

**Testimony of
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Fiscal Year 2015 Budget Request
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Thank you Chairman Royce, Ranking Member Engel, and members of the Committee. I am pleased to join you to discuss the President's fiscal year 2015 budget request for the U.S. Agency for International Development (USAID).

Four years ago, President Obama set forth a new vision of a results-driven USAID that would lead the world in development. We have since risen to this challenge, pioneering a new model of development that brings a greater emphasis on partnerships, innovation, and results. We are guided in these efforts by a new mission statement: we partner to end extreme poverty and promote resilient democratic societies while advancing our security and prosperity.

Although these goals are not new, they reflect a unique moment in development today when exciting opportunities are emerging to change what is possible. In a time of fiscal restraint, we are applying the new model to seize this moment and reach more people, save more lives, and leverage more private investment than ever before—delivering results for the American people and those in greatest need around the world.

The President's fiscal year 2015 budget responds to unprecedented development challenges, including some of the most significant events unfolding on the world stage today.

When Typhoon Haiyan swept across the Philippines, we swung into action, leading and coordinating the U.S. Government civilian and military humanitarian response and distributing life-saving aid, including highly-nutritious food products to feed hungry children and adults. In Ukraine, we remain committed to helping citizens realize the democratic aspirations that many spent months on the Maidan demanding. For nearly 20 years, we have stood shoulder-to-shoulder with the people of Ukraine, putting 1.8 million land titles into the hands of farmers and helping civil society leaders develop recommendations, including on anti-corruption, in an comprehensive reform package for the government. Many of the recommendations are being implemented through new and revised legislation.

In South Sudan, as citizens face a looming humanitarian catastrophe that will leave half the country on the brink of famine, we are racing against the clock to save lives. And as we saw just a few days ago, citizens in Afghanistan voted for a new president to lead them towards a brighter, more stable future. In support of the Afghan-owned

election process, USAID provided extensive guidance on how to prevent electoral fraud, as well as capacity building support for independent domestic observers, civil society, media, and political parties to help ensure a transparent electoral process.

The budget enables us to respond effectively to these events and address the underlying causes of extreme poverty through President Obama's Feed the Future, Global Health, Global Climate Change, and Power Africa initiatives. It advances our national security by building linkages to emerging markets, strengthening democracy and human rights, and promoting broad-based economic growth. It helps vulnerable communities strengthen their resilience to crises and natural disasters. It facilitates strategic engagement in the Middle East and North Africa, as well as across the Asia-Pacific and Latin America. It also focuses our activities in Afghanistan, Pakistan, and Iraq, ensuring that we sustain the gains we have made.

Even though we work far from home, our work continues to realize benefits for our home: for opportunities we open for American businesses, the skills of our young people we help build, and the threats to our security that we help prevent. For less than one percent of the federal budget, we are delivering results that shape a more secure and prosperous future for the American people and the world.

A NEW MODEL FOR DEVELOPMENT

The FY 2015 budget request for USAID managed or partially managed accounts is \$20.1 billion, one percent below the total enacted FY 2014 funding for these accounts. In this constrained budget environment, USAID is focused on maximizing the value of every dollar. Over the past five years, we have made difficult choices about where our work will have the greatest impact, shifting resources and personnel to better advance our mission of ending extreme poverty around the world.

Since 2010, regional bureaus have reduced program areas by 34 percent; USAID global health program areas have been phased out of 23 countries; and Feed the Future agriculture programs have been phased out of 26 countries. We are reducing programs in countries that have turned a corner, like Mongolia, and transitioning Missions to Offices. We are shifting resources to countries in critical need and where our work has the widest impact.

Over the past three years, the USAID Forward reform agenda has touched upon every part of our Agency. We've revamped our budget to include more rigorous performance monitoring and impact evaluation, expanded the use of science, technology, and public-private partnerships, and improved talent management. In each area of reform, we set aspirational targets that have established a common language for success, challenged our partners, and encouraged us to step out of our comfort zone.

