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**Committee on Foreign Relations
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“Mali: Current Threats to Development Gains and the Way Forward”

Chairman Smith, Ranking Member Bass, Members of the Subcommittee, thank you for inviting me to speak with you today. We are deeply concerned about the ongoing situation in Mali, in terms of the immediate threats to human lives and safety, prospects for a peaceful and democratic society, and future opportunities for economic prosperity. I would like to provide an update on the current situation and how it has affected our programming, as well as outline the key factors that are needed for development to progress.

Complex Emergency Environment

Mali is facing a complex emergency: a political crisis, a major drought, and threats to internal and regional security. These interrelated crises call for a careful and considered development response. According to the World Bank, countries that have become characterized as fragile states require 20 to 25 years to recover, at great cost to their own people as well as to the international community in terms of resources diverted to stabilize and get those states back on the track of effective, transparent governance. While Mali is not currently a fragile state, it is in a fragile situation.

In West Africa’s Sahel region, the underlying causes of hunger and malnutrition are complex and multifaceted. Underdevelopment, multiple droughts in recent years, and inadequate rainfall have left more than 19 million people at risk of food insecurity, nearly half of whom may require emergency food assistance in 2012, according to national governments and U.N. data. In fiscal year 2012, the U.S. Government has declared disasters and is responding in Burkina Faso, Chad, Cameroon, The Gambia, Mali, Mauritania, Niger, and Senegal. As the impact of the Sahel-wide drought continues, in Mali at least one in five households is facing large food consumption gaps, with the populations of the North suffering the highest level of food insecurity.

On March 21, 2012, a military coup led by Capt. Amadou Haya Sanogo, toppled the government of the elected president, Amadou Toumani Toure and suspended the Constitution. Though the rationale for the coup was ostensibly the failure of then-President Toure to effectively deal with the Toureg rebellion in the North, the political instability brought on by the coup left a vacuum that enabled the National Movement for the Liberation of Azawad (MNLA) and Ansar al-Din to take control of major areas of northern Mali. In March 2012, a separate disaster declaration was released in light of the violence and resulting population displacement that strained Malian host communities' limited resources, including those for water and sanitation, and exacerbated food insecurity.

As of early June, 4.6 million people in Mali are food insecure. It is estimated that more than 159,000 people are displaced within Mali, and an additional 182,000 have fled to neighboring Niger, Mauritania, and Burkina Faso. Shortfalls in crop production are anticipated, and an estimated 175,000 children under-five are at risk of severe malnutrition. In the North, violence is exacerbating the food crisis and access to medicine and health services is practically non-existent. Household food reserves in some of Mali's northern regions are nearly depleted due to poor production and high food prices, and livestock have been starved due to lack of fodder or abandoned due to conflict. The ongoing uncertainty has halted foreign and domestic investment in Mali, economic and tourism activity has slowed, and according to some estimates, 2012 economic growth projections have dropped from previous estimates of 6 percent to negative 1 percent. It is also estimated that government revenues are one-fourth the level they were just one year ago and accordingly, government provision of basic social services has sharply fallen.

Past Development Gains at Risk

Mali has been a strong partner, particularly in the area of economic growth through USAID's Feed the Future initiative and the Millennium Challenge Corporation program. The current threats to Mali's stability and development are all the more concerning given the cooperation that has characterized relations between our governments and Mali's past development gains.

Prior to the coup, in fiscal year 2011, the United States provided \$137.9 million in bilateral foreign assistance to Mali. The broad development portfolio included activities to strengthen democratic institutions, promote inclusive and sustainable agricultural growth, support literacy and educational development, improve health status and health systems, and manage instability and threats in the North. Mali received funding for three Presidential Initiatives: Feed the Future, Global Health Initiative, including the President's Malaria Initiative; and Global Climate Change.

U.S. assistance has advanced significant development gains in Mali through our long-standing partnerships. I would like to outline just a few examples of the progress that has been made.

