



# PROJECT on Middle East Democracy

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## "U.S. Policies and Programs for Global Development: USAID and the FY 2011 Budget Request"

House Committee on Foreign Affairs  
Room 2172 Rayburn House Office Building  
March 3, 2010, 9:00 AM – 11:00 AM

The House Committee on Foreign Affairs held a hearing to address **President Obama's** FY2011 budget request for global development and international aid. USAID Administrator **Rajiv Shah** [provided testimony](#) about particular goals and objectives for USAID moving forward, and answered the committee's questions regarding a variety of development trends and projects.

Chairman **Howard Berman** (D-CA) opened by stating his appreciation for Secretary **Hillary Clinton's** resurrection of diplomacy and development as two key pillars of U.S. foreign policy. Noting that development and humanitarian programs represent only one-third of one percent of the entire budget request, he called the increases for FY2011 "quite modest and very well justified." Berman defended foreign aid's value by saying that "conflict, lawlessness and extremism that threaten U.S. interests find fertile ground in the places where basic human needs are not being met and fundamental human rights are not respected." However, ranking Republican member **Ileana Ros-Lehtinen** (R-FL) pivoted to the debt created by the administration's overall budget. "We need to find places where we can slow down or freeze spending," she said, proposing that we scale down traditional programs in favor of expanding development credit assistance and the Global Development Alliance program which she believes leverages private funding without "creating aid dependency in other countries."

Following these remarks, **Rajiv Shah** provided an overview of USAID's priorities for 2011, breaking down the bulk of the budget request into three categories: **\$7.7 billion for securing critical frontline states**; \$14.6 billion to meet urgent challenges such as global health, poverty, natural and manmade disasters, and anticipated causes of future instability; and \$1.7 billion to enhance aid effectiveness and sustainability. In order to meet these goals, **Shah pledged to recruit and retain "best in class development professionals" and account for every dollar invested in aid programs abroad.**

In response to Ros-Lehtinen's concern that previous allotments of aid to the Palestinian territories have been severely mismanaged, Shah described USAID's existing systems for tracking and vetting partners. "We focus on work that will achieve real outcomes," he said. **"Some of the things we have done have been successful, including funding seven schools that are now operational and supporting health systems."**

Congressman **Donald Payne** (D-NJ) used his time to inquire about USAID's focus on South Sudan as it moves toward its referendum to determine independence. Shah answered that **USAID's request includes \$95 million for support in advance of the 2011 poll.** "We are very well positioned to play a critical role should the need arise, and we're trying to identify what kind of budget flexibility we would have."

Responding to a question about "country-ownership" from Congresswoman **Diane Watson** (D-CA), Shah articulated USAID's commitment to four key components when engaging in development abroad: **soliciting a country plan; receiving specific guidance from countries about particular needs or unique societal characteristics; restructuring contracts and programs to fit that guidance; and sharing data and personnel.**

Turning back to the West Bank and Gaza, Congressman **Jim Costa** (D-CA) asked Shah to assess the results of previous infusions of aid. Shah answered that improvements in specific infrastructure projects, education, and health services in the West Bank have been encouraging, but the challenges for Gaza are much more severe. To overcome existing roadblocks, he told the committee that **USAID is trying to work through diplomatic channels to enable the transport and mobility of goods and services.**

Congressman **Keith Ellison** (D-MN) wondered whether or not it's advantageous for the USAID to have a presence in Gaza. "As a general principle," Shah replied, "we believe our presence increases our effective." He reiterated the diplomatic efforts to ensure better access, but conceded that it's not entirely clear that sending USAID personnel is the immediate resolution to some of the problems.

Continuing with the exploration of aid effectiveness in the West Bank and Gaza, Congressman **Michael McMahon** (D-NY) echoed his colleagues concerns about safeguarding against corruption and inadvertently funding extremist groups. Shah repeated that USAID has rigorous systems in place for tracking aid and vetting partners, but again remarked that Gaza is a different operating environment that creates significant and unique challenges.

Next, Congressman **Gerald Connolly** (D-VA) expressed concern about the nature of "democratization work," which he contends should involve more coordination with officials and organizations at the local level, rather than relying upon a "top-down" approach. Congressman **Dana Rohrabacher** (R-CA) then asked about the level of aid for Afghanistan as well as USAID's priorities in Iraq. Shah replied that the FY2011 budget includes \$3.9 billion for Afghanistan, and said that **Iraq's number one need at the moment is election aid and support for the continuing transition from U.S. oversight to Iraqi civil leadership.**