Taken together, these reforms have formed the foundation of a new model of development that defines the way we work around the world. With this new model, we are backing cutting-edge innovation, taking advantage of fast-moving

technology, and harnessing the vast potential of the development community to achieve unprecedented results.

Today, all our major programs are independently evaluated, and those evaluations are available right now on an iPhone app—an unprecedented level of transparency. The quality of our evaluations has improved significantly, which is an important sign that we are increasingly grounding our work in evidence and data. Missions are reporting dozens of different ways that these evaluations are strengthening our programs in the field. Through an evaluation in Benin, we learned that community health programs naturally favored men in their hiring, which limited our ability to provide care to women. So we're redesigning our recruitment to help more women become community health workers.

Working closely with local leaders, governments, and organizations, we are strengthening the capacity of our partner countries to create stronger communities and brighter futures without our assistance. In 2013 alone, our emphasis on local solutions enabled us to support 1,150 local organizations in 74 countries. In the Democratic Republic of the Congo, for instance, we have worked with 12 local governments to improve their tax collection, so they can afford to pay the salaries of teachers and health workers. As a result, they have increased revenues by 95 percent since 2009.

We are also mobilizing a new generation of innovators and scientists to advance our mission. Launched last week, the U.S. Global Development Lab represents an historic investment in the power of science and technology to bend the curve of development. With \$151 million in funding, it will generate and scale breakthrough solutions to complex development challenges, while attracting private sector investment to improve the sustainability of our solutions. Already, it has generated cutting-edge inventions—including the bubble CPAP, a device from Texas that can resuscitate newborns at a fraction of the price of existing machines.

To maximize the impact of the Lab, we seek new authorities from Congress. These include the ability to hire a diverse range of staff; to use development assistance funding programmed for science, technology, and innovation for all development purposes, including health; and to use a “pay-for-success” model to incentivize the best solutions from innovators around the world—all of which will help us catalyze a wave of innovation that solves the toughest development challenges on the planet.

We are increasingly focused on engaging a wide array of partners, from our long-standing partners in the development community, to faith organizations, to multinational corporations. Through our Development Credit Authority (DCA), we unlocked a record \$1.02 billion over the last two years alone in commercial capital to empower entrepreneurs around the world. Earlier this year, we partnered with GE and Kenya Commercial Bank to help health care providers buy life-saving healthcare equipment, including portable ultrasound devices and MRI machines. For the first time ever, our private sector partner is covering the cost of the loan guarantee—making this program virtually costless for the American taxpayer. To

build on this success, the request seeks to increase the annual cap on loans under DCA guarantees from \$1.5 billion to \$2 billion, a measure that will enable us to ramp up high-impact projects, particularly through Power Africa.

CORE PRIORITIES

Under the leadership of President Obama, we are applying the new model to deliver unprecedented results across our work, from expanding access to mobile money to empowering women and girls to strengthening land tenure rights to safeguarding the world's biodiversity.

FEED THE FUTURE

In this request, \$1 billion is devoted to Feed the Future, President Obama's global food security initiative. After several years, Feed the Future has hit its stride—delivering results that are changing the face of poverty and hunger for some of the world's poorest families.

In 2012, we reached 12 million children with programs to strengthen their nutrition and helped more than 7 million farmers increase their yields through new technologies and management practices. Reported incremental sales of farmers working with Feed the Future programs worldwide increased their sales from \$100 million in 2012 to over \$130 million in 2013. These results are grounded in a robust management system for gathering timely, accurate data that measures everything from household income to the participation of women to the prevalence of stunting. Just as the Demographic and Health Surveys helped dramatically expand monitoring capabilities in global health, Feed the Future's new open data platform is transforming our knowledge and informing cutting-edge approaches.

This year's budget request builds on these results with an integrated nutrition approach to reduce stunting by 20 percent—a target that will prevent two million children from suffering from this devastating condition over the next five years.

