To ensure stronger accountability for funds spent, we must establish much stronger monitoring and evaluation (M&E) and impact evaluation processes aimed at keeping programs on track, guiding the allocation of resources toward successful activities and away from failures, and ensuring that the lessons learned—from both successes and failures—inform the design of new programs.

One way forward would be to substantially strengthen in-house capacity, including creating a help desk to provide evaluators with technical expertise in impact evaluation, and to establish an independent body that oversees and provides advice to the evaluation functions. The MCC model is a good practice in this regard and could be applied more broadly to USAID and other agencies. It is crucial that measures of ultimate impact be conducted independently of the designers and implementers of the programs. For that reason, the United States should support and ultimately join the International Initiative for Impact Evaluation (3IE), which brings together foreign assistance providers from around the world with recipient countries and leading NGOs to develop a shared evaluation agenda and fund rigorous, independent evaluations of the impact of development initiatives.

V. Conclusion

Taking on these reforms will not be easy. The impact of the financial crisis—on our budget at home, and on escalating poverty abroad—reminds us of the imperative of using each and every one of our foreign assistance dollars with the maximum effectiveness, to achieve the greatest possible impact in poor countries. It also reminds us that now is no time to shy away from the development challenges and the opportunity to do better. It is time to take advantage of this unprecedented moment to modernize and strengthen U.S. foreign assistance to deliver on the promise of development to serve as a critical pillar of our national security and humanity.

Mr. PAYNE. Thank you very much. Mr. Badiane.

STATEMENT OF OUSMANE BADIANE, PH.D., AFRICA DIRECTOR, INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

Mr. BADIANE. Thank you, Mr. Chairman, and thank you for this hearing, which obviously is of great importance to me, and thank you for inviting me. I have submitted a written testimony, so I will make a brief comment here. I will be talking about the economic development of Africa, agriculture, in particular, and then later in my testimony touch a little bit on the United States assistance.

The first question that came up was, what are the key issues for Africa with respect to short-term and long-term development? And in starting to answer that question, I would like us to ask ourselves what do we need to do first to understand where Africa is today in terms of its economic performance and what that implies for its future development outlook. Africa has changed and we need to understand that change and understand how we are going to build on that change. It hasn't transpired to many places, although I have heard it around the table here this morning. But we need to really take a good look at what is happening in Africa and see how that can be used to propel us toward much high economic performance and much faster poverty reduction on the continent.

Basically, what happened in Africa over the last 10–15 years, one would have to go all the way back to the 1960s to find that level of economic performance. Africa has lost the 1970s and the 1980s and the first half of the 1990s. But, growth has accelerated since. Somebody mentioned a 5-percent growth rate over the last 10–15 years. It was projected to go down to 3 percent and maybe now to 1.7 percent because of the crisis. But, growth accelerated over the last 10–15 years before the crisis. It has spread to many more countries. We have over the last 10 years more countries growing at a much faster rate than any time in the preceding 2½ decades before.

Export performance in Africa has also been equally strong. For the first time in history, post-independence history, export growth in Africa has been higher than the world average from 2002 to 2005, both in terms of agricultural export value and volumes, unprecedented. Increases of FDIA, foreign direct investment into Africa, has even been the subject of an article in Time Magazine recently. When you look further, you see that macroeconomic indicators in Africa have improved greatly. Inflation has been down. Fiscal balances improved. Foreign exchange reserves have gone up. Currency valuation has been much more consistent.

Now, to look forward as to what we can do and what the United States can do in Africa, we should ask ourselves what has been behind this remarkable recovery after 2½ decades of stagnation and how can we understand the factors behind it and, therefore, scale them up. I think that should be a starting point.

First, what I would say is that we had very strong macroeconomic and social policy reforms across Africa. You look at governance effectiveness across many African countries. It has increased quite sharply. But, also, we have to recognize that the recent economic recovery, has not compensated for 2½ decades of stagnation, from the 1970s, 1980s, to mid-1990s. We will still have

large pockets of poverty across Africa and while the progress toward the poverty reduction goal, Development Goal has picked up, it is not going to be enough for many African countries to meet the Millennium Development Goal. The real challenge, therefore, that we have, Mr. Chairman, is how to accelerate and broaden the growth process that has taken place over the last 10 years and I think that should be the guiding factor in United States assistance to Africa in the coming years.

I highlighted the recovery because I wanted to insist on the fact that it creates a very strong foundation for United States assistance to Africa. We have today far better conditions for much higher returns to investment in Africa, including United States assistance in Africa, than we have had over the last 20 years, or toward the end of the last century. We have two things that speak for that and I think that should not be lost to people deciding on United States assistance to Africa; the conditions are good for much higher returns in the future.

While planning and implementation is improving greatly across Africa, the comprehensive Africa agriculture development program that has been adopted by the African Union, is being put in place by the NEPAD, New Economic Partnership for Africa's Development, and implemented by economic communities across Africa. African countries are moving toward evidence and outcome-based planning, peer review, tracking of progress, and mutual learning and adoption of best practices. I have very high hope for that program, which could provide a very strong basis for future engagement in Africa.

As part of that program, African governments have committed themselves to allocating much more resources to agriculture, up to 10 percent of their national budget. The last time I looked, allocation to agriculture has gone up 75 percent from 2003 to 2006. So something is happening that provides a very strong foundation for future United States assistance to Africa.

Now, how do I assess the effectiveness of U.S. assistance to agriculture and food security? We all know that the United States invests quite a lot of money in safety nets and food emergencies. It is a leading force on the continent and I would say around the world. It has also invested quite a bit in raising productivity, in earlier years more than in later years. But, I do not think that the balance is there. The investments in emergency and safety nets far outweigh the investment in productivity.

That may be a problem and here is why; the most effective way to reduce poverty is to raise the productivity of the resources that people depend on for their livelihood. And most of the issues we are tackling through safety nets and social interventions are the symptoms of poverty. And they are there because (A) growth is low, economic progress is slow, and the governments are not generating enough fiscal resources to supply the services that are needed by their citizens; and (b) productivity being low, households do not have enough resources to pay for access to such services. So, instead of focusing solely on the symptoms of poverty and on social services, assistance should recognize the importance to invest in raising the productivity of the poor people, who, in many cases, can

be quite gainfully employed and be productive to improve their livelihood. So, I think this is very, very important.

I would also at this juncture actually salute a very critical difference with respect to United States assistance in Africa. It is just not money that the United States is providing to Africa. It is also the quality of policy dialogue. It is the quality of expertise. USAID is doing an excellent job here. This is an area where I do interface with them. And that makes a difference. It sets the U.S. apart from other development agencies. These emphasize resources. The U.S. adds to it high-quality dialogue and expertise, and I think that ought to be maintained.

Now, do I believe that reforming aid is necessary? My answer is yes, Mr. Chairman. As I said before, the imbalance between emergency and productive investment ought to be restored and corrected. I think that safety nets and emergency programs should emphasize productivity effects much more, because as you said and your colleagues also have said, we are in a time of crisis. Although there is all the determination to invest more in Africa, choices will have to be made. But I think it is very hard to make choices between meeting short-term social needs and long-term productive needs.

Therefore, the smart thing to do is how to create synergy between the two, not look at them as alternatives, either or, but how to maximize synergy between social services investment and productive investments. And the way to do that, I have highlighted a little bit in my written testimony. One entry point is, when we are dealing with health, education and safety nets, to ask ourselves: How can we maximize the short-term impact on the productivity of labor in the rural areas and in the agriculture sector?

Health is a composite. It is not just one service. Education is a composite. It is just not service. And the composition of the different health services and education services do have real implication for the long-term growth in these economies. So, we do not have to choose between satisfying social needs and investing in growth, but we have to target the specific investment in social services that give us the biggest return in terms of raising productivity.

Finally, Mr. Chairman, here are my recommendations. I think United States assistance to Africa ought to recognize the historic opportunity behind the current economic recovery and the efforts by African countries to improve policy planning and implementation and invest themselves more in agriculture. We have the best conditions for the highest returns to investments since, I think, the late 1960s. I, also, think that the U.S. should be investing and accelerating and sustaining the recovery process over the last 10, 15 years. It is important to think about what we do, but also how we do it. And I think here, we need a common denominator investing our assistance resources across the world and that common denominator should be: How are we contributing to raising the labor productivity and income at the end of the day. We have to make sure that emergency programs, therefore, Mr. Chairman, target labor productivity in the rural areas. While doing that we need to scale up investment in support of agriculture, of course. And, finally, Mr. Chairman, U.S. assistance going forward should align as much as possible with the comprehensive agriculture development program,

as a quality framework for policy and investment partnership, which is owned and led by the African Union and its member country. I thank you.

[The prepared statement of Mr. Badiane follows:]



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Statement Submitted by Ousmane Badiane
Director for Africa
International Food Policy Research Institute
Thursday April 23rd, 2009
Committee on Foreign Affairs
Subcommittee on Africa and Global Health

Theme: Agriculture and Food Security

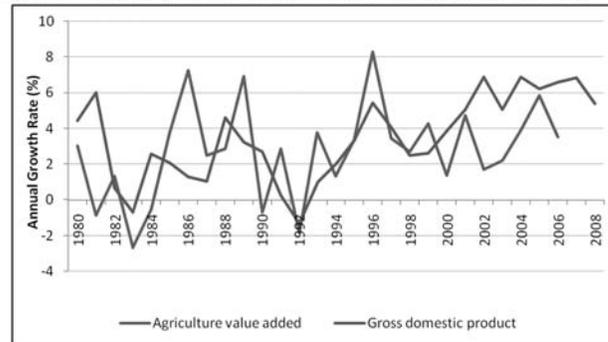
1. *What are the key issues for Africa with respect to development in the immediate and long term? Please comment on the relative importance and needs with respect to economic stability, the banking sector, employment generation, trade and infrastructure.*

After two decades of economic decline and stagnation, Africa has witnessed a remarkable overall economic and agricultural recovery over the last decade. Figure 1 below shows that the average rate of agricultural and overall GDP growth has increased steadily since the middle of the 1990s. More importantly, growth is also spreading to more countries, with an increasing number of countries growing at higher rates towards the end of the period under consideration.

The reforms of the 1980s, albeit costly and at times messy, had succeeded in stabilizing African economies after two decades of macroeconomic turmoil. They improved the economic environment and created conditions for the current recovery. Figure 2 shows the sharp decrease in average rates of inflation across the continent, following the reform of the 1980s and the concomitant surge in foreign direct investments. Country fiscal and external trade balances have shown similarly remarkable improvements, as foreign exchange reserves as a share of GDP continued to rise and budgetary deficits fell. African economies became more competitive in international markets. Agricultural exports by African countries grew faster than the world average during the first half of this decade. As a consequence, the share of Africa in global agricultural trade, which had fallen to 2 percent in the late 1980s from 8 percent in the 1960s, rose slightly in the

1990s and has since stabilized around 3%. The absolute value of agricultural and total exports and imports by Africa rose rapidly during the same period.

Figure 1—GDP and Agricultural Growth in Sub-Saharan Africa (1980-2008)



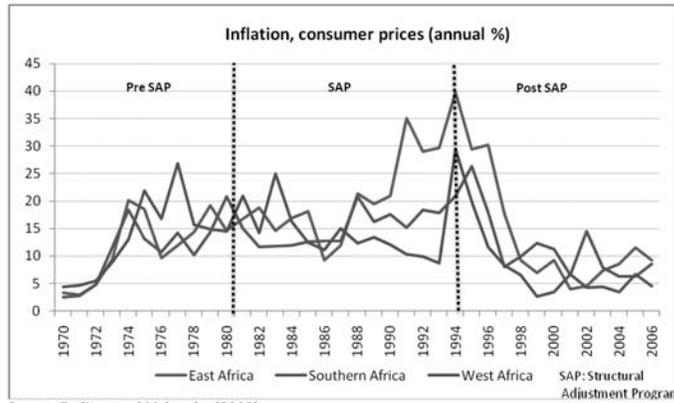
Source: Badiane (2008).

The reforms also raised the openness of African economies and rendered them more vulnerable to the vagaries of the global economy. The recent global food price crisis and the unfolding financial crisis constitute currently the biggest threat to macroeconomic stability and the sustainability of the economic recovery and growth in Africa. Estimates by the International Monetary Fund indicated that, already in 2008, at least a dozen African countries had lost more than 20% of their foreign reserves as a consequence of the surge in food and oil prices and a number of them as much as 50%. The fiscal cost of mitigating the impact of the food crisis was reflected in budgetary deficit of up to around 1% GDP in the hardest hit countries (Badiane and Makombe, 2009). Inflation started inching up, fueled by the global food price bubble, but slowed down later in the year due to the impact of the financial crisis on global demand. The latter crisis will sharpen competition for foreign direct investment and raise the cost of access to capital for African countries. Moreover, there are also indications that the flow of remittances have started to decrease. Average growth in Africa is projected to fall to 3% this year.

The global crises have come at a time when the growth recovery had just allowed African countries to make up the lost decades of the 1970s and 1980s. It had not yet led to substantial employment creation to absorb the significant increase in unemployed and underemployed labor during the stagnation years. The banking sector, which grew rapidly during the recovery period, had not yet penetrated the rural areas or expanded sufficiently to meet the needs of the emerging small and medium enterprises, in particular in the agribusiness sector. The required modernization of the smallholder agricultural sector and the rural economy has not yet taken off. The renewed, relatively stronger fiscal position of country governments had not reached significant proportions

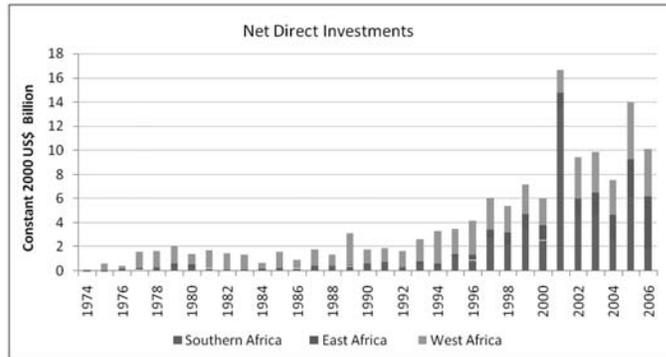
nor lasted long enough to allow countries to make up the many years of near-zero investment in infrastructure in general and the rural areas in particular.

Figure 2— Economic Stability and Reforms in Africa



Source: Badiane and Makombe (2009).

Figure 3: Foreign Direct Investments and Economic Reforms in Africa



Source: Badiane and Makombe (2009).

The key issues facing African countries, which results from the above situation including the following:

- a) The global recession resulting from the collapse of financial markets and its implication for future demand for exports from and foreign direct investments as well as remittances into African countries, and in turn the related macroeconomic and growth ramifications;
- b) The tightening liquidity situation in world financial markets, the changes in the global banking sector, and their consequences for the cost of access to international finance, the development of the local banking sector in Africa, and the supply of financial services domestically;
- c) The volatility of global agricultural markets and the resulting domestic policy responses within and outside of Africa to deal with its consequences, and their implication for long term trade competitiveness and growth. Of particular concern here are: (i) global protectionist tendencies in the agricultural sector; as well as (ii) the risk of "policy reversal" among African countries, that is the undoing of the successful macroeconomic and sector policy reforms that have paved the way to the strong economic performance of these countries over the last decade;
- d) The prospects for liberalized global trade in agriculture and its implication of the stability for world markets and the opportunity for African countries to compete will be more important for Africa in the future. A key issue is not just greater access to OECD markets but also the faster emerging economies, whose trade regimes are tightly linked to the domestic policies of developed countries.

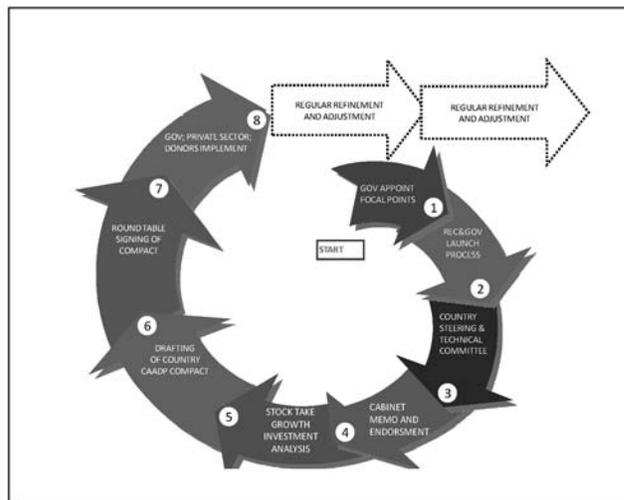
2. *What are the priorities for Africa with respect to agriculture in the immediate and long term?*

The short term priorities in Africa's agricultural sector center around the policy responses to the dual financial and food crises and the mitigation of their impact. It is particularly important to note that the food price crisis of last year, despite its rapid spike and equally rapid subsequent loosening, is a sign of future long term tightening of global food supply and demand. Unlike past food crises in African countries, the current crisis is not the result of drought, flood, social strife, or any other disruptions of the supply base in Africa. Of even greater importance is the fact that the period of higher food prices is starting at a time when productivity is falling globally while rising among African countries. It is crucial therefore to see the recent crisis as well as the evolving trends global food markets as an opportunity for rather a threat to African economies.

Consequently, an important short term priority in Africa should consist in mobilizing the necessary short term investments to rapidly broaden access by smallholders to improved seeds and fertilizers in order to stimulate supply response and maximize the growth impact of the rising food prices in the agricultural sector and the rural economy. In doing so, it is important to adopt private sector friendly and fiscally sustainable approaches, including in cases where subsidies are required to lower cost and broaden adoption.

Another important priority in the short to medium term is to raise the quality of agricultural sector strategies and policies, in particular by facilitating the transition to evidence and outcome based planning and implementation. This is a major component of the Comprehensive Africa Agriculture Development Programme (CAADP), which was adopted by the African Union as part of the New Partnership for Africa's Development (NEPAD) and is currently under implementation in more than two dozen countries, with more slated to follow.

