



PROJECT on Middle East Democracy

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On Tuesday, the Senate Appropriations Subcommittee on State, Foreign Operations and Related Programs held an open hearing to discuss FY2012 budget appropriations to the United States Agency for International Development (USAID). The Committee—Chaired by Senator **Patrick Leahy** (D-VT), and with Senators **Ronald Johnson** (R-WI), **Mark Kirk** (R-IL) and **Barbara Mikulski** (D-MD) in attendance—requested the testimony of Dr. **Rajiv Shah**, USAID Administrator.

In his opening [remarks](#), Senator **Patrick Leahy** (D-VT) critiqued the USAID past operations as not being cost-effective, but noted the progress the Agency has made under Administrator Shah. He also noted the essential role USAID has played "in projecting U.S. global leadership and in helping to protect U.S. interests around the world." He declared, "**The question is not whether USAID's mission is integral to our national security. Everyone from President Reagan to General Petraeus has recognized that it is. Rather, I want to know how you, Dr. Shah, are making the changes necessary to ensure that USAID carries out that mission in the most cost effective way.**" While the recently negotiated FY 2011 budget will scale back operations and programs, the President's FY2012 budget request seeks significant increases, much of which Leahy believes is justified "as it is in our national security interest to do more to help build stable democracies and vibrant economies around the world."

Senator **Mark Kirk** (R-IL), in his opening statement, discussed his concerns with USAID's ability to carry out sustainable and transparent programs, noting how its historical performance in El Salvador which led it to be housed in the State Department. While expressing pride in USAID's work in Benghazi, **Kirk also expressed concern that development workers would "bug out" if al-Dabiya fell, a situation he found likely in the absence of renewed US air support.** He cited comparable instances in Afghanistan where the lack of resolve on part of development professional undermined their mission to support US troops.

During his testimony, Dr. **Rajiv Shah** affirmed development's role as a complementary tool to defense and diplomacy. He highlighted, among other actions, USAID's response to events in the Middle East. He noted that the USAID humanitarian relief teams are working on the Tunisian-Libyan border and in Egypt to assist those affected by the conflict. Thus far, they have delivered health kits providing care to 40,000 people, and 10,900 tons of food, feeding 650,000 people in Libya. He added, "**We will work with counterparts to help the people of the region realize their democratic aspirations through a credible transition.**" He also pledged to "help countries strengthen civil society, extend rule of law and create more transparent and accountable democratic governance."

In response to questions from Senator **Patrick Leahy** (D-VT) and Senator **Ronald Johnson** (R-WI) on promoting development in light of the current budget constraints, Shah discussed the means through which USAID was achieving better cost efficiency and serving U.S. interests, such as cutting back programs in countries that reached certain benchmarks, collapsing layers of subcontractors for projects and closing Western European offices that were expensive to maintain. Leahy pointed out that USAID spends a hundred times more on U.S. goods than on foreign ones. Shah picked up on this point noting

how a micro-irrigation project in India yielded solar panel production jobs in Georgia and Michigan. He also highlighted recent projects in Southern Sudan and Afghanistan. Shah went on to emphasize the increased oversight provided by the Quadrennial Diplomacy and Development review, breaking down contracts among small firms to compete and new task forces to address abuses.

Senator **Mark Kirk** (R-IL) aggressively questioned Shah on USAID's failure to produce a partner vetting system to ensure that US funds were not being funneled to terrorist organizations, particularly in the West Bank, which the agency had proposed to do last year. Shah blamed the delay on the difficulties in coordinating the system with the State Department. Senator **Johnson** also expressed concern over fraud and misallocation of fund to which Shah responded that USAID aggressively prosecutes any violation of oversight regulations. Shah noted, however, that it was impossible to produce an aggregate number because if the agency "knowingly knew" of all instances of fraud or malfeasance, it would address them all.

Senator **Barbara Mikulski** (D-MD) lauded faith-based development initiatives in Nicaragua and Haiti to underlie her concern for budget cuts on US development programs. Shah said that his agency was "not in a position to say that any program will be protected." He noted that **programs initiated in the past three years would be most at risk because they precede the 2008 budget baseline** passed under Bush during the food crisis. Priority would be given to more efficient programs and those which prove more empowering, since they offer an exit strategy for US funding. Mikulski closed by announcing a series of meetings she and Senator **Kay Hutchinson** (R-TX) will be having next week regarding women in the Middle East protests.