In Kenya, the reported gross margin of livestock farmers receiving training on improved management practices and support to partner with cooperatives increased over 45% from 2012 to 2013, from \$371 to \$541 per cow. Feed the Future activities in Kenya support rural smallholders who account for over 80 percent of the country's raw milk production. Farmers in Bangladesh using new fertilizer technologies more than doubled the production of rice from 2011 to 2013. New technologies and management practices such as this also contributed to increases in the rice farmers' gross margin per hectare from \$431 in 2012 to \$587 in 2013. Across Central America, Feed the Future is helping trading unions to meet international standards and maintain access to agricultural markets in the United States.

Two years ago, President Obama led global food security efforts to the next stage, introducing the New Alliance for Food Security and Nutrition. Today, it is a \$3.75 billion public-private partnership that is enabling reforms from ten African

governments and commitments from more than 140 global and local companies. For instance, Ghana Nuts—an agricultural business that was once an aid recipient—is now a multi-million dollar company employing 500 people. Under the New Alliance, it has committed to strengthening local supply chains, reaching 27,000 smallholder farmers with more than \$4 million in investments.

At the same time, the governments we work with through the New Alliance have committed to significant market-oriented policy reforms. Recently, Burkina Faso launched an electronic platform that increases the transparency and speed of their customs processes. Last summer, Mozambique, Cote d'Ivoire, and other New Alliance nations committed to policy reforms that will foster private sector investment in smallholder farmers, particularly women.

GLOBAL HEALTH

With strong bipartisan support, we are providing critical health assistance more efficiently than ever before. We have narrowed our focus on maternal and child health to the 24 countries that represent more than 70 percent of maternal and child deaths in the developing world. Through the \$2.7 billion request for USAID Global Health Programs—along with State Department Global Health Programs for \$5.4 billion—we will work towards ending the tragedy of preventable child and maternal death, creating an AIDS-free generation, and protecting communities from infectious diseases.

Around the world, we are seeing real results of global partnerships to accelerate progress towards these goals. Since 2010, 15 of our 24 priority countries have rolled out the pneumonia vaccine with GAVI support; and since 2011, 8 have introduced rotavirus vaccines against diarrheal diseases. In 2013, the President's Malaria Initiative protected over 45 million people with a prevention measure. Since 2006, all the original 15 PMI focus countries have had reductions in childhood mortality rates, ranging from 16 to 50 percent.

In 2013, Saving Mothers Giving Life, a USAID-led public-private partnership, contributed to a 30 percent decline in the maternal mortality ratio in target districts of Uganda and a 35 percent reduction of maternal deaths in target facilities in Zambia.

Since 2006, our support for neglected tropical diseases has expanded to reach 25 countries. In the countries where we work, nearly 35.8 million people no longer require treatment for blinding trachoma, and 52.4 million people no longer require treatment for lymphatic filariasis.

Since USAID's 2012 Child Survival Call to Action, nearly a dozen countries, representing those with the highest global rates of child death, have launched their own local calls to action, set national targets, and are creating evidence-based business plans to focus resources in acutely vulnerable regions.

We will continue to make cost-effective interventions that save lives—from preventing the spread of disease, to providing nutrition to millions of hungry children around the world.

CLIMATE CHANGE

Of the President's \$506.3 million request for the Global Climate Change Initiative implemented in partnership with the Department of State, USAID implements approximately \$348.5 million and invests in developing countries best suited to accelerate transitions to climate-resilient, low-emission economic growth. In FY 2013, USAID helped over 600,000 stakeholders implement risk-reducing practices or use climate information in decision-making. These stakeholders are impact multipliers, including meteorologists, agricultural extension workers, and disaster planners who use this information to improve the climate resilience of millions of people in their countries and regions.

Across the world, we are harnessing innovation, evidence, and technology to help vulnerable communities anticipate and take action to reduce the impacts of climate change. Today, a joint venture between USAID and NASA—called SERVIR—provides communities in 29 countries with global satellite-based climate information, including sending frost alerts to tea growers in Kenya and fire alerts to forest officials in Nepal.