Figure 4: The CAADP Implementation Cycle



Note: REC stands for Regional Economic Community

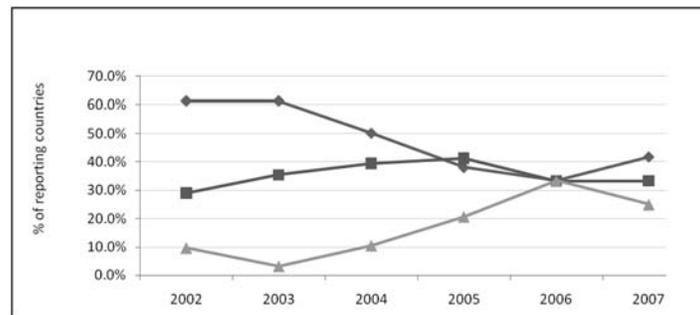
Through CAADP, African countries are seeking to achieve a minimum of a 6% annual growth rate in the agricultural sector. They had committed for that purpose to allocate at least 10% of national budget to the sector by 2008. Countries are working systematically to:

- (i) take stock of existing policies, strategies, and investment efforts and evaluate whether they are adequate to allow countries to meet the above growth and public expenditure targets;
- (ii) forge the necessary public private partnerships and business to business alliances to successfully implement the required policies and carry out the needed investments; and

- (iii) identify growth sources and investment options to ensure that countries that may not be on track maximize their chances of meeting these objectives.

As illustrated by the earlier discussion of the ongoing recovery, average growth in the agricultural sector is picking up and countries have made progress towards the 6% target growth rate. Latest estimates by the International Food Policy Research Institute indicate that 8 countries have reached the target agricultural sector budget share of 10%¹. Another 16 countries are within the range of 5 to 10% budget share². On average, agricultural budget shares have increased by 75% from 3.8 % 2000 to 6.3% 2005 to reach the same level as in Asia and double that of Latin American countries. It is important to note, however, that the average rates are still slightly below levels of 1980. African governments, therefore, have to make much more efforts towards reaching the CAADP 10% target. As shown in Figure 5, the share of countries moving towards that goal has increased since 2002, while the group with shares below 5% has shrunk. There has been little change among the group of countries in the 5-10% range.

Figure 5: Progress Towards Meeting the CAADP Budget Target (%)



Source: IFPRI (2009)

A key component of CAADP is that it has started to establish strong African leadership and ownership of the agricultural development agenda, while creating a shared framework for policy planning and implementation, including the related partnerships and alliances. Country leadership and ownership has been a critical factor in the Asian green revolution and will be equally critical for sustaining the recovery process in Africa's agricultural sector in order to boost long term growth and significantly reduce poverty. An additional priority in Africa's agricultural sector, therefore, is for bilateral and multilateral development agencies to strengthen the CAADP agenda and

¹ Burkina Faso, Ethiopia, Ghana, Guinea, Malawi, Mali, Niger, and Senegal

² Benin, Chad, Madagascar, Mauritania, Mozambique, Namibia, Nigeria, Sudan, Swaziland, Tanzania, Gambia, Togo, Tunisia, Uganda, Zambia, Zimbabwe

implementation process by aligning development assistance with the agenda and that process. It is particularly important to avoid disrupting the efforts by African countries by initiating parallel processes and programs outside of the CAADP implementation process.

CAADP has identified four major investment areas which are sustainable land and water management; trade and agribusiness development; science and technology; and hunger safety nets. A key priority that cuts across all these investment areas relates to the need to build trading capacities to cut the cost of doing business and moving goods across markets and over time. Another is the development of farming technology systems to cut the cost of supplying markets.

The following key priority issues can be summarized as follows:

- a) Private sector friendly programs to rapidly scale up access to improved seeds and fertilizers in order to stimulate short term supply response to the rising food prices;
- b) Supporting the ongoing "policy renewal" process under the CAADP agenda and aligning development assistance with the program objectives and priorities;
- c) Development of the agribusiness sector and related trade capacities, including the integration of smallholder farmers into the fast growing agricultural value chains, through investment in trading infrastructure, vocational training and work force development, and better access to financial services;
- d) Elimination of global protectionist policies to create for African countries the opportunity to compete and modernization of regional trading systems to link smallholder farmers to the rapidly expanding urban and transborder regional markets;
- e) Investment in technology systems, including emerging areas such as biotechnology and climate change adaptation, to raise smallholder productivity and expand competitiveness in domestic, regional, and foreign export markets.

3. How would you assess progress towards the MDGs to halve hunger by 2015 and how should assistance be re-directed in order to achieve it in - in terms

While the number of African countries making progress towards the poverty MDG is growing, there is no question that the majority of these countries will not be able to halve poverty by 2015. The current economic recovery started relatively recently and has not had the time nor reached the magnitude necessary to undo the impact of two and a half decades of economic stagnation since the middle of the seventies. Figure 6 below shows the trends in poverty reduction across African countries compared to the MDG target. The gap is narrowing but will not close by 2015. Figure 7 shows several alternative scenarios to accelerating progress and meeting the MDG poverty target by 2015 for a selected number of countries. The blue line indicates the baseline poverty levels and the red line the target poverty rates by 2015 under MDG1. The bars in green

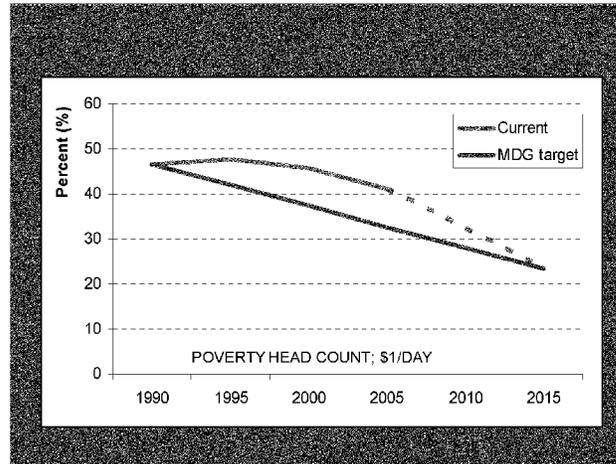
indicate estimates of the rate of poverty that would prevail in individual countries, if they were to meet the 6% CAADP growth rate. The purple bars denote the growth rates in the level of public expenditure for the agricultural sector that would be required to achieve the above 6% growth.

Several important conclusions can be drawn from the graph. First, achieving the target growth rate of 6% would allow half of the countries in the sample to halve poverty rates by 2015 but the other half would not. Furthermore, financing the 6% agricultural growth rate would require significant increases in public spending for the agricultural sector, with annual growth rates of up to 30%. Moreover, even for those countries that would have achieved the MDG poverty target, poverty levels would still be above 20%, with the exception of Ghana.

It is clear from the trend lines that many African countries will continue to struggle to address the needs of large shares of poor people among their populations. They will find themselves in an increasingly difficult situation of having to meet the rising costs of social services to mitigate the immediate impact of poverty and, at the same time, raise investments to boost and broaden growth in the rural sector in order to reduce the prevalence of poverty in the future. They try to achieve this in many instances, under extremely tight budgetary conditions. As a consequence and due to the strong pressures to address the acute social needs, governments are spending an ever-increasing share of their scarce resources on meeting short term needs at the expense of investing in productive sectors such as agriculture, or small-scale enterprises, as illustrated in Figure 8. These trends are untenable as they (a) reduce the pace of overall economic growth and thus perpetuate the prevalence of poverty while (b) reducing the economy's capacity to generate the necessary resources to combat the impact of poverty on an increasing number of poor people

It would be unrealistic and non-pragmatic, however, to imagine and expect a reversal of the public expenditure trends any time soon. The social needs are real and have to be addressed. As long as countries have to operate under tight budget constraints, the only option that remains is to devise strategies that maximize the contribution of social services to labor productivity in agriculture and the rural economy. This is because the most effective way to reduce poverty is to raise the productivity of resources that poor people depend on for their livelihood. In most African countries, these are agricultural labor and land. The issue here is not primarily the level of investment in social services and their known long-term impact on productivity. It is rather the call to maximize their impact through optimal allocation of expenditures across subtypes of services within a given social sector, say health, education, or social safety nets.

Figure 6: Progress by African Countries in Halving Poverty (MDG target)



International Food Policy Research Institute

Source:

For instance, rather than targeting traditional education sectors, country strategies would have to emphasize vocational training to modernize smallholder agriculture as well as work force development in the rural and agribusiness sector to raise productivity. Similarly, health services would have to target seasonal diseases in the rural areas that curtail labor availability during peak labor seasons and thus reduce farmer productivity. Finally, social safety services would have to give priority to interventions linked to health and education as indicated above.

The principle here is to look beyond entitlement and needs and keep an eye of the short term productivity and growth impact of social services. These requirements would extend not only to international development assistance but also emergency assistance. In particular, the latter would have to emphasize safety net programs with higher growth and productivity impact.

Figure 7: Progress towards the Poverty MDG under Various Scenarios
 Source: Badianc and Ulimwengu (2009)

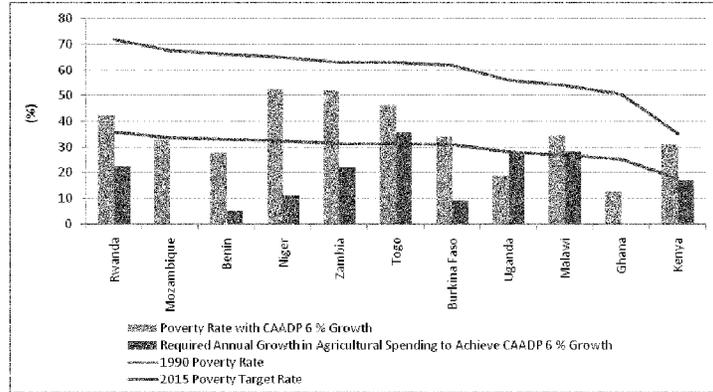
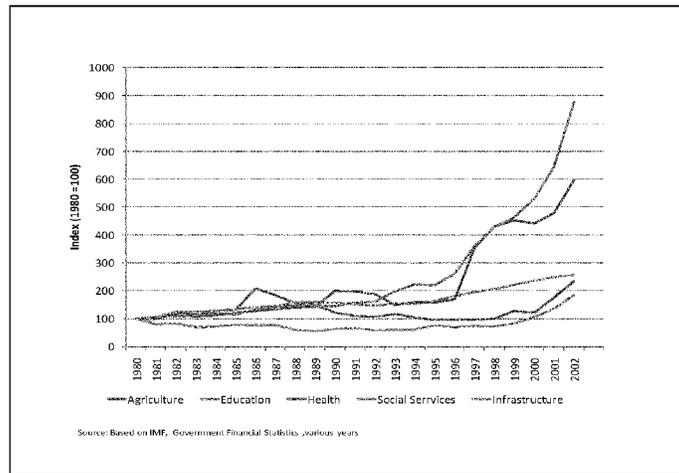


Figure 8: Public Expenditure Trends in Agriculture and Services Sectors



Source: Based on IMF, Government Financial Statistics, various years

In sum, achieving the poverty MDG in a larger number of African countries would require governments to:

- a) Maximize investments in agriculture to at least achieve the CAADP growth rate of 6%;
- b) Prioritize investments in social services such as to maximize their impact on agricultural labor productivity and income earning capacities in the rural areas;

4. *What are the priorities for Africa for achieving food security?*

The priorities for achieving food security for Africa can be derived from the analysis in the preceding sections. They would include:

- i. Short term strategies to position African countries to benefit from the rising food prices and mitigating their impacts by stimulating supply response among smallholder producers;
- ii. Building trading capacities and modernizing regional trading systems to reduce the cost of moving goods in domestic and trans-border markets;
- iii. Eliminating global protectionism and trade distorting policies that raise the volatility of global food markets;
- iv. Successful implementation of the CAADP agenda, in particular through transition to evidence and outcome base policy and strategy planning and implementation and adequate sector funding, to accelerate growth and raise incomes in the rural areas;
- v. Reorient social sector development strategies to supplement agricultural growth strategies and further accelerate productivity and income growth in the rural areas.

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Mr. PAYNE. Thank you, very much. Dr. Turshen.

**STATEMENT OF MEREDETH TURSHEN, D. PHIL, PROFESSOR,
EDWARD J. BLOUSTEIN SCHOOL OF PLANNING AND PUBLIC
POLICY, RUTGERS UNIVERSITY**

Ms. TURSHEN. Thank you, Mr. Payne. I am very glad to be here from our home State of New Jersey. I want to thank the distinguished members of the subcommittee for the honor of this opportunity to address global health and gender in Africa. And as my colleague has said, I have submitted testimony, which is too long to read, and so I am going to read a brief summary.

The title of these hearings appropriately links economic policy to health issues. The prevailing neoliberal economic model, known as the Washington Consensus, mandates constraints that include ceilings on expenditures on health and education and requires governments to cut services in personnel and to eliminate food subsidies. Trade liberalization policies have hurt weaker domestic industries related to the provision of healthcare. And WTO regulation of private property rights in medicines has impeded access to affordable drugs. The U.S. Government imposes many such conditions through bilateral trade and investment agreements. Applying these economic policies over the past 20 years, international institutions, multinational corporations, and bilateral agreements have transformed global healthcare and, I believe, devastated public health services by commercializing both supply of and expenditure on health services. As a result of these policies, Africans face twin crises, increased poverty, and poor healthcare delivery systems. U.S. policy should prioritize poverty reduction and support for public health systems.

Global poverty is concentrated in sub-Saharan Africa. As we have heard, 40 percent of people live on less than \$1 a day and real income has declined over the past decades, while, in fact, Latin American countries, the Arab States have registered modest gains

and growth was rapid in East Asia. New poverty reduction strategies are needed that stress the right to health as a primary objective and these strategies should be based on an economic philosophy that promotes government investment in public health.

The United States subscribes to the MDG challenge of halving extreme poverty by 2015, but it has no international poverty reduction policy. As we have heard, the 2007 U.S. Foreign Assistance Framework, which seeks to align all U.S. Government foreign assistance into a single cohesive structure, lacks a focus on poverty reduction.

African public health systems are fragile and under-resourced. Public health expenditure has stagnated in 20 of 25 countries for which there are data. Eleven sub-Saharan countries spend less than \$5 per person per year on health and another 15 spend less than \$10. WHO estimates that the cost of a set of social interventions is \$34 per person per year, and they say that most of that would need to be public spending. At the moment, the percentage of what Africans spend out of pocket on healthcare is actually greater than what Americans spend out of pocket.

The fragility of African healthcare systems is largely due to the failed policies of donor agencies that have undermined government health services in two ways: From above, by structural adjustment programs that have hollowed out public health systems; and from below, by channeling funds to the private sector, usually through private voluntary organizations. These and other policies accelerate brain drain, which siphons health personnel from the government sector.

I think the United States needs to reexamine the migration of African health personnel, recognizing the role that we play in this phenomenon. Brain drain takes several forms: The drift of trained African personnel from rural to urban areas, from primary to tertiary facilities, and from the public to the private sector from within their countries. In addition, personnel are moving from all over the continent down to South Africa, but they are also moving from their countries to Europe, Oceania, and North America. Austerity policies that cut government jobs push personnel out of public health services and foreign aid policies that channel assistance through international NGOs attract government personnel to the private sector. Ratios of physicians to population fell in four countries, remaining the same in another four. They rose in 16, but not at the rate of population growth. Proposed legislation, such as the Nursing Relief Act of 2009 and the Emergency Nursing Supply Relief Act, would aggravate the effects of brain drain on fragile African health systems.

U.S. assistance in the health sector has favored large vertical disease-based initiatives. These eclipse more traditional conduits of foreign assistance by running around the United Nations and WHO. These initiatives contributed to a decline in spending on maternal and child health, which is 22 percent less than it was 10 years ago. I have reported elsewhere on what has happened to women's health in sub-Saharan Africa since the 1994 conference on international population and development, when promises were made to improve sexual and reproductive health services, and I would ask that my report be entered into the record. Maternal mor-

tality rates have risen or stayed the same in 16 of 40 African countries. Two-hundred-and-sixty-five thousand women in sub-Saharan Africa died during pregnancy or childbirth in 2005, approximately one in 22. Skilled personnel attended fewer births in 12 of 31 countries for which comparative data are available. Family planning is the one service that has increased in the years since the ICPD conference in Cairo. At the 10th session of the Human Rights Council in March 2009, 83 countries signed a statement expressing concern at the unacceptably high rates of maternal mortality. The United States was not among them nor has it ratified CEDAW, the U.N. Convention on the Elimination of all Forms of Discrimination Against Women.

Our record is no better in meeting Millennium Development Goals. According to the most recent MDG Africa Steering Committee report, the continent as a whole is lagging behind on each goal. Progress toward achieving gender equality and environmental sustainability remains inadequate. The challenge of reaching the eight MDGs in African countries is compounded by the grave long-term risk that climate change poses. The recent rise in food prices, which is related to climate change, volatile hydrocarbon prices, and commodity speculation is putting great pressure on African economies and threatens to unravel hard won progress in fighting hunger and malnutrition. The dangers of the decelerating world economy only add to the challenges that African countries face.

There is widespread agreement in the United States and abroad and at this table that the United States does need to change the way that it administers health-related assistance. It has already been mentioned that according to OECD, the United States differs from that of other members of the Development Assistance Committee in that each of the 26 government agencies in the United States conducting aid programs has its individual approach to planning, agreeing, and implementing the assistance in consultation with partner countries. USAID, historically the main agency for implementing U.S. programs and health education, humanitarian relief, economic development and agriculture, has seen its share of foreign aid decline, from over 50 percent in 2002, to under 40 percent in 2005. One cause of this decline has been the increase in foreign assistance disbursements to the Department of Defense, up from 5.6 in 2002, to 21.7 percent in 2005. This shift from USAID to DoD represents, I believe, an undesirable blurring of the boundaries between defense, diplomacy, and development. Currently, the State Department, which has limited expertise in development, is taking the leading role on AIDS interventions.

