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Opening Statement of the Honorable **Ed Royce (R-CA), Chairman**
House Foreign Affairs Committee Hearing:
Review of the FY 2017 Foreign Assistance Budget: Aligning Interests,
Ensuring Effectiveness and Transparency
March 15, 2016

(As prepared for delivery)

This hearing will come to order. Today we review the U.S. Agency for International Development and the Millennium Challenge Corporation.

From countering the threat of ISIS to combating pandemic diseases, foreign assistance can advance our national security at a modest price. It is important to ensure that *all* of these investments though – no matter their size – are efficient and effective. And the ultimate objective must be to see countries graduate from aid.

Economic growth is the foundation upon which *all* of our development programs should be built. From expanding access to energy and clean water to—

- improving food security;
- strengthening health systems;
- expanding access to capital;
- advancing property rights;
- and empowering women to participate freely in civic and economic activity

— market-based economic growth is the key to ending extreme poverty and advancing U.S. interests.

In this sense, the Millennium Challenge Corporation is on the right track. By picking poor but relatively well-governed countries to partner with, and by pushing transparency and accountability, MCC *is* putting countries on the path toward graduation. MCC is again requesting the authority to enter into “concurrent compacts” to boost regional trade. I am pleased to be backing this initiative with Ms. Bass.

However, MCC must stay true to its mission. The reality is that its commitment to selectivity and accountability –principles which Congress legislated– is constantly being tested. I’ve just returned from Tanzania, where that government’s commitment to democracy is being tested by rising levels of corruption, constraints on freedom of expression, and fixed elections in Zanzibar. A second MCC compact with Tanzania isn’t supportable under these conditions.

The Agency for International Development also is being put to the test. From “ghost schools” to abandoned irrigation projects, hundreds of millions of U.S. taxpayer dollars have been exposed to

waste, fraud, and abuse in Afghanistan and Pakistan. Presidential initiatives are diverting critical resources away from economic growth. Strategic planning is weak.

To its credit, USAID has been working to reform. In many ways, it is putting MCC principles into practice. The Agency is seeking to focus more on results and innovation, while tapping the expertise and capital of the private sector. It has been helped by Congress' transparency push, including Mr. Poe's *Foreign Assistance Transparency and Accountability Act*, which needs to pass the Senate.

USAID is the global leader in humanitarian assistance and disaster relief. From the devastating earthquake in Nepal, to the deadly Ebola epidemic, to the prolonged refugee crisis in Syria, USAID is often the first to respond. When lives are at stake, flexibility can be essential. In the Philippines, I saw first-hand Typhoon Haiyan's devastation. USAID knew it would take three weeks for U.S. food aid stored in Sri Lanka to arrive – 12 weeks if they had to ship food from the U.S. – so they bought food locally --and saved lives.

The Administration has rightly renewed its request to "untie" a quarter of the Food for Peace budget from costly, outdated and inefficient U.S. purchase and shipping requirements. I will continue working with the Administration and my colleagues to see that our food aid reaches more people in less time. Again, this is about saving more lives.

New technologies – from vaccines to mobile banking – have accelerated advances in global health, food security, and development finance. USAID and MCC must keep pace by modernizing their workforce, embracing innovation, and partnering with the private sector. I look forward to working with you, Administrator Smith and Ms. Hyde, to address these challenges over the coming year.

I will now turn to Ranking Member Engel for any opening comments he may have.