USAID is pioneering a new approach that puts people on a path from dependency to resilience, while expanding broad-based economic growth. From small farming collectives to multi-national corporations, our partners are pursuing climate-resilient, low-emission development. In support of the Tropical Forest Alliance 2020, we recently helped launch the Global Forest Watch, a forest alert system that utilizes real-time satellite data to help countries reduce tropical deforestation and enable companies to monitor their supply chains.

The Global Climate Change Initiative advances practical, on-the-ground solutions to help developing countries contribute to the global effort to reduce greenhouse gas emissions while achieving development goals. Since 2010, USAID and the State Department have established 25 bilateral agreements with partner countries to develop and implement for low emissions development strategies. This support is helping advance the transition to lower carbon energy systems by creating enabling environments for public and private investments in efficient, clean energy sources, and sustainably reduce emissions from land use such as deforestation and agriculture.

POWER AFRICA

The FY 2015 request advances our nation's commitments to Africa with initiatives like Trade Africa and Power Africa. With \$77 million requested in this budget, Power Africa represents a bipartisan approach to use public-private partnerships to double access to power on the continent and connect American investors and entrepreneurs to business opportunities abroad. Less than a year since launching,

more than 5,500 mega-watts of power projects have been planned—putting us more than halfway towards our goal of expanding electricity to 20 million people and businesses. For every dollar that the U.S. Government has committed, the private sector has committed two—over \$14 billion so far.

With an initial set of six partner countries, Power Africa focuses on completing projects quickly and efficiently, while encouraging countries to make energy sector reforms critical to their success. In Ethiopia, for example, Power Africa is supporting the first independent power producer geothermal plant in the country, a project that will pave the way for future private sector investment and provide enough power to reach tens of thousands of people. In Kenya, Power Africa is enabling the construction of the largest privately-owned wind farm in Sub-Saharan Africa—helping millions leapfrog dirtier, unhealthier phases of development and join a global low-carbon economy.

EDUCATION

Education remains a critical focus for the Agency. Our request for Basic Education is \$534.3 million, an increase of 6.6 percent over our FY 2014 request.

Through the “Room to Learn” program, we are intensifying our efforts in six countries—including Nigeria and Afghanistan—where endemic poverty and conflict conspire to rob children of their futures. In the Katanga Province in Democratic Republic of the Congo, in the schools we support, we have seen a 40 percent decrease in students repeating a grade from 2010 to 2013. The drop-out rate was also 65 percent lower than in 2010.

From Kenya to Afghanistan, we’re seeing reading skills develop and enrollment—especially for girls—jump. Our strategic shift to improving primary grade reading for tens of millions of kids brings with it a commitment to measuring results through student learning achievements. In Malawi, we used early grade reading assessments to evaluate students’ foundation skills—giving their parents and teachers a way to measure their progress. Today, second graders who receive interventions like these have comprehension levels four times those in control groups.

By maintaining our focus on global education as a core development objective, we can brighten the future for millions of vulnerable children, including children in crisis environments. With widespread illiteracy estimated to cost the global economy more than one trillion dollars this year alone, these programs are not only advancing America’s standing as the world’s development leader in education, but are also energizing the global economy.

WATER

While the world has seen tremendous progress on expanding access to safe drinking water—halving the proportion of people without sustainable access since 1990—a lot of work remains. This budget request continues the implementation of our first-

ever Water and Development Strategy, which outlines a goal to save lives and advance development through improvements in water for health and water for food. The Strategy sets explicit targets of sustainably providing 10 million people with access to improved water supply and 6 million people with access to improved sanitation over the next five years.

Through our Development Innovation Ventures fund, we're partnering with the Gates Foundation to help bring safe drinking water to at least 4 million of the world's poor. Called WASH for Life, this initiative will source and rigorously test great ideas to improve access to water and sanitation service. Last year, in Kenya, we leveraged a Development Credit Authority guarantee to extend piped water supply in Kisumu for over 1,500 piped water connections to benefit over 8,500 individuals.