There are significant problems in the way the U.S. delivers assistance. The bulk of the money is wasted, misdirected, or recycled within our own country. Agencies fail to target the poorest of the countries. They spend too much on overpriced technical assistance for international consultants and they tie aid purchases from our own country's firms. Planning, implementation, monitoring, and reporting requirements are cumbersome, poorly coordinated, making the administrative costs excessive, and disbursements are late and partial. These aid delivery problems are called collectively the "phantom aid" phenomenon. They are significant in almost 90 percent of U.S. assistance. Changing annual appropriations to 5- or

10-year budgets would resolve some of the problems of unpredictability. But, untying 97 percent of U.S. bilateral assistance to the least developed countries would yield an additional \$4.37 billion, according to one estimate.

Re-engaging with the multilateral system would promote better international coordination. The U.S. share of overseas development assistance to multilateral organizations is falling, from 26 percent in 2002 to 8 percent in 2005. We need to renew our support of U.N. agencies like UNFPA. And here I disagree with Congressman Smith. I think we need to decrease the undue influence of religious doctrine on sexual and reproductive health programs.

If the U.S. Government is serious in its wish to build public health systems in Africa, then scattered health initiatives must be consolidated, and I think they should be channeled through WHO. WHO has the expertise to improve African health systems, whereas I am afraid the United States has no viable model to offer. The funds in PEPFAR and the President's Malaria Initiative should be turned over to WHO. I believe UNAIDS should be disbanded. I do not think I am alone in this, and WHO should once again administer AIDS programs, as well as the Global Fund to Fight AIDS, Tuberculosis, and Malaria, and the Roll Back Malaria Campaign.

The delivery of aid through private voluntary organizations should be curtailed in favor of multilateral channels. This would not only assist African governments in planning their healthcare and reducing the administrative workload, but it would also help the private voluntary organizations wean themselves from dependency on government support. Being more independent, the PVOs could take a more critical stance as advocates for their constituents. African people cannot hold international NGOs accountable for failures of service delivery, but they can make their government answerable.

Under the current international intellectual property rights regime, pharmaceutical oligopolies hinder the supply of affordable medicines to the continent. Instead of putting up barriers, the United States should encourage African countries to use the safeguards provided in the 2001 Doha Declaration on TRIPS, which would allow easier access to generic medicines. With annual budgets of \$1–\$10 per person per year, Africans cannot afford to buy high-priced drugs and vaccines. The World Bank has a solution for this dilemma, a public fund to purchase vaccines. It suggests that international development banks issue contingent loans for vaccine purchases. This does solve the dilemma for the pharmaceutical industry because it guarantees them sales. But instead of working toward canceling the debt of African countries, this plan would increase African indebtedness and repayment of debt is what has forced so many countries to spend less on health and education.

The first MDG deadline to achieve gender parity in primary and secondary education by 2005 was not met. This failure is particularly disheartening because the deadline was both realistic and achievable. Not educating girls has special significance in public health, both because of the high correlation of educated mothers with healthier children and a greater provision and consumption of health services by women. There are more than five nurses and midwives to every doctor in the African region, a female-to-male

ratio of roughly five to one. Yet curricula often exclude girls from mathematics, science, and technology, which are precisely the prerequisites for careers in medicine, nursing, and public health.

Poverty creates competitors for girls' time in school—the pull of work, paid and unpaid, and the push to early marriage. Twenty-six percent of African children under the age 14 are in the labor force. I actually think that is a terrible underestimate. School fees, which is the same misguided World Bank policy that demanded user fees in health facilities, keep many poor children out of school.

So the solution once again is poverty reduction, as Dr. Badiane has emphasized. But, I hope that the economic crisis is an opportunity to reform the flawed policies of the Washington Consensus. Thank you, Mr. Chairman.

[The prepared statement of Ms. Turshen follows:]

*CONGRESS OF THE UNITED STATES***U.S. HOUSE OF REPRESENTATIVES****HOUSE COMMITTEE ON AFRICA AND GLOBAL HEALTH****DATE:** Thursday, April 23, 2009**TIME:** 11.30 A.M**SUBJECT:** Development in the face of the economic crisis: An opportunity for reforming US foreign assistance in Africa and global health**NAME:** Meredith Turshen**TITLE:** Professor, E.J. Bloustein School of Planning and Public Policy, Rutgers, the State University of New Jersey, New Brunswick, NJ**Background**

Thank you for this opportunity to discuss global health and gender in Africa. My name is Meredith Turshen, and I am a Professor at the E.J. Bloustein School of Planning and Public Policy at Rutgers, the State University of New Jersey, in New Brunswick, NJ. Previously, I worked in the United Nations system for twelve years, at UNICEF and the World Health Organization. I started my teaching career at Howard University, and I have been at Rutgers since 1982. I am author and editor of nine books; the two most relevant titles for today's hearing are *Privatizing Health Services in Africa* and *Women's Health Movements: a Global Force for Change*. For five years I co-chaired the Association of Concerned Africa Scholars, and I am a founding editor of the *Review of African Political Economy*.

The title of these hearings appropriately links economic policy to health issues. The prevailing neoliberal economic model (also known as the Washington Consensus) mandates macroeconomic parameters, which the international financial institutions have implemented through their loan programs. These constraints include ceilings on government expenditures on health and education (cutting services and personnel and eliminating food subsidies, among others), trade liberalization policies that hurt weaker domestic industries in African countries, and World Trade Organization regulation of private property rights in medicines (impeding access to affordable drugs, among others). The U.S. Government has imposed many of the same conditions through bilateral trade and investment agreements. Applying these economic policies over the past twenty years, international institutions, multinational corporations and bilateral agreements have

transformed global health care and devastated public health services by commercializing both supply of and expenditure on health services.

Nobel laureate Joseph Stiglitz has said that the theories that guide the Washington Consensus are empirically flawed, a blend of ideology and bad science. The neoliberal approach seeks to minimize the role of government and relies upon trickle-down economics to address poverty, believing that growth and wealth will trickle down to all segments of society. Stiglitz asserts that these policies have led to the current economic crisis, which may throw as many as 200 million additional people into poverty. Fortunately, as the title of this hearing suggests, the economic crisis is an opportunity for reform.

In this testimony I will address the need for reform of US foreign assistance in Africa and African health care, which for too long have been directed by the flawed policies of the Washington Consensus.

Two priorities for health care in Africa

Poverty reduction is the first priority for health care in Africa because poverty is the biggest epidemic the public health community faces there. Poverty creates ill-health when it forces people to live in environments that make them sick, without decent shelter, clean water or adequate sanitation. Environmental concerns are especially important because the UN predicts that the urbanized population in Africa will double by 2025, and more than 50 percent of Africans will live in urban areas by 2030.

Global poverty is concentrated in Sub-Saharan Africa where about 41% of the population lived on less than one dollar a day in 2007. In the last 25 years, real income has declined in Sub-Saharan Africa. (Latin America and the Arab States registered relatively modest gains, while growth was rapid in East Asia.) The IMF has just announced that is scrapping some of the stringent harmful conditionalities that have hampered poverty reduction in Africa. New poverty reduction strategies are needed that stress the right to health as a primary objective; these strategies should be based on an economic philosophy that promotes government investment in public health.

Support for fragile health systems is the second priority. President Bush's President's Emergency Plan for AIDS Relief (PEPFAR), and his President's Malaria Initiative (PMI) like other disease-centered programs have galvanized attention and brought considerable new resources, but they are being channeled through fragile, under-resourced systems. Eleven sub-Saharan African countries spend less than \$5 per person per year on health; another 15 spend less than \$10. The WHO Commission on Macroeconomics and Health (WHO 2001) estimated the cost of a set of essential interventions at \$34 per person per year, much of which would need to be public spending, or \$45 to include some additional hospital services. Africans spend more out of pocket on health care than Americans.

The fragility of African health care systems is in large part due to the failed policies of donor agencies that have undermined government health services in two ways: from

above, by using structural adjustment programs to hollow out public health systems, and from below by channeling funds to the private sector, usually through private voluntary organizations. These and other policies accelerate brain drain, which siphons health personnel from the government sector.

Brain drain takes several forms: the drift of trained African health personnel from rural to urban areas, from primary to tertiary health facilities, and from the public to the private sector within their countries; in addition personnel move from their countries to South Africa on the continent, and from African countries to Europe, Oceania, and North America. Austerity policies that cut government jobs push personnel out of public health services; and foreign aid policies that channel assistance through international nongovernmental organizations, which now number nearly one thousand in Africa, attract government personnel to the private sector, often in administrative rather than service positions. Proposed legislation, such as The Nursing Relief Act of 2009 (H. R. 1001), which would create a new nonimmigrant visa category for registered nurses, and the earlier H.R.5924 Emergency Nursing Supply Relief Act, would aggravate the effects of brain drain on fragile health systems. African countries not only sustain the loss of their trained personnel but also absorb the costs of social reproduction, nursing and medical education.

Large vertical disease-based initiatives eclipse more traditional conduits of foreign assistance by going around the United Nations and WHO, and they contribute to a decline in spending on maternal and child health, which is 22 percent less than it was ten years ago. I am attaching for the record a detailed report on what has happened to women's health in Sub-Saharan Africa since the 1994 Cairo International Conference on Population and Development (ICPD). Since 1986 the poorest African countries grew poorer while the richest nations of the North got (much) richer. Life expectancy fell in Africa. Maternal mortality rates have risen or stayed the same in 16 of 40 African countries. Skilled personnel attended fewer births in 12 of 31 countries for which comparative data are available. Public expenditure on health has stagnated in 24 of 25 countries for which there are data; the health budget has risen only on the island of Mauritius. The rates of preventable and treatable communicable diseases have risen--not only AIDS but malaria and tuberculosis as well. Ratios of physicians fell in four countries and remained the same in another four; they rose in 16 countries, but not at the rate of population growth. Family planning is the one service that grew in the decade since Cairo. Governments did not meet the 2005 goal of reducing by half the gap between the proportion of individuals using contraceptives and the proportion expressing a desire to space or limit their families. Of the key goals embodied in the ICPD Programme of Action, governments achieved only one goal: providing skilled attendants to assist 40 percent of all births where the maternal mortality rate is very high (interpreted here as over 1,000 deaths per 100,000 live births). The conclusion is that on too many fronts, especially in the areas of ICPD promises, the countries and people of sub-Saharan Africa have moved backwards or have stagnated and made no progress.

Progress towards health-related goals

The record is no better in meeting Millennium Development Goals (MDG). One in five children (20 percent) die before the age of five. 265,000 women in Sub-Saharan Africa died during pregnancy or childbirth in 2005, approximately one in 22. 25.8 million adults and children in Sub-Saharan Africa are living with HIV. 44 percent of the population still has no access to safe and clean water. Average life expectancy in Sub-Saharan Africa is 47 years. Only one third of children of primary school age now attend school.

According to the MDG Africa Steering Group report (June 2008), the continent as a whole is lagging behind on each goal. Progress towards achieving gender equality and environmental sustainability remains inadequate. The challenge of meeting the eight MDGs in African countries is compounded by the grave long-term risk that climate change poses. The MDG Africa Steering Group claims that African countries demonstrably require additional resources for adaptation since they are particularly vulnerable to the effects of climate change and the growing risk of natural disasters. The recent rise in food prices, which is related to climate change, volatile hydrocarbon prices, and commodity speculation, is putting great pressure on African economies, threatening to unravel hard-won progress in fighting hunger and malnutrition. The dangers of a decelerating world economy add to the challenges that African countries face now and in coming years.

The United States subscribes to the MDG challenge of halving extreme poverty by 2015, but it has no international poverty reduction policy, and the 2007 US Foreign Assistance Framework, which seeks to align all U.S. government foreign assistance into one cohesive structure, lacks a focus on poverty reduction. In addition to reclaiming poverty reduction as the primary goal of aid, the U.S. should target development and humanitarian assistance where need is greatest, rather than according to the national security agenda.

Changes needed in global assistance

United States net official development assistance (ODA) fell in 2007 by 9.8 percent over 2006 to \$21.8 billion. The ratio of ODA to GNI also fell from 0.18 percent in 2006 to 0.16 percent in 2007. The fall was mostly due to lower levels of debt relief provided in 2007 as well as a decrease in ODA to Iraq. The level of U.S. assistance—0.22 percent in 2005—is far below the foreign aid target of 0.56 percent of GDP by 2010, and 0.7 percent by 2015 that G8 members from the European Union committed to at the 31st summit in Gleneagles in 2005.

There is widespread agreement in the U.S. and abroad that the U.S. does need to change the way that it administers its health-related assistance. According to OECD (2009) the approach of the United States differs from that of other Development Assistance Committee members in that each U.S. government agency has its individual approach to planning, agreeing and implementing its assistance in consultation with the partner country. And there are twenty-six different agencies conducting aid programs. USAID,

historically the main agency for implementing U.S. programs in health, education, humanitarian relief, economic development and agriculture, has seen its share of foreign aid decline—from over 50 percent in 2002 to under 40 percent in 2005. One cause of this decline has been the increase in foreign assistance disbursements to the Department of Defense (DoD), up from 5.6 percent of the official development assistance budget in 2002 to 21.7 percent in 2005. This shift from USAID to DoD represents an undesirable blurring of the boundaries between defense, diplomacy and development. In addition to reconstruction efforts in Afghanistan and Iraq, DoD is a contractor to PEPFAR in Nigeria, work in AIDS vaccine research, and the building of schools and hospitals in Tanzania and Kenya; USAID might be better suited to carry out this work. Currently the State Department takes the leading role in AIDs interventions, and PEPFAR is located in the State Department, which has limited development expertise.

Phantom aid

One significant problem in the way global assistance is delivered is that the bulk of the money is wasted, misdirected, or recycled within donor countries. Agencies fail to target the poorest countries, spend too much on overpriced technical assistance from international consultants, and tie aid to purchases from donor countries' own firms. Only 3 percent of U.S. bilateral official development assistance to least developed countries was untied, according to OECD. In one estimate, untying U.S. assistance would have yielded an additional \$4.37 billion in 2005. Planning, implementation, monitoring, and reporting requirements are cumbersome and poorly coordinated, administrative costs are excessive, and disbursements are late and partial. Many are calling this phenomenon "phantom aid": 61 percent of aid from the United Kingdom was "phantom" rather than "real," rising to almost 90 percent in the case of France and the United States (ActionAid International 2005, 2006). When "phantom aid" is subtracted from the 0.25 percent of national income that donor countries are ostensibly spending on aid each year, the real value of foreign assistance is 0.1 percent.

The United States is participating with the OECD Development Assistance Committee to improve the effectiveness of its aid and make it more transparent and predictable. Re-engaging with the multilateral system would promote better international coordination, and untying aid would help disentangle foreign assistance from U.S. business interests. Appropriations for five to ten years would resolve problems of unpredictability. The U.S. share of ODA to multilateral organizations has fallen from 26 percent in 2002 to 8 percent in 2005. We need to renew our support of UN agencies like UNFPA and decrease the undue influence of religious doctrine on sexual and reproductive health programs.

If the U.S. Government is serious in its wish to help build public health systems in Africa, then scattered health initiatives must be consolidated and channeled through the World Health Organization. The funds in the President's Emergency Plan for AIDS Relief (PEPFAR) and the President's Malaria Initiative (PMI) should be turned over to WHO, which should once again administer AIDS programs (disbanding UNAIDS) as well as the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Roll Back Malaria Campaign. The delivery of aid through private voluntary organizations (PVO) should be curtailed in favor of multilateral channels. This change would not only assist

African governments in planning their health care services and in reducing the administrative workload of overseeing hundreds of uncoordinated PVO projects, but it would also help these organizations wean themselves from dependence on government support; more independence would mean a more critical stance as advocates for their constituents. From the perspective of African people, they could hold their governments accountable for service delivery in a way they cannot with the private sector.

The Pharmaceutical Industry

Under the current international intellectual property rights regime, pharmaceutical oligopolies hinder the supply of affordable medicines. The U.S. has pressured developing countries not to use the safeguards provided in the 2001 Doha Declaration on TRIPS, which would allow easier access to generic medicines. The U.S. also enforces tight standards of intellectual property protection through bilateral and regional trade agreements. A burdensome and inefficient system in PEPFAR programs limits access to antiretroviral drugs and approves only a small number of generic drugs.

The UNDP and the World Bank are pursuing the concept of public health as a global public good even though they fear that patients will have a "free ride" on jointly supplied public goods. I think this fear is misplaced because I believe there are no false demands for care, only unmet needs. My fear is that providers will have a "free ride" feeding at the public trough. The UNDP and the World Bank want to establish a public fund for the production of what are essentially private goods (for instance, medicines), arguing that there is insufficient private demand for the private commercial sector to respond. So for example, a public fund would give the pharmaceutical industry money for the research and development of commercial products that would address the communicable diseases common in Africa, Asia and Latin America, and specifically to develop an AIDS vaccine.

There are two problems here, apart from the ethical one, which is that one of the most profitable industries would receive additional tax breaks and subsidies, precisely the sort of aid denied to poor public health patients. The first problem is that without a strong, state-run public health service, there will be no system for the ongoing distribution of an AIDS vaccine as experience with other vaccines has shown. For example, a vaccine for neonatal tetanus was developed in 1931, but tens of thousands of African infants still die of this disease. Similarly, a vaccine for Hepatitis B is available, but vertical mass vaccination campaigns cannot supply it. Again, Africans need comprehensive public health services, not the uncoordinated provision of charity.

