

**Opening Statement of the Honorable Ed Royce (R-CA), Chairman
House Committee on Foreign Affairs
Hearing on “The FY 2014 Budget Request: U.S. Foreign Assistance
Priorities and Strategy”
April 25, 2013**

(As Prepared for Delivery)

This hearing of the Committee on Foreign Affairs will come to order.

Today, we hear from the heads of the U.S. Agency for International Development and the Millennium Challenge Corporation. Together, these agencies account for \$21.3 billion – or 41 percent – of the President’s \$52 billion International Affairs Budget request.

Especially given our chronic federal deficit, we must be rethinking how, where, and why we provide foreign aid. To be justified, the bar is high – aid must support our national security and economic interests. It must be efficient and effective. It must advance democratic principles and develop reliable trade partners. And it must be implemented in a way that breaks the cycle of dependency.

Over the past decade, USAID has seen its mission chipped away. The Global AIDS Coordinator, who manages the largest U.S. global health program in history, is housed in the State Department. The MCC was created as an independent agency with a mandate to reduce poverty through economic growth. So it has been a challenging time for USAID. Indeed, the Bush Administration stood-up MCC as an alternative – a way to break with the tired old development approaches that for decades have failed.

But MCC has had its challenges too. Early so-called compacts were big, complicated, and overly optimistic. This has improved some, but MCC must stay true to itself. Getting pulled into countries where you don’t belong could ruin MCC’s recipe for success.

By demanding that countries we’re aiding have good policies in place, by strictly monitoring and evaluating impact, MCC has served as a lab for what does and doesn’t work. It is getting countries on a path toward *graduation* from foreign assistance. That is why many of the Administration’s new initiatives are borrowing from the MCC model. This is progress, if well implemented.

The President’s proposal to reform the international food program – helping more at less cost - is a bright spot in the budget request. For much of our food aid, this proposal would remove conditions that commodities be U.S. bought and shipped. Studies have shown that these conditions only make for a slow and inefficient program.

It is elementary that buying food closer to where the humanitarian crisis is taking place is faster, cheaper and helps save more lives. Only in recent years has the U.S. been able to experiment with a small pilot program to buy food closer to the crisis. This “local and

regional purchase” effort has been found to be 11 to 14 weeks faster and 25-50 percent cheaper.

Essentially, the Administration’s proposal would end a process called “monetization.” This is when Washington buys American grain, gives it to international charities who in turn sell it in poor countries. Congress’ investigative arm called this process “inherently inefficient,” and found that it resulted in the loss of \$219 million over three years. That’s an average of 25 cents on every taxpayer dollar. It’s not just the waste that should bother us, but the harmful impact of dumping such commodities, which can destroy local farming, and in turn increase the dependency on aid we’d like to see end.

I look forward to working with you, Administrator Shah, as well as the Ranking Member, to advance this ambitious and timely proposal.

I will now turn to Ranking Member Engel for his statement.