The request for WASH funding is \$231 million in this budget. Budget requests for WASH programs have typically been about \$230 million, and because of the number of program areas we engage in with water investments—from OFDA's emergency response work, to resilience programs in regions of chronic crisis like the Horn of Africa and the Sahel, to Feed the Future agricultural infrastructure support—our actual programming for all water activities has grown to over \$500 million, and we expect similar levels in the year ahead.

SUPPORTING REGIONAL PRIORITIES AND STRENGTHENING NATIONAL SECURITY

This budget also maintains our nation's tremendous leadership in humanitarian response with \$4.8 billion requested in State and USAID funding. In the last year, we have responded to unprecedented need around the world—saving lives from the Philippines to South Sudan.

In Syria, we currently provide life-saving aid for 4.2 million people in all 14 governorates across the country, as well as more than 2 million people who have fled the violence into neighboring countries. At the same time, we are supporting neighboring Jordan and Lebanon to manage the overwhelming influx of refugees from Syria. We have worked with local school systems to accommodate Syrian children, and in some areas, helped them adjust their schedules so that local children can learn in the morning and Syrian kids in the afternoon.

Thanks to strong bipartisan support, we have begun reforms that mainly address our development food aid programs, allowing us to reach an additional 800,000 hungry people every year with the same resources. The need for this flexibility grows more urgent every day, as crises deepen from Syria to the Central African Republic to South Sudan. That is why this budget calls for reforms to be extended to emergency food assistance. We are seeking the flexibility to use up to 25 percent of Title II resources for life-saving tools, like vouchers and local procurement—allowing us to reach two million more people in crises with our existing resources.

While we remain the world's leader in humanitarian response, we are increasingly focused on ensuring communities can better withstand and bounce back from shocks—like droughts, floods, and conflict—that push the most vulnerable people into crisis again and again. In the Horn of Africa, which suffered a devastating drought two years ago, we're deploying mapping technology to help farming communities find new sources of water. In the Sahel, we're partnering with U.S. Special Operations Command to conduct detailed analysis and geo-spatial mapping of the region. These efforts have given U.S. development and military professionals a deeper understanding of both the drivers of conflict and ways to build resilience.

We are working effectively to both protect and manage the environment that supports us. In addition, we are harnessing innovation, evidence, and technology to reduce consumer demand for endangered species and stop wildlife trafficking. For instance, no tigers or rhinos were poached in Nepal in 2013 due to our sustained investments in community-based conservation. This past January, USAID partners convened 28 African and Asian countries to participate in an enforcement operation that resulted in more than 400 arrests and the seizure of three metric tons of ivory, 10,000 turtles, and 1,000 skins of protected species.

We're pioneering a new approach that puts people on a path from dependency to resilience, while expanding broad-based economic growth.

USAID and State Department are requesting \$2 billion globally in the Development Assistance and Economic Support Fund accounts to strengthen democracy, human rights, and governance. Thanks to USAID's rapid-response capability on civil society laws, we were able to take advantage of political openings in Libya, Tunisia and Burma to encourage early reformers to adopt consultative government-civil society processes that have led to much-improved civil society legislation, which in turn will pave the way for further political opening.

In FY 2015, the State Department and USAID have requested nearly \$1.5 billion to support democratic transitions and respond to emerging crises in the Middle East and North Africa. For example, in Tunisia, we worked with civil society and the government to implement some of the most progressive NGO laws in the region. The new law passed as a result of a consultative government-civil society process and is now considered a model for the region; the new Libyan draft civil society organization law is based on peer consultations with Tunisians on their law.

Of the President's \$2.8 billion assistance request for the Frontline States, USAID implements \$1.8 billion for long-term development assistance, continuing to work closely with interagency partners—including the State and Defense departments—to move toward long-term stability, promote economic growth, and support governance reforms, including the rights of women.

This request is tailored to support our three-fold transition strategy in Afghanistan, including maintaining gains in health, education, and the empowerment of women; promoting economic growth; and improving stability by supporting more

accountable and effective Afghan governance, which is especially critical in the first year after the 2014 presidential election.