The second problem is that Africans cannot afford to buy the drugs and vaccines that already exist. To solve this dilemma, the World Bank proposes creating a fund to purchase vaccines and suggests that international development banks issue contingent loans for vaccine purchases. This does solve the dilemma for the pharmaceutical industry because it guarantees them sales. But instead of working to cancel the debt of African countries, the World Bank would increase African indebtedness, while doing little to increase income from primary products through fair trade arrangements.

Priorities for achieving gender equality

The first MDG deadline—to achieve gender parity in primary and secondary education by 2005—has not been met. This failure is particularly disheartening because the deadline was realistic and the goal reachable. Most countries in sub-Saharan Africa will need a significant boost in their average annual rates of enrolment in order to reach universal education by 2015. Some 37 countries, most in sub-Saharan Africa, will need to have an average annual rate of increase of over 2 percent in order to reach the goal. Not educating children has special significance in public health, both because of the high correlation of educated mothers with healthier children, and the greater provision and consumption of health services by women. There are more than five nurses and midwives for every doctor in the African region (typically more than 70 percent of doctors are males, while almost all midwives and most nurses are women).

Poverty creates competitors for girls' time in school—the pull of work (paid and unpaid) and the push to early marriage. 26 percent of African children under the age of fourteen are in the labor force. School fees—the same misguided World Bank policy that demanded user fees in health facilities—keep many poor children out of school.

Gains in enrolment are sometimes countered by high dropout rates. Apart from work and marriage, girls may drop out because there are few women teachers, or if there are female instructors, the head teachers are male. Girls drop out when classes are not relevant, if there are no role models, or if completing school fails to prepare them for meaningful employment. Textbooks may reinforce gender stereotypes, with boys depicted as active and girls as passive. Curricula often exclude girls from mathematics, science and technology, precisely the prerequisites for careers in medicine, nursing and public health. The Africa region bears more than 24 percent of the global burden of disease but has access to only 3 percent of the world's health workers.

Schools need to become more child-friendly, with safe water sources and sanitation facilities, so important to girls. Many schools fail to protect girls from violence, inflicted by teachers or older boys. Whether perpetrated by adults or children, almost all violence in schools reflects a "hidden curriculum" that promotes gender inequality and stereotyping. According to the UN World Report on Violence (2006), boys taunt each other about their lack of masculinity and harass girls with verbal and physical gestures that are sexual in nature. Corporal punishment of boys is more frequent and harsh than corporal punishment of girls, but girls suffer from sexual aggression by male teachers and boys, which is often dismissed as "just boys being boys", while girls are blamed for "asking for it".

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House Committee on Africa and Global Health
Development in the face of the economic crisis

Meredeth Turshen
23 April 2009

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I hereby disclose that I have received no money from any U.S. Government source (agency or program) this fiscal year, nor do I hold any Federal grant (or sub-grant thereof) or any contract (or subcontract thereof) in the current fiscal year.

Mr. PAYNE. Thank you, very much. Mr. O'Keefe.

**STATEMENT OF MR. BILL O'KEEFE, SENIOR DIRECTOR OF
POLICY AND ADVOCACY, CATHOLIC RELIEF SERVICES**

Mr. O'KEEFE. Good afternoon, Chairman Payne, and let me just thank you for your courage in going to Somalia and the commitment that that represents for the people of Africa. I, also, want to thank ranking member Smith for his tireless advocacy on behalf of human rights for the people of Africa. I appreciate the interest of all the members of the subcommittee. Thank you for allowing Catholic Relief Services to share its views on foreign assistance priorities for Africa and especially around reform.

Foreign aid does need to be reformed to meet the 21st century challenges in Africa. Paul Collier documented in the Bottom Billion many of the poorest people in Africa live in countries stuck in development limbo. As Congresswoman Watson, I think, summarized well, major global trends, such as climate change and the global financial crisis, threaten to keep these nations permanently locked in this state of poverty. Again and again our church partners in Africa highlight the growing problem of underemployed and unemployed poorly educated urban youth in expanding cities. Finally, the complicated series of conflict systems on the continent is the Gordian knot that ties up African development in many places.

Responding effectively to these challenges would benefit from all the lessons learned from over 60 years of experience at CRS. Our central conclusion from that experience is this: Effective responses require local participation and ownership in their design and implementation. Whether strengthening agricultural supply chains, improving access to quality education for girls, or caring for people living with HIV, people must be the central participants in their own development. In Africa, faith-based institutions, like Catholic Relief Services, are well positioned to ensure this local participation and ownership. This is because of our extensive grassroots network and the resulting access, trust, knowledge of local cultures and needs, and respect for local traditions and religious values.

Linking our on the ground assets to this approach of U.S. foreign assistance, however, is not always easy and has not always been easy. U.S. foreign assistance is stuck in its own limbo. Only 25–34 percent of foreign assistance is directed to the poorest people in the poorest countries. As Dr. Turshen has mentioned, poverty reduction is certainly the focus that we would like to see more of. In response to complex and changing conditions and the rich diversity of peoples and cultures on the ground in Africa, funding has been stove piped, inflexible, short-term, and too often prescribed from Washington.

So how can this committee reform U.S. foreign assistance, so that the critical elements of participation and ownership filter all the way down to the rural Kenyan farmer or to the woman trying to feed and educate her children? There are three principles from our experience that apply to the range of legislative initiatives facing this committee from general foreign assistance reform legislation, to food security reform, to microenterprise reauthorization.

The first principle is “do no harm.” In this case, I mean preserve the role of faith-based organizations that fill large niches that few

others can. Conscience clauses and other provisions that mitigate against discrimination in funding and allow faith-based organizations to contribute their unique strengths are essential. In no area is this more true than in PEPFAR. Faith-based institutions often provide the only quality healthcare, education, agricultural assistance, and other critical assistance in whole regions of rural Africa. Without their presence, the most vulnerable would simply go without. CRS's care treatment and prevention projects are carried out in partnership with Catholic church agencies and other local organizations and last year directly helped more than 3.5 million people affected by the disease. Under PEPFAR II, we are already building on the rural healthcare system strengthening begun under PEPFAR I. Where aid isn't broken, don't fix it.

The second principle is "throw out the cookie cutter." People are not single sector beings. And in Africa, the incredible diversity across every variable means participatory projects owned locally will vary immensely. Faith-based groups, local NGOs and PVOs need to be able to address hunger as we do in Ethiopia, for example, where we combine Title II and other resources to assist women farmers to improve their environment, increase their yields, address their nutrition constraints, and engage in savings led micro-enterprise activities for income. This holistic approach suggests a wider need to coordinate development programs appropriately. Staff and country need the flexibility to propose a responsive country level development strategy. Over determining sector allocations from Washington does not promote real development.

The third principle is "maximize the comparative advantages of the various actors." Pay attention to the details of the funding mechanisms, so that faith-based organizations, American PVOs, and local civil society groups can access funding in ways that allow them to support the projects that arise from the participation and ownership we work so hard to foster. As Mr. Gast mentioned, USAID has been so understaffed that the remaining personnel do not have the time and support to manage and monitor the kinds of participatory, locally-owned initiatives that work. To meet their responsibilities, the remaining staff rely on larger and larger contract mechanisms with tighter and tighter requirements and shorter and shorter time frames. The result, CRS, local faith-based groups, local NGOs and PVOs specializing in the critical skills and relationships for development effectiveness cannot participate. CRS has found that some of the new foundation donors have developed funding mechanisms that are both predictable, flexible, and yet rigorous. We have been able to develop agricultural research initiatives led by women farmers, for example, because we have had the flexibility and the opportunity to explore over time with those communities the kinds of interventions that work. Assistance reform must allow us to innovate.

In conclusion, this bottom up approach, which focuses on the poorest of the poor, is also exactly what the American people want and what they all believe our Government should be doing. It is what we can all be proud of. I would like to thank you for your attention and I would be very glad to answer any questions that you might have.

[The prepared statement of Mr. O'Keefe follows:]



By
Bill O’Keefe, Senior Director for Advocacy
of
CATHOLIC RELIEF SERVICES
WRITTEN TESTIMONY

Before

THE HOUSE COMMITTEE ON FOREIGN AFFAIRS
SUBCOMMITTEE ON AFRICA AND GLOBAL HEALTH
Donald M. Payne, New Jersey, Chairman

on
April 23, 2009

Good morning Chairman Payne, Ranking Member Smith and the members of the subcommittee. Thank you for allowing Catholic Relief Services (CRS) to share its views on foreign assistance reform priorities for Africa. CRS is one of the largest American humanitarian organizations operating in the region, with longstanding ties on the continent that in many cases predate African independence.

My name is Bill O'Keefe, Senior Director for Advocacy for Catholic Relief Services (CRS). Operating in more than 100 countries around the world, CRS is the international humanitarian agency of the U.S. Conference of Catholic Bishops, representing the nearly 70 million members of the U.S. Catholic community.

In my testimony, I'd like to focus on the value that faith-based organizations bring to reducing poverty, alleviating human suffering, and providing hope to a new generation. Then, I will cover how the current nature of U.S. foreign assistance complicates and limits our role and its overall impact. Next, I will discuss three priority areas for our work in Africa: food security, our response to the HIV and AIDS pandemic, and microfinance. Last, I will conclude with recommendations for foreign assistance reform.

Role of Faith-based Organizations in U.S. Foreign Assistance and Development

Faith-based institutions play a leading, and in many respects, a unique role in extending the reach of foreign assistance. CRS, for example, directly programs more than \$350 million in U.S. foreign assistance annually. We and other faith groups leverage these resources to accomplish even more. According to a report in the International Review of the Red Cross, church-related agencies associated with the World Council of Churches and Caritas International family, a global network of Catholic social service and development organizations including Catholic Relief Services, each mobilize over \$1 billion per year in private resources for relief and development.

The Catholic Church, as well as other faith traditions, possesses an extensive grassroots network in Africa. It actually extends the impact of U.S. foreign assistance into remote areas that most international donors and many national governments are unable otherwise to reach. For example, through its hospitals, schools and social service outreach, the Catholic Church provides approximately 25% of the care and treatment for persons with HIV and AIDS worldwide, especially in Africa. Without our engagement, the most vulnerable would simply go without valuable assistance in many parts of the world. And we work effectively because of our network of relationships, knowledge of local cultures, and respect for local traditions and religious values.

Catholic humanitarian agencies, including Catholic Relief Services, are guided by the principles of Catholic social teaching. While motivated by faith, we provide assistance solely on the basis of need and not creed. Our faith tradition combined with our long experience, nonetheless, influences our view of effective development in ways which we think are consistent with the values of most Americans and relevant to the deliberations of this subcommittee.

First, the teaching of our faith promotes the sanctity, intrinsic **human dignity**, and rights of all members of society. Our teachings instruct us to pay special attention to those who face chronic

poverty, conflict, disease, illiteracy and exploitation. Our work is dedicated to **integral human development**, promoting the good of every person and the whole person. While development allows individuals and communities to move out of poverty, it is not limited merely to economic growth. Effective development must address the political, economic, social and cultural factors that perpetuate inequity and poverty. Integral human development promotes human dignity by fostering the ability of the individual to reach his or her full potential.

Based on our principles of **social justice**, effective development also requires an understanding of the underlying policies that intersect and impact the lives of the poor. Trade policies that prevent poor farmers and workers from competing in the global market, migration policies that contradict labor market realities and foster exploitative conditions in sending and receiving countries, and diplomatic failures that lead to war and displacement undermine effective development.

Ultimately, U.S. foreign assistance must be about the development of people. Governments are responsible for promoting the **common good** – creating the economic, social, cultural and political conditions that allow people to thrive. Effective U.S. foreign assistance should support the capacity of other governments to help their own people develop in the long-term; short-term political or security goals must not displace and cannot substitute for long-term development efforts. Simultaneously building civic society capacity strengthens government accountability and functioning. Effective U.S. foreign assistance should directly build the capacity of communities and individuals to help themselves, while still seeking to help their governments become more responsive and accountable to the needs of their people.

CRS' perspective on foreign assistance is also shaped by more than 65 years of experience in providing immediate relief to communities devastated by manmade and natural disasters and facilitating community-led, sustainable development. Throughout its history, CRS has been an active development partner of the U.S. government and has seen both the successes and failures of foreign assistance. Through this experience, CRS has learned that effective programs require **local participation** in their design and implementation; people must participate in their own development. Whether working to strengthen agricultural supply chains, improve access to quality education or care for people living with HIV and AIDS, people must be the central participants in their own development.

This understanding of U.S. foreign assistance and integral human development resonates with American values. The generosity of the American people also affirms our efforts and those of the U.S. government to fight poverty and end global hunger.

Many faith-based organizations tirelessly advocate for the value and funding of U.S. foreign assistance. As part of its mission, CRS educates American Catholics about their moral responsibilities to act, both directly and through their government, on behalf of the poor overseas. We urge them to support the life-saving and transformative aspects of U.S. foreign assistance targeted to poverty alleviation and development.

Current Constraints to Foreign Assistance Effectiveness

Supporting projects in 42 African countries, CRS has a profound respect and appreciation for the continent's rich diversity of culture, ethnicity, religion, and traditions. CRS also recognizes climate, resources, and other physical variabilities -- between and within the countries of the continent. We see many positive trends towards improved rule of law, better accountability, attention to health and education, and resolution of some of the persistent conflicts within countries.

But, confounding challenges remain and loom. The potential effect of climate change on rain-fed agriculture in Africa has been documented. Last year's food price spike engendered riots in Cameroon, Senegal, Burkina Faso, Cote d'Ivoire, and Guinea -- an indication of how volatile changes in food supply and availability impact stability. While we are not macro-economists, we also know that the global financial crisis that began here in our nation is already reducing global demand for African products and increasing unemployment. Again and again, our Church partners in Africa highlight the serious and growing problem of underemployed and unemployed, especially the poorly educated urban youth in growing cities.

Finally, the complicated series of conflict systems in E. Congo, Sudan, Chad, Somalia, and elsewhere is the Gordian knot of development. Conflict is development in reverse. The post-conflict trap is real. Foreign assistance reform needs to bring together multi-lateral diplomatic energy to ending these conflicts, consistent attention to rebuilding, and swift engagement of militant young men in constructive activity.

Several significant problems limit the potential of current U.S. foreign assistance to support integral human development:

- Lack of focus on the poorest people and the poorest countries: The confusing array of actors, initiatives and objectives incorporated in the Foreign Assistance Act demonstrates confusion about the purpose of U.S. foreign assistance. Only 25-34% of foreign assistance is directed to the poorest people in the poorest countries. By setting poverty alleviation and human development as the clear purposes for foreign assistance, the U.S. will not only recognize development as a moral imperative, but limit the duplication and inefficiencies created by competing priorities of governmental departments and agencies.
- Stove-piping: The people we serve are not single sector beings. Effective development must address the range of political, economic, social and cultural factors that perpetuate inequity and poverty. Current funding is frequently allocated and organized by sector, which requires groups like CRS to spend an inordinate amount of staff time and effort to patch together sources of funding into an effective multi-sectoral response. Where distinct funding streams have value, there needs to be country and community level flexibility in bringing resources together.
- Washington-driven: Integral human development can be planned, measured, and evaluated in Washington, but effectuated only with sufficient time, the credibility that comes from on-the-ground relationships, strong local and cultural knowledge, and technical expertise. The diversity of Africa argues against prescribed, cookie-cutter approaches. Similarly, under-

staffed and over-determined USAID missions cannot support the kind of effective participatory development implemented by faith-based groups and other PVO's.

- Confusion about the relationship between development and national security: The uncomfortable tension between foreign assistance goals and policies driven by short-term self-interests, rather than mutual interests and common concerns, leads to ineffective long-term development outcomes. Where U.S. development assistance has been directed solely towards national security ends, it has produced neither development, nor security. U.S. assistance in Africa during the Cold War, for example, was littered with security-motivated assistance gone awry. In recent years, 20% of foreign assistance has been channeled through the military, which has neither the training nor orientation necessary to build the long-term trust and relationships needed for community ownership of development. Paradoxically, where the U.S. supports a well-run development effort designed solely to help people in need, both development and security can result.
- Excessively Rigid Funding Mechanisms: Over the last decade, U.S. foreign assistance has increasingly been provided through acquisition (e.g. contracts) over assistance instruments (e.g. cooperative agreements, grants). According to USAID's 2009 business forecast, over 55% of USAID solicitations in 2009 will utilize acquisition instruments (contracts, task orders, and simplified purchase orders), as opposed to assistance (grants and Cooperative Agreements), with 6% of the solicitations still undetermined as to which mechanism will be used. The vast majority of the anticipated dollar value is planned to flow through acquisition instruments.

Acquisition instruments are intended to procure goods and services for the direct benefit of the U.S. Government and define the relationship between USAID and implementing partners in "buyer-seller" terms. Assistance instruments, in contrast, are intended to transfer resources for a public purpose of support or stimulation; assistance instruments define the relationship in "donor-recipient" terms. Assistance instruments afford greater opportunities for community participation and ownership, which are essential for success. Prescriptive, disjointed and rigid contract mechanisms also disregard complex needs in favor of quick fixes. Because of their sheer size, prescriptive nature, and rigid focus on outputs rather than impacts, USAID's move to large contracts has also limited the role that faith-based organizations can play.

I'd like to offer some perspectives on development and foreign assistance reform based on our work in three areas. I'll begin with Global Hunger and Food Security.

I. Global Hunger and Food Security

For more than half a century, CRS has worked with USAID's Food for Peace, a phenomenally successful partnership that demonstrates the goodwill and compassion of the American people. We as a nation should be proud that our government is the largest food aid donor in the world. Our PL 480 Title II program assists millions of people living on the edge to meet their daily food needs, in turn providing individuals and communities with the strength necessary to move towards self-sufficiency through opportunities to earn livelihoods.