These development gains are precarious in the current situation, and underscore the promise of the Malian people and the importance of returning to democratic rule.

Over the past decade, annual economic growth has averaged more than five percent, reducing the incidence of poverty from 56 percent in 2001 to 44 percent in 2010. In the same time period, child mortality has been cut in half, and under-5 mortality rates dropped from 40 to 20 percent. Access to education has increased from 20 percent of primary school children in school in the 1990s to 80 percent of children in school in 2011. Prior to the coup, print and radio media were vibrant and largely independent with 230 stations, many established with USAID support, reaching more than 80 percent of the population.

Mali has liberalized its cereal markets, opened up trade routes, and improved conditions for doing business. The most vulnerable have survived drought and other disasters through the response and resilience provided by USAID's assistance. Agricultural production has increased in three regions where USAID has focused its assistance as a result of improved seeds and other inputs, extension services to improve farming methods and techniques, and farm-to-market linkages with greater private sector involvement.

In addition, Mali has been a central participant in the Trans-Sahara Counterterrorism Partnership (TSCTP) from the onset. Programs to address drivers of violent extremism were implemented in the Northern regions of Gao, Kidal, and Timbuktu, focusing on radio programming, basic education, microenterprise development, governance, and conflict prevention and peace-building. USAID established 10 FM radio stations reaching 385,000 people, and extended national interactive radio instruction to 200,000 students at 1,270 religious schools (*madrasas*). Prior to the coup, the program had just begun a significant expansion to increase the scope of activities and geographic reach in the north.

While USAID has made significant contributions to Malian development through its long engagement in the country and the hard work and diligence of the Malian people, recent events stand to reverse these gains.

Provision of Assistance in the Current Environment

We strongly condemn the military seizure of power and support ECOWAS's call for all parties to respect the right of the Malian people to determine their own rulers. Free and fair elections, the re-establishment of inclusive and accountable government, and protection of human rights are all critical elements for securing Mali's future.

As you are aware, Section 7008 of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2012 (SFOAA) states that no funds appropriated under titles III through VI of that Act can be, "obligated or expended to finance directly any assistance to the

government of any country whose duly elected head of government is deposed by military coup d'état.” This restriction applies to assistance to the central, regional, and local governments of Mali.

On April 10, 2012, the United States formally terminated assistance to the Government of Mali, consistent with coup restrictions in the SFOAA. The activities that were terminated included capacity building programs for the Government of Mali Department of Health, public school construction, support for government efforts to increase agricultural production, and government capacity building to spur commercial investment.

Other assistance to Mali was also suspended on policy grounds, though certain forms of humanitarian assistance (including food assistance) were never terminated or suspended based on available legal authorities.

Programs that are life-saving, critical assistance in health and food security are under consideration for resumption as part of a case-by-case policy and legal review. These decisions will also be affected by the current political and security situation in Mali and how it develops, with recognition that these are complex challenges. The ability of the United States to resume full assistance, including military and security assistance, will depend on a democratically elected government taking office.

Programs that have resumed include activities to reduce child mortality, HIV/AIDS prevention and treatment, essential life-saving services for maternal child health, and preparation for the planting season to ensure food security.

USAID Continues to Provide Life-Saving Humanitarian Assistance

It is important to emphasize that the situation in Mali is fluid and dynamic. We are closely monitoring the situation and consulting with other donors and key stakeholders on the US Government response to both the food insecurity and nutrition crisis and in our response to the conflict in Northern Mali.

Beginning as early as January, USAID proactively supported early initiatives to mitigate the impacts of food insecurity in Mali through programs aimed at increasing agricultural production, improving diets, and strengthening livelihoods—all of which limited the impact of this year's shocks. Early FY 2012 programs also focused on mitigating the impact of food insecurity through local and regional procurement of food, support for livestock health, and cash-based assistance.