Our assistance in Afghanistan has helped deliver incredible gains. Today, 77,000 university students—a *nine-fold increase* from 2001—will form a new generation of leaders. The wait time for goods crossing the border with Pakistan has fallen from eight days to 3.5 hours—saving \$38 million every year and opening access to new markets for farmers and entrepreneurs. The rapid expansion of mobile technology across the country is empowering Afghan women to demand an equal stake in their nation’s future.

Building on our strong legacy of progress in Latin America and the Caribbean, we’re focusing on spurring economic growth and strengthening democracy by tackling the biggest drivers of instability, from drug trafficking to climate change. Today, for example, we work with a range of partners, including Nike Foundation and PepsiCo, to train thousands of at-risk youth in 18 countries of the region. The program has had an extremely high success rate, with 65 percent of graduates getting jobs, returning to school, or starting their own business within one year of graduation.

In Colombia, we’ve partnered with Starbucks to improve yields for 25,000 coffee-farmers, giving them a shot at the global market and a reason to invest in their land after decades of conflict. In Peru, our partnership with the government of San Martin has helped reduced poverty by more than 67 percent and cut coca production from 22,000 hectares to around 1,200.

We’re also investing in the future innovators, doctors, and entrepreneurs throughout Latin America. For instance, in Honduras, we partnered with a telecom company to connect our network of 40 youth outreach centers—providing internet access, online education and virtual job training to more than 17,000 people. On the whole, these investments produce immense gains in literacy, stability, and long-term economic growth.

From empowering small businesses in Burma to helping eradicate extreme poverty in Nepal, we are supporting the Administration’s Asia-Pacific Rebalance, renewing U.S. leadership, deepening economic ties, and promoting democratic and universal values. Today, we are bolstering regional cooperation around shared solutions to complex challenges through deepened engagement in ASEAN and the Lower Mekong Initiative. In March, we signed an agreement with the US-ASEAN Business Council to help link small-and medium-sized enterprises across Asia to regional and global value chains.

USAID OPERATING EXPENSES

In recognition of development’s centrality to U.S. national security, the President’s National Security Strategy calls for investing in development capabilities and institutions. The FY 2015 USAID Operating Expenses account request for \$1.4 billion will provide that investment—advancing U.S. interests, enhancing national security, and reaffirming our global development leadership. The request will enable USAID

to maintain core operations, and to continue USAID Forward reforms—as well as better collaborate with partner countries and local institutions—to maximize the value of each dollar.

Although an increase from FY 2014, the request represents the minimum level of resources necessary to preserve our agency’s current services and operations and support the existing workforce to meet U.S. foreign policy objectives and global development needs. The requested funding will allow our agency to offset the projected decrease in other funding sources, such as recoveries, reimbursements, and trust funds that support operations. At the same time, it will restore the new obligation authority needed to maintain its current level of operations into FY 2015.

The request reflects our agency’s focus on working through a more efficient, high-impact approach. We are continuing to reform operations to improve management processes and generate significant cost savings for FY 2015, like real property disposals and space optimization. In addition, our agency restructured its overseas presence to strengthen its ability to meet its foreign policy and national security mission.

CONCLUSION

Today, for the first time in history, we have new tools and approaches that enable us to envision a world without extreme poverty.

This is an unprecedented moment for our nation—one where we can again lead the world in achieving goals once deemed too ambitious, too dangerous, or too complex. In doing so, we can protect our national security and spur economic growth. But above all, we can express the generosity and goodwill that unite us as a people.

As President Obama said in the 2013 State of the Union address, “We also know that progress in the most impoverished parts of our world enriches us all—not only because it creates new markets, more stable order in certain regions of the world, but also because it’s the right thing to do.”

As we step forward to answer the President’s call with renewed energy and focus, we remain committed to engaging the American people and serving their interests by leading the world to end extreme poverty.

Thank you.