As one of the largest providers of U.S. food aid, CRS has witnessed firsthand how this program is an effective tool for helping poor people to help themselves. For example, with five years' investment of Title II food and funds, CRS worked through a local partner to reverse severe environmental degradation and improve the livelihoods of 570 poor households in Legedini, a rural community in eastern Ethiopia. Through support provided by USAID and CRS, this community has been able to use small-scale irrigation to grow marketable vegetables. They have also used this investment to develop small livestock herds and increase sales of milk, improve water and sanitation management, increase the engagement of women in microenterprise, and improve the nutritional content of family meals. Participants in a women's group have begun to save and to invest their savings in business activities that diversify their assets. The success of this program is a direct result of the effective combination of food aid to meet immediate needs and cash to support complementary livelihood support activities.

CRS also uses Title II resources in poor communities around the world as part of agriculture projects, village banking schemes, or other livelihoods enhancement efforts. Social safety net programs feed orphan-headed households and people who are too old or too sick to function in the local economy. Title II also provides food for maternal/child programs that combine food aid with prenatal and postnatal education and support.

Title II programs are extremely important to the families, communities and even nations that they serve. We now use food aid to help people avoid disaster and hunger through self-help and preparedness programs. The ultimate impact of this long-term investment was particularly apparent during the 2005 drought in Niger, where communities that had received sustained assistance through Title II were more resilient to the effects of crop loss and market price spikes.

If not properly administered, Food Aid can have a negative impact on local agriculture. For this reason, CRS exercises great care in using Title II resources. CRS also supports increasing the amount of cash in appropriate anti-hunger assistance, which would allow for a variety of initiatives, including local and regional purchases of food and voucher programs.

Regrettably, U.S. foreign assistance has made inadequate investments in agriculture. This lack of investment has led to stagnation in productivity and poor uptake of improved technologies, with productivity gains and innovation particularly low in Africa. CRS has launched a new global agriculture strategy that promotes integral human development through a flexible range of interventions that span the needs of the people we serve, in a continuum of relief to growth. The strategy places greater emphasis on household resilience, market engagement, and local empowerment, especially of women.

In an effort to help the U.S. implement a smart and comprehensive plan to end global hunger, CRS and other faith-based groups and PVO's came together around the Roadmap to End Global Hunger.

Based in part on the Roadmap, CRS recommends several food security specific considerations related to foreign assistance reform. These steps, made even more urgent by the food price crisis of last summer and fall and the current global economic crisis, include:

- Identify food security as a central purpose of poverty reduction and development and adopt a comprehensive approach to food security across the full continuum of relief, reconstruction, and development.
- Restore the role of faith-based groups, PVO's, and civil society partners. Ensure that there is a defined program -- not an earmark -- authorizing PVO participation.
- Improve emergency response with more cash for specific purposes and accountability, and provide more resources for mitigation and prevention.
- Greatly increase the resources available for market-based agriculture and market development, aimed especially at low-income farmers, particularly women.
- Integrate food security reform and coordination with overall foreign assistance reform, including ensuring that food security as part of development receives high level attention and coordination across the government.

II. Responding to the HIV and AIDS Pandemic

The HIV and AIDS pandemic is one of the most serious threats to survival in sub-Saharan Africa. The U.S. has responded robustly, through the Tom Lantos and Henry J. Hyde United States Global Leadership Against HIV/AIDS, Tuberculosis, and Malaria Reauthorization Act of 2008. Strong leadership and broad bipartisan support have resulted in an initiative that shows the best possible face of the American people toward our world neighbors. The PEPFAR program is one of the most successful foreign assistance programs in our history. CRS thanks and congratulates this Committee for its role in this program.

Through PEPFAR, more than 2 million people are receiving antiretroviral therapy. Many of these people would not be alive today if they did not receive this vital treatment through PEPFAR. An additional 10 million people are receiving health care and other social services for HIV, including more than 4 million orphans and vulnerable children.

CRS has been at the forefront of the fight against HIV, particularly in sub-Saharan Africa, the focus of the PEPFAR funding. Since starting its first HIV project in 1986, CRS has expanded its work to more than 280 projects in 62 countries. Last year, CRS directly helped more than 3.5 million people affected by the disease. CRS' HIV projects are carried out in partnership with Catholic Church agencies and other local organizations and provide a comprehensive continuum of services, from education and prevention to initial testing to nutritional support to home-based and palliative care. Through the CRS-led AIDSRelief consortium with 200 partners in nine countries, more than 390,000 people living with HIV are receiving care and support services of which 145,000 are on life-saving antiretrovirals.

The five-year reauthorization of PEPFAR was an important step in continuing to alleviate the suffering of some of the world's most vulnerable people. We are fully engaged in the local capacity building, movement towards sustainability and health care system strengthening the reauthorization envisions.

We urge that the commitments of the Lantos-Hyde Act be fully funded and that the life-saving model included in the reauthorization be preserved.

Both the U.S. Conference of Catholic Bishops and CRS strongly supported the retention of the “conscience clause,” which will help ensure that Catholic and other faith-based organizations are not discriminated against as HIV and AIDS service providers. Even with the conscience clause, Requests for Applications are issued that bundle services in ways that effectively prevent us from applying. Without the conscience clause, we fear many faith-based organizations providing health care and HIV services would be excluded, along with those people they serve.

The ABC HIV prevention efforts that are part of PEPFAR have also showed progress — particularly through “Abstinence” and “Be Faithful.” Data about the effectiveness of abstinence and faithfulness have been largely ignored. However, there is widespread consensus among public health experts that “partner reduction” and the “delay of sexual debut” are critical components of any comprehensive approach to reduce the spread of HIV.

Faith-based organizations have a unique role in HIV prevention efforts. Without judging other agencies or their interventions, there is an important place in the local cultural and religious environments in Africa for helping youth to delay sexual debut and reduce the number of sexual partners. Faith-based programs are deeply rooted in the local culture, trusted and can be highly effective in delivering AB services.

CRS also believes that prevention is much larger than the polarizing debate between elements of the ABC approach. We are dedicated to addressing underlying structural issues that contribute to continued transmission, including gender equity, child rights, etc... Our prevention interventions include prevention of mother to child transmission, ART and adherence, increased counseling and testing. In 68 countries in more than 280 HIV projects, we continuously see the need to increase key behavior change messages throughout our programs. The conscience clause ensures that we can continue to provide these messages (which include full and accurate information about all prevention methods).

III. Microfinance

CRS first began small enterprise development projects in the 1960s and launched its first microfinance pilot project in 1988. Through its microfinance programs, CRS aims to help empower poor people, especially women, by providing access to financial services – ranging from credit and savings to insurance – that are integral to obtaining the resources necessary to earn livelihoods, essential to breaking the cycle of poverty. CRS supports microfinance partners and programs in 38 countries throughout Africa, Asia, Europe, the Middle East and Latin America. Since 1988, CRS has brought sustainable financial improvements to the lives of more than 1 million people.

Some years ago, CRS made a strategic decision in our microfinance programming to target the most marginalized and underserved communities. We refocused our efforts, moving from founding microcredit institutions to helping to form savings-led groups, where a small group of people pool their resources and can access very small loans of \$5 to \$30. This pool of money is then used to provide small loans to group members. This approach especially benefits women, who increasingly head poor households and are far more likely than men to channel increased income from their business activities into essential benefits for their families. We have found that

this savings-led model also integrates well with a wide range of programs: targeting people living with HIV or their caregivers, orphans and vulnerable children, boosting farmers who do not have access to traditional credit, or aiding water and sanitation programs and education initiatives.

Microfinance programs can be very successfully integrated with a host of other programs that fight poverty. We have successfully linked microfinance and agro-enterprise development in Tanzania, where 3,800 farmers were able to access microfinance support through their involvement in savings groups. This enabled them to begin growing an improved variety of chickpeas as a marketable export crop. Through their savings groups, these farmers were able to leverage economies of scale in both production and marketing, leading to substantial increased net income for their families.

Recommendations

Based on our experience, we strongly support the efforts of Chairman Berman to rewrite the Foreign Assistance Act and to pursue comprehensive reform, which aims to improve development effectiveness. We are encouraged by the new Administration's commitment to reform and by the President's proposed budget, which signals a commitment to elevate development and double foreign assistance funding. As the FY2010 budget goes to conference we urge support for the Senate-passed levels for the international affairs budget. We are also pleased with the Administration's support for PEPFAR and the Millennium Challenge Corporation (MCC). Continued support for these two innovative programs, initiated under the last Administration, acknowledges that investments in development and relief are consistent with American values across the political spectrum.

To address the constraints we have identified, though, we recommend foreign assistance reform include these elements:

Define poverty reduction and human development as the central purposes of development assistance. Foreign assistance directed to short-term security interests undermines the participation and ownership required for long-term development. Only when designed and implemented to alleviate poverty and promote integral human development will foreign assistance be effective. By stressing poverty alleviation and integral human development, the U.S. will meet its moral obligations as a global leader, enable developing countries to participate fully in the global economy, and in the long-run help ensure our own national security.

Emphasize development effectiveness over aid effectiveness. Reform should concentrate on the effectiveness of development, as measured by impact on people, households and communities, as opposed to effectiveness of aid, as measured by inputs and outputs. The focus on inputs and outputs leads to short-term fixes and long-term failure. Development effectiveness requires predictable, yet flexible funding mechanisms. Multi-year funding commitments recognize the complexity of development challenges and allow for the participation of beneficiaries in their own development. Greater flexibility will allow faith-based and other U.S. implementing partners to respond more effectively to changing needs of communities driven by evolving circumstances (e.g. drought, conflict, floods) or opportunities. New mechanisms should

facilitate merging of multiple funding streams to support appropriate multi-sectoral programs. The U.S. should prioritize the use of assistance instruments over acquisition instruments for programs intended to promote local participation and ownership.

Restore U.S. civilian capacity and authority to manage foreign assistance. CRS urges rebuilding and reinvigorating the U.S. civilian agencies (e.g. USAID, State) responsible for foreign assistance. Restoration of capacity will allow U.S. civilian agencies to rely less on contract mechanisms, which have become USAID's funding mechanism of choice given its shortage of staff available to provide support and oversight to faith-based partners and American PVOs. A strengthened USAID--in one form or another--with authority will also limit the duplication and inefficiencies created by all the competing and duplicative federal agencies and departments now involved in foreign assistance.

Strengthen capacity of local government and civil society to address development challenges. It is important to strengthen both local governments and civil societies in order to promote accountability and participation. Weak and authoritarian governments in Africa impede progress and undermine development. In these situations, it is especially important for foreign assistance to promote change by building the capacity of local civil society to encourage social justice, poverty reduction, and the dignity and rights of the poor. Civil society, including faith-based organizations, has a demonstrated capacity to assess problems, prioritize and manage investments in people, identify practical approaches to service delivery, evaluate outcomes and hold governments accountable for promised outcomes.

Require a balanced development strategy tailored to people's needs. Effective development should reflect the specific and comprehensive needs in each country, as determined by on the ground USAID staff in partnership with local government, civil society, faith-based groups, and American PVOs. Existing disjointed development policies, stove-piped sources of funding, and prescriptive donor restrictions impede balanced development by limiting the ability of implementing partners to adapt available resources and programs to meet beneficiary needs.

Strengthen resources to address complex needs and meet global commitments. Despite the budgetary pressures brought on by the global financial crisis, the U.S. must sustain its commitment to poverty reduction by maintaining, and over time, increasing human and financial resources in support of development in Africa. Increased levels of development assistance are needed to address such critical challenges as climate change, conflict, and soaring food and energy prices. The convergence of these complex factors hinders efforts to alleviate poverty. Accordingly, the U.S. must act in concert with other public donors, private actors, foundations, faith-based organizations and PVOs to respond to these needs with a full array of resources.

Preserve the role of faith-based organizations. Faith-based organizations fill large niches that few others can. We have the experience and extensive networks of local partners that provide the respect for local values, cultures, and traditions necessary for effective long-term development. Conscience clauses and other provisions that mitigate against discrimination in funding and allow faith-based organizations to bring their unique strengths to extending the delivery and effectiveness of U.S. foreign assistance are essential.

Conclusion

The mission of CRS as a faith-based PVO is to serve the poorest of the poor, and the most vulnerable members of our human family. In this mission, we are proud to be a partner of the U.S. government and we look forward to working with you to improve that collaboration.

I would like to once again thank you, Chairman Payne, Ranking Member Smith, and all the members of the subcommittee for your leadership in addressing foreign aid reform. CRS also appreciates your holding this hearing on development priorities for Africa in order to solicit recommendations from operational PVOs, including faith-based organizations.

I would be pleased to respond to any questions that the Committee might have.

Mr. PAYNE. Let me thank all of you for your testimony. And as we are looking to see how foreign aid should be reformed, I listened to your testimony. I know Dr. Turshen, you indicated that you feel that we should do away with the individual funding mechanisms and that it should all go to WHO. Why do you believe that this would be the best way to go and maybe we might have others comment?

Ms. TURSHEN. Thank you, Mr. Chairman. In all fairness, I should say that I am a past staff member of the World Health Organization, where I worked for a number of years in Geneva, precisely in maternal and child health and family health unit. It seems to me that WHO is the organization with the health expertise. The United States now ranks 29th in infant mortality rates behind almost every industrialized nation; we saw a rise of up to 56,000 new cases of AIDS last year and cannot control the epidemic in our own country. We have enormous problems even having the expertise to count cases of malaria and to assess what sort of health benefits would come from malaria bed nets, apparently the new estimates of lower rates of malaria arise from statistical errors in accounting, rather than in any program that we have put forward, including bed nets. It, therefore, seems to me that the World Health Organization is the organization that has the expertise. And it is a collective organization, meaning that it collects its expertise from many countries around the world, not from any single model of how to do healthcare. It is an organization, that was preceded its present form by the Pan American Sanitary Bureau, which goes back many, many years. And so the depth of its accumulated experience is very great.

WHO has been starved of budget. There has been a move in Congress since 1980 to deprive WHO of any additional funds. All additional money has come from extra budgetary sources, which in the business we refer to as the "flavor of the day" approach to giving money. We think that if the base of WHO were once again allowed to expand, it would be the proper organization to oversee these programs.

It seems to me that while organizations like CRS have undoubtedly filled gaps, governments cannot plan public health services on that basis, because small private voluntary organizations do not collect the kind of data that governments need in order to plan health services. They do not get the kind of feedback from those organizations, which would allow them to spread services out evenly, to distribute healthcare across the country. My experience in Tanzania was that organizations tend to duplicate one another's efforts in the most lovely parts of the country where the climate is best and where the resources are best and travel is easiest, and they do not spread it out to the rural poor and the neediest.

So for all of these reasons, I would suggest that if we are going to put money into strengthening public health services and basic health services, the way to do it is through the World Health Organization. Thank you.

Mr. PAYNE. Thank you, very much. There are 26 different agencies or departments according to a U.S. Government report to the OECD's Development Assistance Committee that are implementors of official development assistance—certainly fragment. Per-

haps, it is not practical because of the fact that they are, in many instances, individual countries able to raise funds or support by virtue of their signature or their appeal to their own constituents of that country, that is what we are doing. I think it might be great if we did have this real world bank and just drop the money in there and let WHO run with it. But, I am not so sure that we could continue to sustain their national interest in what they feel they are doing to eradicate a particular thing. I wonder if any of the other panelists would like to comment on that. Yes, Dr. Badiane, and then we will hear from Dr. Radelet.

Mr. BADIANE. Just very quickly. Building on my experience at the World Bank, I think that it is very healthy to have a diversity of actors, at least at the bilateral and multilateral. But, I would agree perhaps with Dr. Turshen that on the multilateral side, on the U.N. side and things like that, one might want to consider that a little bit. But, doing away with the bilateral part of the agenda, I think we will take an opportunity of individual governments in Africa to engage bilaterally and have a diversity of choices in the way they would like to move forward.

I think that merging everything into one individual organization would overwhelm the resources that any given organization could muster. But, at least on the global side of the equation, one might want to think about consideration, but there is room, large room actually for bilateral action there.

Mr. PAYNE. Yes?

Mr. O'KEEFE. Thank you, Mr. Chairman. And if I could just add that from the starting point where we are, where faith-based providers and other private healthcare systems provide such a large percentage of the actual healthcare, particularly in the rural areas in Africa, I think while strengthening the government's capacity is a very good idea. I am no expert on whether the WHO is the best way to do that, but strengthening the private healthcare system is needed, if we are going to make sure that the poorest of the poor get coverage. That is who cares for the poorest of the poor in our country is our private healthcare system and our faith-based healthcare system. There is no reason to think that every government is going to pick all of that up. So, I agree that a diversity of actors is a wise strategy and in Africa right now, that includes the faith-based and private structures, as well. They can be strengthened. We are trying to strengthen them. Other groups are trying to strengthen them. The public healthcare system needs to be strengthened and there is a role for the United States in both.

Mr. PAYNE. Okay. Thank you. Earlier, I indicated to our first panelist that there appears to be, someone I think even mentioned U.S. assistance going through the military increased from 5 percent to 21 percent, more or less. Would you panelists like to comment on the increased role of the military in U.S. assistance and programming? Yes, Mr. O'Keefe?

Mr. O'KEEFE. Thank you, again, Chairman Payne. One of the points that I tried to lay out in my testimony is the critical development element of participation and ownership. And from our experience watching the military do its well-motivated work, these are committed people trying to do the right thing in Afghanistan and in Ethiopia and in the Transaliam initiative. We observed that they

are not well placed, well trained, in order to negotiate that kind of participation and ownership. They go for a short period of time. They come in, they come out. They have a short-term security objective and those short-term objectives are not consistent with long-term development. And they are not consistent with building the community engagement that is going to lead to the ownership that leads to success.

I will tell you just a quick story. We had in Ethiopia, two young Marines came into our office in Addis Ababa to consult about our advice on the country. Our staff was somewhat confused and asked what they were doing in the country and they were told this is like Peace Corps with guns. There is no such thing as Peace Corps with guns. Development needs to be done by civilian actors in a civilian context. Thank you.

Mr. PAYNE. Yes?