USAID continues to address the emergency health, nutrition and food needs of the Malian people. In mid-April, USAID deployed a humanitarian assessment team to the Sahel, including to Mali to evaluate humanitarian conditions and identify areas of need. Based on this

assessment, USAID is now addressing additional needs including nutrition, livelihoods, and agriculture and food security for both drought and conflict-affected populations in Mali; and providing additional support for communities affected by the influx of Malian refugees and displaced people.

To date in fiscal year 2012, USAID has provided more than \$50 million to address humanitarian needs within Mali. In addition, the U.S. Department of State's Bureau of Population, Refugees, and Migration has provided approximately \$10.8 million this year in humanitarian assistance for refugees in the region and individuals affected by the conflict in northern Mali.

Preserving the Foundation Needed for Democracy, Peace, and Prosperity

In addition to the delivery of humanitarian assistance, USAID recognizes the need in times of crisis to deliver basic social services and food security and thus preserve the foundation needed to resume a democratic, peaceful, and productive society. The continuity of carefully-provided development assistance in Mali is critical to supporting a return to constitutional and accountable governance. It is also important to protecting the sizeable development gains that Mali has achieved and encouraging economic and social conditions to rebound quickly following re-establishment of elected leadership. A weakened population and state is also more vulnerable to insurgent movements. It is imperative that the urgent needs of Malian society are met to maintain and raise its people's resistance to any such forces.

In evaluating which programs can move forward in light of the applicable legal restrictions, USAID and the State Department consider the policy importance of the activities—for example, whether the proposed activity provides essential life-saving assistance, supports children or strengthens food security, advances a strategic U.S. foreign policy objective—as well as operational considerations, including efficient management and oversight of funding. This case-by-case analysis ensures that there is a careful consideration of the context surrounding a proposed activity and the expected impact of such an activity if it is approved to move forward. The analysis also takes into consideration how to protect previous U.S. Government investments in the proposed activity.

- Before the coup, USAID was the largest donor supporting Mali's planned April 2012 **elections**, with activities that provided training of poll workers, political party strengthening, elections monitoring, and voter education. When the electoral support activities resume, assistance would help support a foundation for free and fair elections in Mali and a peaceful political exit from the current situation.
- The only USAID-supported **economic growth** activities that are continuing in Mali are those that address food security. Agricultural assistance has focused on supporting farmers and herders to increase production in the current planting season. Particularly in light of dire food needs, this assistance is critical to improve farmers' and livestock

producers' access to inputs, increase yields and production, strengthen market linkages, and increase resilience to drought.

- Some **health** sector activities have been approved to continue in order to provide life-saving interventions. These include programs aimed at preventing maternal and child mortality through the provision of basic community health services, support of malaria testing and treatment, and other critical community-based health interventions.
- USAID has currently suspended all **education** activities in Mali that benefited the Government of Mali, which included school construction, teacher training, and other forms of education assistance.
- USAID's **peace and security** programs, including those under the TSCTP, are generally on hold pending further analysis of the operating environment and policy considerations. Some community-based programs that address peace-building and youth engagement have been approved to continue.

Future Outlook

The restoration of democracy and the return to a development focus in Mali is important to the region and to Africa as a whole. As the situation evolves, we remain vigilant to changes in the operating environment and the risks and opportunities involved.

Lives and livelihoods are at great risk without the prompt resolution of the current political, security, and food crises. While these crises are complex and interrelated, they also vary with regards to their timeframes for resolution. Under the right conditions, Mali has the potential to be a major food producer for the region as well as advance trade and economic growth. Its history of partnership with the United States to improve health, education, and living conditions is noteworthy. While USAID can provide immediate relief to the people, help set the foundation for democratic elections, and provide basic social services in the interim, Mali's future development must be led by the Malian people. This can only be achieved through a duly-elected and participative government against a background of peace and stability.

I thank you for the opportunity for today's discussion and invite any questions you have on our assistance to Mali and its development outlook.