Mr. RADELET. Mr. Chairman, I think the militarization of our foreign assistance is not only a concern in of itself, but it is a symptom of a deeper problem. The roots of this actually have to do with the weakening of USAID over the last 15–20 years, from one of the premium development agencies in the world, to what is now a shell of itself and really just a contracting agency. And as needs changed earlier this decade, particularly after the attacks of September 11, there was a need to ramp up and there wasn't the confidence in USAID, I think. There weren't the resources, both financial and personnel, and there wasn't the flexibility for them to move quickly into some new situations. And the Department of Defense filled the void. They had the resources, both the personnel and the money, and they have the flexibility in their mandate to move quickly.

So, I think addressing this problem in the right way is to go back to fundamentally strengthening USAID, in terms of giving it the type of senior leadership that it needs with world development expertise, giving development a voice at the NSC table, giving USAID the legislation it needs, and the ability to hire people with the professional expertise, the financial resources to work with them, and the flexibility to immediately address challenges on the ground. Too much of our programs are determined here in Washington, so when needs on the ground become evident, USAID does not always have the flexibility to move where the military does have a little bit more flexibility in that way. So, I think the real solution to this is to look back at USAID and think about ways to really build it up and re-strengthen it into a premier development agency.

Mr. PAYNE. Yes?

Ms. TURSHEN. I would just like to add to that, thinking about the emphasis on poverty reduction and the need for development, which I think was very well voiced by Dr. Badiane in his description of both what has been accomplished and what are the needs to be done in Africa and what other purposes of the military. It seems to me that there is a contradiction here. The military, unfortunately, in achieving its objectives, has been really the source of great deal of destruction, and the idea of teaching the military to do nation building has been an arduous process because that is not what their primary focus is. It is not what they are really gifted at doing. Yet, it seems to me that USAID has had this kind of expertise and could once again build it up. And so rather than trying

to transform DoD into a nation-building organization that gives development assistance, would it not make more sense to go back to USAID where we could focus on both development and poverty reduction? Thank you.

Mr. PAYNE. Thank you, very much. Unfortunately, in the past decade anyway, appropriations for programs tend to flow more easily through the DoD. I wish that other aspects of the Federal Government could just get what they ask for, almost whether you need it or not. But, that is really not the case, as we all know.

In regard to agriculture, we talked about finally, I think, USAID is starting to think in terms of agriculture. But, in your opinion, do you feel that we can really increase agriculture to where it perhaps ought to be and even in Africa, which I believe should be a commodities exporting continent of food stuff, et cetera, without a change in the U.S. farm subsidies program? Do you see it being somewhat futile or difficult with our agricultural policies, which I think tend to mitigate against countries trying to develop agriculture? Yes?

Mr. O'KEEFE. Thank you. We certainly agree that the United States agricultural price support, at least to the extent that it serves as a disincentive in cases of African agriculture, is problematic. But, our analysis on the ground is that so much can be done within each locale, within each country and regionally, in order to stimulate market activity. Thus, enterprise and market development has been a huge focus of ours over the last couple of years. On Capitol Hill earlier this week, we had a seminar of our agricultural people from all over the world, where they discussed in great depth how we are able to bring localized market development in many situations in Africa. So, I do not think it is futile. A lot can be done that would stimulate local, national, and then regional markets for the benefit of African agriculture.

Mr. PAYNE. Thank you. Dr. Badiane?

Mr. BADIANE. Thank you, Mr. Chairman. In answering that question, the first thing that comes to mind is to recognize that we are in a globalized world market. We are not the kind of—the domestic market in Africa has been separate from the regional markets in Africa, has been separate from the rest of the world. So, it is one continuum. And, therefore, whatever touches that global market also touches African agriculture.

I, also, would like to highlight the fact that U.S. policies in agriculture would not be looked at just from the U.S. point of view. I think global policies are all interlinked. What happens in the U.S. is relevant to what happens in the other OECD countries, is relevant to what happens in the emerging economies. And that is where the problem comes from, I think. If policies in the United States are not conducive to less protectionistic agriculture policies worldwide, the implication is that faster growing emerging economies are markets that African countries cannot access to anymore. It is just not the U.S. market that they cannot, but also faster growing emerging markets. They did not excuse to build tariff walls and protectionist walls. So, when one looks at the U.S. policy, one ought to have a global understanding of that and look at the ramifications beyond the U.S. borders.

I do believe indeed that unless we have much more trade friendly and developing country friendly U.S. policy, it is going to be very difficult to reap the opportunities for growth and sustained economic growth in Africa. What is being invested on the system side probably is going to be curtailed on the environment, in terms of trading environment side of the equation. African economies deserve the opportunity to compete globally and I think global policies are not affording them that opportunity.

And, Mr. Chairman, if I also may just share you with what people like me think about that. We ask ourselves sometimes, Does the U.S. lack the resources, the expertise, and the legislates? To have policies that address the legitimate social concerns in the United States rural economy and the rural part of the country, would that have a detrimental effect on the global trading environment on African countries? And we think that it is an issue of looking for the solutions, the innovative sources, expertise on legislates capacity in this country, they are the best policy indicator for the social needs of the rural population without causing the damage that either directly or indirectly is being imposed upon African countries, just due to the fact that the global trading environment is putting this our way because of that. Thank you, Mr. Chairman.

Mr. RADELET. We do, Mr. Chairman. We do extensive damage through our farm subsidy programs against many people and families in Africa. We undermine incentives for production, we undermine people's incomes, and we contribute to poverty. And what we do is counter to American principles of working on a level playing field, of providing opportunities to people, and giving them the means to help themselves. We preach that we want people to help themselves and pull themselves out of poverty and then we kick the ladder right out from under their feet and do not let them do it. And it runs counter to many of the other efforts we make through our foreign assistance programs. That does not mean we cannot do some good even in the presence of those things and I realize the obstacles are inherent in changing those policies, but they do a lot of damage.

In terms of other steps that can be taken to strengthen agricultural productivity in Africa, we underutilize one of our other great assets, which is our technological know-how and our potential to help develop new technologies that can help agricultural productivity in Africa. We have some of the best agricultural research universities in the world and they helped along with research centers around the world in the green revolution 40 years ago and we need to redouble those kinds of efforts toward improved technologies for Africa.

And then, finally, I will just mention the role of the MCC in helping support agriculture through building roads and markets, which is what countries have been asking for. The MCC does not push this down people's throats. This is what they ask for and people are smart. If you ask most people out in rural areas the one thing they want, they want roads, because it will improve their agricultural productivity, they are able to sell more things, they are able to get girls to school, they are able to access health clinics to women do not die in childbirth, they are able to do a lot of things. And so, the things that the MCC are beginning to do can help in this fight

against rural poverty and agricultural development, as well. Thank you.

Mr. PAYNE. Yes, Dr. Turshen?

Ms. TURSHEN. If I could just add something with a slightly different perspective, which is that of healthcare and health problems and to say there has now been a lot of questioning of the efficacy of the green revolution, especially in India, where it is discovered that the thirsty and oil-consuming approach to agriculture is both poisoning the land and perhaps poisoning people. There has been a suggestion that we need a green revolution in Africa whereas there are many people in Africa who are questioning whether that is the best approach, whether, in fact, it will bring better health. So, when it comes to a question of transferring United States expertise, one has to ask whether, in fact, there is enough assistance to African universities to develop their own expertise in agriculture and agricultural innovation based on a much closer knowledge of their land and soil and water systems than we could have at a distance; and whether agriculture for better health rather than agriculture for export of non-nutritive commodities is what African needs in the short-term; and whether in the long-term, by building better food security within African nations, we might, in fact, achieve better health. Thank you.

Mr. PAYNE. Thank you. Yes?

Mr. BADIANE. Just on the connection between education, health and agriculture and also on the global relation subject, when we talk about the global relation, we might want to look at difference between Africa today and Asia of the fifties and sixties. The biggest concern that Asian agriculture faced then was a technological problem. If you knew how to produce, then you solved the problem 60, 70, 80 percent.

That is not the reality in a globalized economy. It is technological. It is markets. It is infrastructural. It is the value chain development. So it is much more complex than just focusing on the technology side.

I think though there are areas we use and certainly can make a great contribution. Let me share with you a number here. The projections that urban and regional markets in Africa—the demand in those markets is going to grow from \$50 billion right now to about \$150 billion in about 25 years from now.

If you do not have the value chains, the infrastructure, the logistics, the modernization of the trading systems, African farmers and African agribusiness people are not going to be benefitting from that.

So what I think is important is to get the investment going on infrastructure, as he said, and agribusiness development; so that the \$100-plus billion in demand can also generate income and create wealth within Africa.

Regarding health and education, as I was saying in my statement, and I give a little bit more for that in my written testimony, we need a common denominator between the three things: Growth, public reduction on one side; health and education and safety nets on the other.

The common denominator has to be the contribution to labor productivity of the poor people; and it is possible to achieve that. Liv-

ing health, I think that not all health programs are created equal. Some health services contribute to labor productivity more than others. But it can be dealing with diseases that are also very important.

I would imagine—and I am not a health specialist—but I could imagine that if you had a health program that targeted the seasonal diseases that could curtail labor availability during the peak labor season in rural areas, you will raise productivity of the rural laborers. You will achieve your health goals, and you will make people in their areas much more productive.

Similarly in education, if you would for once think beyond primary tests and secondary; and think about vocational training, and think about work force development for agribusiness, that is all education, the image and impact on productivity will be far greater than the longer term impact of conventional and traditional education.

So I think that is where we have to be a little bit more innovative and create bridges between growth, productivity enhancements, and social services investment. That will allow us to get the kind of general evolution we want, which is diverse enough, good for productivity, strong for market excess and competitiveness; but also good for health and education at the same time. Thank you, Mr. Chairman.

Mr. PAYNE. Thank you very much. The question of access to markets, by road and transportation, you know, it is kind of difficult to have roads built. You know, it is not what someone would like to save a child with some medication. It is not glamorous, it seems, about building roads.

And we have actually attempted to have the MCC look at regional projects that would just fall out of the realm of a country's project; but as you know, there is no way you can get to Goma other than flying. There is just no road through the Congo. Roads are really a hurdle, if we really want to see agriculture develop like it has the possibility.

Secondly though, and maybe Dr. Badiane might handle this one, since some of our brothers—Nigeria, for example, are countries that probably could be number one in agriculture. However, agriculture is not a main priority in countries like Nigeria. I guess oil was discovered, and everything sort of focused on that.

Do you have any suggestions on how we can try to have our leaders in African countries deal with agriculture in a big way? Some countries could have two crops in a year or even perhaps three you could squeeze in. We are here in the U.S. We do one crop a year, and make it successful.

Any suggestions you have for trying to impress upon maybe the AU, just as a subject about the focus or maybe to re-focus on agriculture. One time, Sudan was the bread basket of Africa. They almost produced enough food for the whole continent. Today, they are the biggest recipients of food aid. So maybe you can elaborate on that for a minute.

Mr. BADIANE. Just actually the other very exciting development in Africa which, Chris, what I am hopeful personally because I am very closely involved in that, in the effort to develop what they call the Comprehensive Africa Agriculture Development Program,

under the auspices of the Africa union, and coordinated by the NAPA secretary in Johannesburg.

By the way, USA is playing a great role in there, as a partner, and also as an advocate for the leadership on the African side on the agenda among the development community.

That program CAADP, the acronym, is actually an African union program. What they are trying to do in that program, and I highlighted it a little bit in my written testimony, is to do two things: Help African countries raise the profile of agriculture, by helping premises of agriculture get much better programs, better budget planning execution and reporting.

During my 10 years at the World Bank, I had noticed actually that a big program Ministers of Agriculture had, Ministers of Agriculture had to execute the budget that was being allocated to them. It was not enough. But if they got 60 or 70 percent, that was great.

I think that this is not a reflection of how poorly equipped the Ministers of Agriculture are; but how complex agriculture is: Planning it, designing it, and implementing it.

It is not a public sector program like education and health where you can program and budget and execute. You depend on the private sector; and that is very difficult. You depend on the farmers, and that is also very difficult.

So what they are trying to do is, it is, therefore, to help countries move toward evidence and outcome based planning and implementation, so they can track and document and report on it, and hopefully implement better and, therefore, can consume more sources.

Also, by implementing better, they will get better results. This is actually coming from way up the Africa union. It is being coordinated by the regular economic communities, like ECOWAS and COMESA; and the U.S. had provided a lot of resources to support the implementation process and the progress that has been made so far.

There are now about 20 countries, Mr. Chairman, who are working systematically, trying to achieve the objectives that the African union has laid out in that program which are: One, raising productivity to achieve a 6-percent growth rate in agriculture, and allocating at least 10 percent of the budget to the agriculture sector.

My institution is looking for that, which is what got me to get out of the World Bank, to lead this work with them; and thirdly, they put putting together what they call inclusive platforms for dialogue and partnership, giving a voice in the farmer's organization.

So agriculture is coming back. I do hope it is going to stay that way for the near future. If the 20 countries that are involved in that are successful in turning things around, I think it is going to catch fire, and you will see good progress around agriculture on the continent.

I am hopeful. But there are a lot of risks out there. I hope they are going to be handled well, and categories are going to become a success story; thank you.

Mr. PAYNE. Thank you very much. I did have an opportunity, right after the new President in Ottawa was elected in Nigeria. I suggested that agriculture would be something that they look at on my recent visit to Nigeria.

I thought that if the world economy was continuing to go like it was a couple of years ago, food commodities with a growing income, places like China for example, would be starting to develop housing. In a country where the income increases, people want to have better housing or a little larger housing.

As China increases their investments, they may start to use land, previously used for agriculture, for industrial plants and housing. A place like Africa, however, has plenty of land and could really take advantage of that land for economic growth. Similar activities can be occurring in places like Asia and in other parts of South America.

But because we have a downturn, so many of the things that were applicable a couple of years ago may not be, temporarily. But I think that is the kind of global thinking that we need to have.

Dr. Radelet, you mentioned about democracy, and although this is basically, you know, how should we reform foreign assistance, and part of our foreign assistance does deal, as you know, with democracy and supporting democratic institutions. For example, we supported the election in the Democratic Republic of Congo, the run-off elections, and the counting, and the delivery of ballots, and printing. The cost was close to \$1 billion that the U.S. supported for that election.

I just wondered if you had thought, in your opinion, how elections in Africa have been going. As you know, we have had a number of elections, at least since the fall of the Iron Curtain.

We had a good wave going at one point; and then we have had Zimbabwe and Nigeria, Kenya—less positive elections. Although in Ghana, we saw the President, whose party was defeated, invite the President-elect to the Presidential palace and show him around, which is really the way you like to see it.

In your opinion, how have elections been in Africa in general, if you could sort of characterize them?

Mr. RADELET. Thank you; I think one of the most striking changes in the world in the last 15–20 years that often goes unnoticed is the shift toward democracy in sub-Saharan Africa and in other low income regions around the world.

Twenty years ago, the most prevalent idea was that low income countries could not support democracy at all. The only significant democracy among low income countries was India, and the view was that it was not doing all that well, thank you very much. There were a few others. But the idea, of course, was that benign dictatorships were the way to go.

In the last 15 years in Africa, we have seen the shift from three democracies: Botswana, Cape Verde, and Mauritius in 1989, according to international indicators, to over 20 today. As far as I am aware, never in the history of the world have we had so many low income countries become democracies in such a short period of time.

You are correct that there have been some cases of back-sliding; some countries that showed promise. Zimbabwe never actually made the ranks, according to these indicators, by Freedom House and by the University of Maryland, as a democracy. It showed promise that way. It has slid back, of course, with Kenya and others.

But we have had the great successes of Ghana, which hardly made news, when there was a very successful election; and an opposition candidate won; and there was a peaceful transfer of power. It was not in the newspapers, and it was a great thing to celebrate.

There was great nervousness when the President of Zambia passed away, about what would happen there, and there has been a remarkable transition there. But places from Mozambique, Lesotho, Namibia, Tanzania, Ghana, Benin, Mali and Senegal, there has been tremendous progress.

So I am quite hopeful. It is beyond elections. You mentioned elections; and elections are, of course, a step. But an election is not democracy. It is deeper than that. You need accountability to the citizens. You need transparency for government operations. You need government officials that are honest and are adhering to the rule of law.

And those are harder. Elections are hard. But in some ways, they are the easiest part. So some of the things we can do are continuing to support non-government organizations that are working toward transparency and accountability; toward a free press and an active voice, an active debate.

Sometimes the press seems a little too free and a little out of hand. But that is the first step towards, I think, strong institutions.

As you know, I work closely with the Government of Liberia; and you know, the change just in the last few years is just hard to describe. It is still very fragile. The future is, of course, unknown. But there have been remarkable strides from the first kind of authoritarian government to a very promising democracy, in its deepest sense, in just a few years.

So I am optimistic. I think most of the effort, of course, must come from Africans themselves; African governments, African citizens and other institutions. We can play a supporting role. We cannot lead the charge, but we can help support this move, and hopefully see it continue to grow and evolve in the years to come.

Mr. PAYNE. On that note, I know that recently in the last day or two, it was announced by President Johnson Sirleaf about the fact that Liberia paid off \$1.2 billion of foreign debt.

I know you have been very involved in there. As a matter of fact, they said 97 percent I think—sort of—I do not know, it sounded tricky to me. [Laughter.]

No, I am sure that there was really a lot that went into it. I just wonder if you might touch on that, because it was quite a great achievement, and congratulations on your assistance to Liberia.

Mr. RADELET. When the new government was inaugurated 3 years ago, they inherited a debt of \$4.9 billion, which with the economy collapsing during the war, translated into a debt export ratio of 2,300 percent; by far, the highest in the world, by far, higher than any other HIPC country. In fact, it was seven times the HIPC average.

The HIPC program, as you may know, aims for a debt export ratio of 150 percent. Liberia's ratio was 15 times higher than the target; so by far, the most heavily indebted country in the world.

About a quarter of that debt was owed to commercial creditors; originally banks. A lot of that had been traded to investment funds,

hedge funds, distressed debt funds, and a variety of other actors over the years, at ever steeper discount.

It took about 2 years to track all these people down, and find out who owed the pieces of debt. There were legal cases all around the world.

But when the government got everybody into the room and sat down with them, they recognized that the government had very, very limited resources; made the offer of three cents on the dollar, of today's legal claim. So it was three cents on the dollar, including penalty and accumulated interest.

The government recognized that that was a real liability. After tough negotiations, the creditors realized that that was the best deal they were going to get. Their only choice was to go to court, and they did not want to go to court against Ellen Johnson Sirleaf, frankly; many of them.

So several donors put together the \$38 million, which was necessary to buy back \$1.2 billion worth of debt. The World Bank put in half the money. The United States put in \$5 million. The Governments of Germany, Norway, and the United Kingdom each also put in \$5 million to give a \$38-million fund, and that fund was used to buy back the debt.

The deal was closed last week; and has been completely finalized. So the debt has been extinguished, and it was done at no cost to the people of Liberia.

So all of those legal cases are now gone, with the exception of two small creditors that collectively held about 2.5 percent of the debt; \$20 million out of the \$1.2 billion that did not participate. The government is continuing to negotiate with commercial creditors. But with those two small exceptions, the rest of the debt has been completely, legally extinguished at this point.

So that takes care of about a quarter of the debt, along with some other debt forgiveness. The debt has been reduced from \$4.9 billion to \$1.7 billion; and when Liberia reaches the HIPC completion point next year, most of the rest of that will be extinguished; not quite all, but most of it; thank you.

Mr. PAYNE. Well, that is a good story. We hear so many; and, we have heard some horror stories with the vulture funds that have come in and have actually caused the reverse, granting awards that unfortunately are very damaging to countries. We really appreciate that success. Yes, Mr. O'Keefe?

Mr. O'KEEFE. Thank you; I just wanted to follow-up on Dr. Radelet's point about openness and accountability and transparency as it relates to elections.

The list of successes, the notable absences, are the countries that have large oil resources. There is a reason for that, as the committee and the chairman are familiar with—the specific and particular economic and political problems that an excessive over-reliance on extractive industries, particular oil, creates.

So as the reform effort and looking at assistance to Africa continues, attention to transparency and openness and requirements that will move countries and support them toward more transparency and openness, and companies as well, of course, would be very helpful in moving the democratization process forward.

So I just wanted to put that one point on, Dr. Radelet's excellent summary of the Democratic status and progress going on; thank you.

Mr. PAYNE. Thank you. Dr. Badiane, also, there is a substantive body of thought, and I am sure that the panel would agree, that progress in the social sectors has a substantial impact on growth and productivity.

Your testimony acknowledges this by suggesting that we should better focus our assistance on health, education, and social safety nets in order to improve growth and productivity of labor. I would just wonder if you would expand on that a little bit more.

Mr. BADIANE. Thank you, Mr. Chairman, for the opportunity to do that. I think that when we look at health and education, we look at them as a monolithic service. You have better health. You are more productive, which is correct.

But if you are a country with limited time, because you have a large share of your population that lives in poverty, and you have extreme constraints as to the resources availability, I think that what you ought to do is to maximize the return from every dollar incentive invested in terms of growth.

So we should not be just satisfied by knowing that health contributes to growth or education does contribute to growth. What we should be doing basically, just to do what we did for infrastructure. Nobody thinks about infrastructure as just on monolithic service. But we distinguish between highways, tracks and trails, and bridges and secondary roads; and they all have different implications for local development.

I do believe again, because I have been an expert, that education services that target primarily vocational training in the rural areas and work force development in the agribusiness sector, and health services that target diseases that are seasonal but chronically seasonal and, therefore, really are not seasonal any more, which have a huge impact on the level of labor availability to raise productivity—those diseases and services targeting them ought to be, I think, a priority in any health program.

Here is the example we use to illustrate it. You have an economy and a measure of health—and I have health experts here that can correct me—has \$100 to invest in health. Investing \$100 every year in health, that focuses on hospitals and clinics and management and the like of 10 years, or taking those \$100—you say, I am going to allocate \$20 to the kind of seasonal diseases I am talking about.

You run those two programs over 10 years. Your productivity levels in the rural areas are going to be much higher in the second case than in the first case; and they are both health programs.

You do the same thing with education—\$100 on education for all, or girls' education. I am not saying that it is important. I am just saying that if you want to maximize the short term impact on growth, you have to look at what gives you the biggest return, faster and sooner.

So \$100 on general education issues or \$100, including \$20 on vocational training and work force development over \$10 years, puts you also somewhere else on the gross horizon.

So these are the kinds of issues that we ought to be looking at. Now why is it important? It is not from the growth point of view.

Currently, we have a lot of competition between Ministers of Agriculture and Health and Education. The dollar going to health education is seen as being lost to agriculture, and this should not be.

If they can find out the composition of health services and education services that maximizes growth in agriculture, then what they discuss and negotiate about is not going to the other sectors; but the use of the money is going to the other sectors. You have a totally different ballgame.

I think both in terms of budget negotiation and in growth outcome, you will be in a much better position. That is how we can maximize the return we get from the dollars we invest; not just investing in health because it is good, in education because it is good. So nobody is going to disagree with.

But can you get health and a little bit more growth? Can you get education and a little bit more growth? And you get to the safety net, I will tell you that those education services and health services that give me the biggest return in terms of growth, as well.

Mr. PAYNE. Yes.

Ms. TURSHEN. I understand and appreciate Dr. Badiane's argument. But it seems to me that once again this kind of instrumental use of health services to achieve other goals is the same sort of thing we saw in family planning. If you reduce population growth, you will have better distribution of income; or if you take care of the AIDS epidemic, you can also release the productive age group to once again participate in development.

And I must say, Dr. Badiane, I know exactly what you are talking about. Because I remember distinctly in Tanzania, going into a village which grew sugar cane; and the crop was ready for harvesting. The mill nearby was ready to process it. The entire village was down with malaria. So I know exactly what you are speaking of.

But if you are talking about a long term investment, this kind of short term, instrumental use of healthcare, I think, will not achieve it. Because what we need are basic health services that deal with all diseases, and not targeting specific diseases for another vertical program, which will just look at malaria, which is one of the examples that would be used; thank you.

Mr. PAYNE. Yes?

Mr. RADELET. I think that it may look like an instrument promoting health, and maybe it does a little bit.

But what is the philosophy behind that? I think the approach to health services and social services, in general, in the context of a developing country should be very different from the approach in the context of a developed country.

The reason being that in the context of a developed country, there are enough resources basically to look at services from their general point of view and entitlement point of view.

In a developing economy, where you do not have enough resources to grow the pie and sustain the supply of the services, you have to link services to expanding the pie; unless you have an external sources that can allow you to supply the services and sustain the supply. Unless the pie grows, you are not going to be able to supply the service in the long run.

So, yes, it may look like an instrument to use a bit. But it allows you to sustain your health services in the future. Unless you do it, you need a general term, and you will end up having lower levels of services in the future.

I think that as long as we are dealing with health, we should be happy and satisfied. Nobody is talking about taking the resources from health; but targeting health a little bit better, so that you grow the pie and will be able to even offer more services in the future.

Mr. PAYNE. Yes?

Mr. RADELET. If I can add to that briefly, I think that Dr. Turshen raises an important point and is correct; that in the long run, what we need to do is build health systems. I do not think there is any question about that.

What that runs up against is that I think the political reality, that individual people—taxpayers in the United States and in many developing countries themselves, and Members of Congress—find it much easier to identify with very narrowly defined, very specific diseases.

We put 2 million people on antiretrovirals. People understand that, and they can envision and they can support it—so many bed nets, so many people, so many people immunized.

That approach does not lead to good health systems. But it does engender, I think, some support for funding and for programs. So there is a clear tension between those.

I think that perhaps the way forward is to use the support for specific initiatives as a gateway to building the support to strengthen health systems more broadly. To take advantage of the support that people do have for malaria programs, or TB, or HIV/AIDS, or whatever it is—but make sure that those programs are defined broadly enough and allow the flexibility that that becomes a way to provide support for strengthening health systems and building that capacity in the long run.

It is not a clean approach, and I realize that there are some compromises there. But I do think that the importance of building the health systems runs up against what I think is the political reality of people understanding and wanting to support more narrowly defined goals.

Mr. PAYNE. Yes, Mr. O'Keefe and then Dr. Badiane.

Mr. O'KEEFE. Thank you, and I am going to agree with Dr. Radelet on the political point, and just add that I think that Dr. Badiane questions conceptually are very important and we should all be thinking about them.

But what I am not comfortable with is that at the level of governmental donors, we would be answering them; and that these are the questions that rural people, urban people, citizens of countries in very diverse, changing, complicated situations need to be asking.

Then we need to be helping to develop comprehensive, cross sectoral responses that in each of those situations are going to leverage progress in a particular sector in order to get labor productivity gains or other gains.

We can ask those questions; but we are not the ones to answer them. We have got to help people locally answer them. Because if

we try to come up with a cookie cutter answer here, it is just not going to work; so thank you.

Mr. RADELET. Yes, Mr. Chairman, I was just going to clarify that the concept that I was discussing does not go against building health systems. Because laying infrastructure in the rural areas to be able to deliver those services ought to be a part of the health system in general. It is just how you target the services you deliver, and you build the system that you need for it.

But the fundamental idea behind this is that in planning social services, health, or education, or safety net, you ought to ought to also certainly consider the entitlement and needs, but go beyond it and look at growth and productivity.

If you are a developing country, you have no time. You have no resources. You are just going to be focused on entitlement and need. You really have to go beyond that. That does not have to be a conflict. But you cannot have it in a way that you can have all of those three things; thanks.

Ms. TURSHEN. It is fun when you have an argument among your witnesses. [Laughter.]

I am possibly the oldest person on this table, and I would to say that I have heard this argument from the World Bank many, many times over the years.

What happens is that the short term objective always pushes aside the longer term investment. The longer term investment in healthcare returns for 40 years, even after you decrease that investment.

That has been true all over Africa, as well as in the National Health Service in Great Britain. You may think that this is expensive to do a long term investment now, when there are so many short term needs. But if you are looking at the long term, the investment can be for 40 years. So it really is important to do it; thank you.

Mr. PAYNE. Well, I think that certainly, one of the problems is the lack of adequate funding for healthcare and other social needs in developing countries.

I believe that the argument that President Thabo Mbeki in South Africa, when arguing about the devastation of HIV and AIDS, was really saying we need to have a whole health-care system, that is no worse than the rest.

Of course, it was certainly having an impact on Botswana, right across the border. The life expectancy went from 61–39 years of age. So, I mean, you do have to deal with some immediate goals, in addition to the fact that we certainly need to have a health-care system.

At one time, it was inoculation, and children did live longer. We had one time a concentration on oral re-hydration, when UNICEF, back in the seventies, found that salt and sugar put together for about a dime, could really save a child from dying from diarrhea.

So I think that we certainly need them both. I would hope that as the world becomes flat, and developing countries are finally able to benefit from the wealth that they have in their country. For example, assisting the country for diamonds to make the people in the Congo better off, rather than people in Belgium. I think those countries will be able to start to invest in health systems, along

with, you know, the so-called donor countries. I call them partner countries, and just hopefully, we can get that gap closed.

But the fact that you are really able to save a life, you know, a child dies every 30 seconds from malaria. You cannot say, Let us not get all the bed nets we can and put them up immediately. Because that will be a very inexpensive way, with other things that spring so forth, until we can find a vaccine perhaps to prevent malaria.

Ms. TURSHEN. Mr. Payne, there was a study done in Latin America many years ago, where they undertook a survey of child mortality in nine countries; and then did a very high coverage measles vaccination campaign, because measles was found to be one of the major causes of death.

Then they went back and re-did the mortality survey, and they discovered fewer cases died from measles. But guess what, mortality levels had not changed.

So, yes, you may save a child from dying of measles. But that does not mean that you have actually changed the death rate among children.

What will change the death rate is if there are enough health services. What will change death from malaria is development. So we come back to the issue of poverty reduction, which is really the basis of all of this.

Mr. PAYNE. There is definitely no question about it. If we could ever get close to poverty reduction goals for 2015, we will do a whole lot.

One thing that is unknown is that even though the mortality rate may have been the same, had it not been for that specific measles vaccination, the mortality rate may have been higher. So that is the unknown that we do not know.

Let me just kind of get one or two last questions in. We have not spoken much directly about women; and I just wonder quickly, we cannot talk about health and all this without really, you know, highlighting the problems of women.

I wanted the panel's opinion on what are the critical ways of ensuring a U.S. approach, and ensuring in our approach that activity includes and promotes women across the continent in terms of economic powers.

We are talking about women within the household, involvement in microenterprise, small businesses, access to health services and educational services, all of which we say protect women against violence. Yes, Dr. Turshen?

Ms. TURSHEN. Well, I am going to encroach on some of my colleagues' expertise, and I hope that they will pick it up. But I would like to start with the question of land ownership, and talk about women's need to have rights to land, as being one of the critical issues right now in Africa.

We know that women farmers are the backbone of agriculture in Africa, and that most of them are losing out with transfer of titles usually to the head of household, which means men; and that as people move to cities and family structures are reorganized into more nuclear forms, women are also losing their rights to access land which often came from either fathers or husbands.

So this question of how women are going to access land is really critical to food security and critical to basic malnutrition problems, which are the causes of so much death.

The second question I want to address is general legislation to protect women against all forms of discrimination. I would highly recommend that Congress, once again, re-consider ratifying CEDAW; and also might re-consider ratifying the United Nations Convention on Economic, Social and Cultural Rights.

You know, they split the convention on the declaration of human rights into two. We ratified the political rights, but we never ratified the economic, social, and cultural rights; and it would be really of great help in the fields of health and education, if we had ratified that convention and stuck to it.

The third issue I would raise is direct healthcare for women. I think that your staff are very well aware of this problem, as are many committee members; there has been absolutely no progress made in lowering maternal mortality rates in Africa, and there is no reason for this; in the sense that we know very well what the causes are, and we know very well what the answers are. The answers are, more personnel, and particularly more personnel to assist women in child birth.

That does not call for very high, expensive technology for hospital births. It really requires very broad based services with perhaps provincial clinics, where women in serious difficulty can go for delivery assistance. I think that if we could start looking at that, we would get very far.

There are some other issues. You speak of the malaria vaccine. We have had a vaccine against neonatal tetanus since 1981, but we still have hundreds of thousands of African children dying of neonatal tetanus every year. It requires one shot during pregnancy, to make sure the baby does not get neonatal tetanus and die from it.

So there are examples like that of, not a broader technology, but rather broader based health services focused on women's needs, which really could accomplish a lot; thank you.

Mr. PAYNE. Thank you. Mr. O'Keefe?

Mr. O'KEEFE. Thank you very much; two points—the first is, I think in terms of the basic health needs of women that Dr. Turshen has laid out, it is a question of resources. The models are there. Faith-based groups, government groups, other local groups have successful programs to improve material health, child health, maternal mentality.

Also, we need to integrate into a comprehensive program, micro-enterprise, to work on livelihoods, and agriculture; it is a question of getting the resources to those programs so that they can scale up.

The second point is, in Eastern Congo, CRS is supporting some of the healthcare of the women who have been terrorized by the sexual and gender-based violence. I would just say that the most important thing that we feel our Government can do is invest the diplomatic energy in ending those conflicts.

For a number of years, we have felt that our nation has been distracted and taken its eye off the diplomatic ball, in Sudan and Africa, and has not been able to engage at the highest level.

We would urge Secretary Clinton and the President to make sure that these conflicts do not fall off their diplomatic map. Because otherwise, there is not much that can be done unfortunately for the victims of this kind of violence, once it has happened. It needs to be prevented, and the conflict that drives it needs to be prevented.

Mr. PAYNE. Thank you. Yes, Dr. Radelet?

Mr. RADELET. Just quickly, to add one more and then underscore two other—to add to the list, of course, is girls' education from primary school throughout, and to really create the focus and provide the opportunities for girls to have educational opportunities throughout.

That is a complicated issue, because it gets to issues around poverty for the family and their own income opportunities, which will allow families to allow their children, girls, to go to school for a longer period of time. It has to do with roads and other kinds of safe venues and methods of transportation, so girls can get to schools safely.

It is a complicated issue. But I think it is central to providing the educational resources and, therefore, the economic opportunities for girls.

I just want to underscore Dr. Turshen's point on land access, which is often under-estimated and not underlined enough. But this is crucial to provide women with the economic assets necessary for agricultural productivity in farming.

Then Mr. O'Keefe's point on gender-based violence, we really can do more, I think, in simple ways of shedding light and opening up the dialogue, through things like billboards and newspaper advertisements, and radio talk shows, to force the issue out to be discussed more.

Too often and, of course, you know again, in Liberia, during the war and the aftermath, this was just all too prevalent a problem. But a big step forward is to get people stop whispering about it, behind closed doors, and to get it out in the open. It is painful and it is hard. But that is, I think, a first big step. With relatively small steps, I think we can help support those efforts to bring that more out into the open.

Mr. PAYNE. There is just question about domestic violence and all kinds of issues related to women, such as trafficking—even here in this country—and in many of the new areas that we are hearing about. Dr. Badiane?

Mr. BADIANE. Mr. Chairman, I was just going to comment on that issue. I normally do not work on that. It is a very dicey field for me, because there are a lot of preconceived notions about gender and gender issues in Africa.

And as an African male, if I start speaking, I lose my legitimacy somehow, of being objective. So I avoid it as much as I can; but I will talk about it here.

First of all, I think the issues are very clear in area of maternal and child health. I mean, as Mr. O'Keefe said, we know the issue. It is an issue of resources and scaling-up, I do believe. That is very, very simple.

There does not tend to be clear education; much less than in health, but somewhat. It is more complicated in agriculture. I think that you often hear that 70 percent of African farmers are women,

and they are the pillar of African agriculture. It may be true in some countries. It is growing in a lot of our other countries.

So I think that the approach here ought to be on a case-by-case basis, and really tailored to the realities of the individual countries and societies. There are many countries in many sectors where female farmers are not even present.

But one thing is clear, that 50 percent of the population at least are women, and they are key economic actors, and each and every actor ought to be creating the role and the scope for them to excel just like their male colleagues would do.

But we cannot approach that with preconceived notions and sometimes actually perhaps not realistic. So it has to be based on real things and real obstacles on the ground so we can have real solutions to what is happening.

Mr. PAYNE. Mr. O'Keefe?

Mr. O'KEEFE. I have just a very quick point which is, as I mentioned in my introductory statement, our partners are constantly calling our attention to the unemployed male urban youth.

I think one of the things, in terms of stability, that is going to create the conditions where we do not have this kind of sexual and gender-based violence, conflict driven, is getting at this problem of employment of the growing number of uneducated young men.

So we have to look at, the gender lens has two sides to it, and we need to look at both sides, for the benefit of both men and women; thank you.

Mr. PAYNE. Well, I wanted to mention that also just in the next to area that I wanted to touch on. I did not think we should leave without specifically dealing with women as gender.

The urban problems, you raised it, and I think that 70 percent of slum dwellers make up 70 percent of African residents; and you have places like Cabetta in Nairobi, where I just wonder, how do you penetrate the concentration of people, the lack of health services, the lack of adequate living conditions?

Does anyone have anything they would like to mention? We always talk about rural areas. We talk about access to roads. We talk about the inability of people to receive services. What about the urban problem, as one that has been touched on with the urban youth and the lack of employment. Would anyone like to make a quick comment on that? Yes, we can go right down the line.

Mr. O'KEEFE. I yield to Dr. Turshen.

Ms. TURSHEN. Thank you, Mr. O'Keefe. I would like to say that obviously you have hit on a crucial problem that we are going to be facing very quickly. Because Africa is transforming rapidly into an urbanized continent, from being so long with more people living in rural areas.

The slum situation has really grown to epidemic proportions. The lack of planning of cities, the lack of sanitation, the lack of infrastructure—not just roads, but sanitary infrastructure and, of course, health clinics, is a critical problem that the cities will have to address. It seems to me that part of the problem of building basic health services is precisely to do something in the slums.

One of the experiments I saw in Zimbabwe, which I thought was extraordinarily successful, was the medical school taking first year medical students out to the slums, assigning them a family to fol-

low throughout their medical education, so that they became totally familiar with the problems in the slum areas that people were facing in their day-to-day lives.

Another experiment in Zimbabwe was with very innovative systems of latrines called the Blair Toilets and that this was a system that was developed in Zimbabwe. It answered the conditions of urban Zimbabwe, and could also be expanded.

So I think that there are both problems on the horizon, but solutions within the countries, which lead to solving them; thank you.

Mr. BADIANE. Mr. Chairman, urbanization is bringing two problems with respect to poverty, actually. One is, poverty is becoming more and more of an urban phenomenon. It was not so 25 years ago. It was primarily and almost exclusively rural.

At the same time actually, urbanization is dismantling the traditional social protection systems in Africa, which were family based. The more people in the urban areas, the less actually they invest in those family-based social protections.

Yet, the African states do not have really a lot of experience or a good track record in social protection. Now you are having a larger number of poor people in areas where they should need social protection. But the fact that they are increasing in numbers in those areas are tearing down the social protection fiber of this society.

So I think the next crisis in Africa, a base one to come in the next 15 years or so, is going to be social protection. African countries have no experience, like the American countries have done or Asian countries have done. We were lucky that we can rely on the family systems to that. But that is not going to work in the 10-15 years.

So if there is anything, I think, a smart African Government would do right now, it is to try to think about how to develop the social protection policies to tackle poverty, which is going to be an urban phenomenon, to a large extent, in the next 15 years or so.

Mr. RADELET. Let me, if I can add to that a little bit, part of addressing the urban problems is creating better rural economic opportunities, which gets us back to our earlier discussion about agricultural productivity and roads and everything else.

One reason people leave the rural areas is because there are not the economic opportunities. So that is one piece to this.

But that is not going to make it go away. The problem is here to stay, and it is part of what has been the process of what we call economic development over the last 200 years. It happened in Europe. It happened in the United States, and will continue to happen, I think, in developing countries.

So you want to try to address it, and try to minimize some of the problems that Dr. Badiane and others have mentioned.

Part of this is infrastructure, which we talked about before, and creating solid urban infrastructure of roads and ports; the water systems and power and other basic needs that people need.

We are not all that well suited, as a bilateral aid agency, to do this. I think this is an important role for the multi-lateral development banks, the World Bank, and in particular the African Development Bank.

I actually believe that if the African Development Bank became just an infrastructure bank, it would really help in many ways.

You mentioned earlier, politically, it is a little harder to get people excited about infrastructure projects, and that is true, I think, for bilateral agencies. But I think that lends itself to multi-lateral agencies to really focus on that. So part of this is an infrastructure issue.

But then finally, to complement the social services, we need to think about economic opportunities for urban dwellers. The classic solution to this, over the last 30 years, is manufacturing; and particularly, manufacturing exports, which is what the Asian countries have done with a range of products of shoes and textiles and footwear and toys and everything else.

That has had some downsides, along with the upsides of literally creating millions and millions of job for people and bringing them out of abject poverty.

The world is changing right now. We do not know, in the aftermath of this crisis and the rise of China and India, exactly what the right economic opportunities will be for Africa.

I suspect it will be in more services and using new technologies of the Internet; of data entry, of call centers, of cell phone use, and other kinds of things that we cannot quite yet imagine that would create economic opportunities for the urban dweller.

So I do not want to suggest that I know the answers; or that the answers were what exactly that Asia did 30 years ago. But I do believe that a big part of the solution has to be creating economic opportunities for low skilled workers, to begin with, and over time to create new opportunities as those skills rise.

So it is going to take a combination of the infrastructure, the basic services, and the economic opportunities, to address this problem.

Mr. PAYNE. Mr. O'Keefe?

Mr. O'KEEFE. Just very quickly, I appreciate Dr. Radelet's comment on strengthening the rural sector as part of limiting the growth of the urbanization and the problems that we have discussed.

Just quickly, the faith institutions can play a role in the social protection in urban areas. The rapid changes and the systemic changes that Dr. Badiane talked about are things that are above our pay grade, so to speak. But I think that we can play an important mediating role in creating the conditions of social protection to more people than would otherwise be.

Finally, we are trying to adapt things like microenterprise to be more successfully used in those urban environments; and there are some very creative efforts by CRS and by many other groups to do so, and those will help, as well. They are not going to be able to soak up all that excess labor. But they are going to be able to help thousands and thousands of people to find opportunity and to make a livelihood and, therefore, to care for their families.

Mr. PAYNE. Finally, I just wonder if anyone has any ideas about education in general. We are looking at a higher education bill to try to see if we can assist tertiary education.

We know that many countries have said that they will open up their schools to the girl child. Many of the first women in Africa,

and President Museveni's wife and others, have stressed the girl child and education.

In addition, in some instances, the classroom had twice as many students and still the same number teachers. So we have not seen the growth, you know, in a planned manner.

What are your ideas about just education in general—elementary, secondary, and higher education? If the U.S. could be of assistance, what do you think would be the best way to go—school buildings? Would anyone like to tackle that? Yes, Dr. Turshen?

Ms. TURSHEN. Congressman Payne, I would like to give an example of a country which achieved remarkable changes in girls' education, and that is Algeria.

With the nationalization of the oil resources, Boumedienne, who was head of the country at the time, decided that he would invest in secular co-educational programs, free of charge, from primarily school through tertiary education, with enough resources from the income from oil to meet basic needs of families. So the need to put children out to work, as one finds in Morocco, with 3- and 5-year-old girls in the marketplace working, in Algeria, they all went to school.

They went to school with their brothers' boyfriends, and they continued their education through law school, medical school. They became the journalists, the doctors, the judges, et cetera, in quite high proportions. I mean, I am speaking of, maybe half the doctors are women. Maybe half the lawyers, certainly a third of judges, a significant proportion of journalists, are all women in that country today.

So there are precedents, in Muslim countries, where people had been reluctant to send girls to school, where this can be accomplished.

So, as I said, the tug of war between, on the one hand, the push to early marriage, and the pull of helping out in work, either paid or unpaid, at home or in the factory, must be resolved by some poverty reduction, free education—and in this case, Algeria also offered free healthcare, by the way—which allowed girls to continue their education and then delay marriage.

So the average age at marriage became upwards of 25, 26, 27, 28. It is just an example of how a government can invest in educational services and be successful; thank you.

Mr. PAYNE. Yes?

Mr. BADIANE. Mr. Chairman, I think that we have both a problem of supply and quality in the education sector. I think the U.S. can help expand the education infrastructure, reaching into the rural areas; but also in the urban centers, where the numbers of school children in classrooms are just skyrocketing.

There is also an issue, particularly in Anglo and Eastern Africa. School costs too much for families. Elementary and secondary schools—I think if there is anything you can do in terms of policy, dialogue, and diplomatic moves to get those governments to understand that investing in childhood education ought to be actually something that the government ought to be doing and looking at it as a priority.

Asking poor families to pay for the little boy to go to elementary school, I think, does not make sense. I do not know how much

money they save in the budget that can legitimize doing something like that.

At the tertiary level, I think it would be good to have a program that facilitates joint venturing between United States education, institutions of higher learning, and African universities.

You could have funding for scholarships for education, based in Africa, for example; having somebody come over here. If I look at my case, I did not study in the States. But it takes a lot of time. By the time you leave your country, to learn a new language, to get used to the area, to go to school, to get a Ph.D., it is about 10 years.

If you had an Africa-based program that facilitated access to the same kind of faculty and teachers here, you can get the same outcome within 6 years, okay? The scholarship and the money, one would have to spend here to go to a university here. Probably with that 1 percent, you get four or five students trained.

So I think there is scope and room for that kind of joint venturing between universities in the United States and universities in Africa. Particularly at this stage, private universities are thriving very well in Africa. A synagogue is developing into a regional learning center. Nobody believed it 15 years ago, when the first professor started constructing a private university.

But I also think that we have to go beyond primary, secondary, and tertiary. I really do believe that vocational training and work force development, in support of agriculture and agribusiness is going to be important.

You were asking, Mr. Chairman, is Africa going to be a major player in the global agricultural commerce in the next years to come. Looking at the trends in China, in India, and others, I think unless we have the work force development and the vocational training to raise productivity levels and competitiveness in African agriculture, it is going to be very difficult to be a major global player.

China is going to have a problem competing down the road. Water is getting more expensive. Land is getting more expensive. The seller is getting higher, and India, the same thing.

So I think that Africa does have an opportunity to be a major player in global agricultural commerce. But investments in technology, in infrastructure, in agribusiness system are going to be required for them to do that. If that is done, they can play a major role in these markets; thank you.

Mr. PAYNE. Yes?

Mr. O'KEEFE. Our experience is more in the most remote sort of rural areas in terms of education, where we find that the building or the physical infrastructure is not so much the constraint as is the qualified teacher, and the organizational support through some sort of organization that allows for parents to take ownership of the education of their children. That is point number one.

Point number two is just that the documentation between the increase in education, particularly for girls, and agricultural productivity seems fairly clear; that the more investment in agriculture in girls who end up being farmers, the greater their productivity in terms of their agriculture. So there are complimentary benefits in education of girls in rural areas; thank you.

Mr. PAYNE. Right, and vocational education—does anybody have any specific comments on that, the trades and, you know, that whole crafts area; yes?

Mr. BADIANE. I was just emphasizing that. Because the way it is being handled in Africa there is a project based vocational training project in one part of the country. Five years later, it is in the northern part of the country; 10 years later, down in the center. There is nothing systematic about it. It just does not make sense.

Second, agriculture is being really a knowledge-based trade in the 21st century. Bio-technology, modern practices of saving the environmental, cultural practices—all those things are changing, developing practices.

One good way to really cut corners and make quick progress is to upgrade the skills of the African farmers; especially small holders. What it does for you, it makes agriculture cool again for the younger generation.

You saw some of the rural urban migration that you have. So I think that vocational training ought to be mainstreamed and become part of the regular education ministry's job; that the way they plan for primary, secondary, and tertiary education, they ought to be planning systematically for vocational training and education.

There are examples, and unfortunately there are not many in Africa; but outside of Africa. There are a lot of examples that can be brought to bear.

I am just facilitating now a learning mission to Germany, led by the Federation of Farmers Organization in Africa. We asked some of our staff members to go and look at Germany's experience in vocation education training and work force development.

It is an advanced agriculture system; but they have that across the country, and it is private sector based. Certainly, the governments can help develop that. But I think there is room for it, and it ought to part of the education systems; thank you.

Mr. RADELET. Mr. Chairman, I am glad that you have raised the issue of education. I was a high school teacher for 4 years myself; 2 of which were in an all girls school in a tiny village, in a little island in the middle of the South Pacific. So I am very conscience of the importance of these issues and how they have been neglected over time.

I applaud, in recent years, the beginning of a shift toward a focus on tertiary education. But I do so with a bit of a concern. That dates back to our history 30 years ago, when the pendulum was on the other side; when there was a big focus on tertiary education, very little on primary, and there were problems with funding for tertiary education going for the elite and for children of government officials, and not really for the poorest members of society. It was not an equal access, open opportunity.

Then the pendulum shifted back toward basic education, and for good reasons; because we were not getting kids and we were not getting girls into primary schools.

But in the intervening 30 years, the quality of universities and colleges in Africa has just completely diminished. So many schools that were great universities 30 years ago, missionaries and others, are just a shadow of what they once were.

So we need to find that better balance; and that balance is going to be different in one country from the next. We do not want to move resources into tertiary education at the expense of primary education, and we have got to find that balance.

There are several ways we can do it. Dr. Turshen earlier reminded us rightly, that as we look for new technologies and work with universities in the United States, that we need to do that partnering and building the capacities of university research centers in Africa, both of the tertiary and also for of primary.

For primary, one of the things I think the United States should be focusing—I not sure we should be focusing on building schools, per se. Again, I would actually thing the MDBs, the multi-lateral development banks, are a better place to do that. But I think we can focus on teacher training, on curriculum development, on those kinds of issues.

One of the big problems is teacher quality and pay, and the incentives for teachers. There are so few well trained teachers, and they do not have the incentives; because they are paid lousy amounts, and they are not given the resources, and it is not a particularly rewarding career path.

So working with countries to devote the resources necessary so that teachers are well trained and are well paid to make it a profession that will attract good people I think is just as important as building the schools, et cetera, and I think it is a place where the United States can be helpful.

Mr. PAYNE. Well, let me thank all of you first of all for your patience and indulgence. Of course, I might try this every time, because I have all the time, and I do not have to share it with my other colleagues. So you can really have a pretty thorough and efficient hearing, not that they do not add to it, but if they do add to it, then it is less time for me.

But I really appreciate all of your indulgence. I think that what you have stated has been very, very helpful. I just had an opportunity to be able to focus on Somalia, where all of these things regarding assistance have been neglected, and people wonder why there is anti-social behavior on the part of the population.

So all of the things that we have mentioned here need to start, starting right at Mogadishu, and going throughout Somalia. When you abandon and neglect a place totally, then you get a certain result. Hopefully, we will be able to re-engage Somalia, but also expand our programs, as you have mentioned throughout the continent.

So I thank all of you for the years of work that you have done on the continent, and we will keep the pressure on. With that, this hearing stands adjourned. Thank you.

[Whereupon, at 4:46 p.m., the subcommittee was adjourned.]

A P P E N D I X



MATERIAL SUBMITTED FOR THE HEARING RECORD

SUBCOMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515

SUBCOMMITTEE ON AFRICA AND GLOBAL HEALTH
Donald M. Payne (D-NJ), Chairman

April 16, 2008

TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS

You are respectfully requested to attend the following OPEN hearing of the Subcommittee on Africa and Global Health, to be held in **2172 of the Rayburn House Office Building.**

DATE: Thursday, April 23, 2009
TIME: 11:30 a.m.
SUBJECT: U.S. Assistance to Africa: A Call for Foreign Aid Reform
WITNESSES: Panel I
Mr. Earl Gast
Senior Deputy Assistant Administrator
Bureau for Africa
United States Agency for International Development

Panel II
Ousmane Badiane, Ph.D.
Africa Director
International Food Policy Research Institute

Steven Radelet, Ph.D.
Senior Fellow
Center for Global Development

Meredeth Turshen, D. Phil
Professor
Edward J. Bloustein School of Planning and Public Policy
Rutgers University

Mr. Bill O'Keefe
Senior Director of Policy and Advocacy
Catholic Relief Services

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 as noted above.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF SUBCOMMITTEE ON Africa and Global Health MEETING

Day Thursday Date 4/23/09 Room 2172 RHOB

Starting Time 12:06 p.m. Ending Time 4:49 p.m.

Recesses 1 (1:05 to 2:25)

Presiding Member(s) Rep. Watson, Chairman Payne

CHECK ALL OF THE FOLLOWING THAT APPLY:

- Open Session
- Electronically Recorded (taped)
- Executive (closed) Session
- Stenographic Record
- Televised

TITLE OF HEARING or BILLS FOR MARKUP: (Include bill number(s) and title(s) of legislation.)
U.S. Assistance to Africa: A Call for Foreign Aid Reform

SUBCOMMITTEE MEMBERS PRESENT:
Payne; Boozman; Chris Smith; Flake; Watson; Woolsey; Jackson-Lee

NON-SUBCOMMITTEE MEMBERS PRESENT: (Mark with an * if they are not Members of HIRC.)

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.)
Chris Smith; Turshen

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 4:49 p.m.


Subcommittee Staff Director

