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**GRANGER OPENING STATEMENT: STATE-FOREIGN OPERATIONS
BUDGET HEARING – DR. RAJ SHAH, USAID**

The Subcommittee on State, Foreign Operations, and Related Programs will come to order.

I want to welcome the administrator of the U.S. Agency for International Development, Dr. Shah. Thank you for appearing before the Subcommittee today to provide testimony about the fiscal year 2014 budget request for USAID.

Unfortunately, the Subcommittee has not yet received the Administration's detailed budget documents so we do not have a lot of information to help us make funding decisions.

For example, your written testimony says global health program areas have been phased out of 23 countries. We also understand that in December you approved an overseas reorganization plan. However, since we do not have any spend plans for fiscal year 2013, let alone a congressional budget justification for fiscal year 2014, we have no way of assessing your plans or understanding the full budget impact. We need additional information after this hearing, and I hope you will get responses back to us quickly.

There are several topics I would like to discuss today.

First, I will start with some concerns I have about the procurement policies that are part of your "USAID Forward" initiative. I continue to think that these changes are being pushed too fast, before many local organizations and countries have the capacity to properly manage the funds.

I am also concerned about how often the U.S. organizations are being excluded from competing for funds. If local organizations and governments are qualified to compete for U.S. dollars, they should, but I question why they should get such special treatment.

Next, I want to discuss Afghanistan where USAID already faces enormous challenges as you implement the Agency's largest development program in the world in a very difficult security environment. And now as U.S. troops continue to withdraw from the country, your fiscal year 2014 request includes another \$1.6 billion of assistance. Proper oversight of existing programs is critical, and before any new funds are appropriated, the Subcommittee must know that funds will be monitored and that USAID employees and contractors will be safe as Afghan forces take the lead for security in the country.

I am particularly concerned about direct assistance to the government of Afghanistan, when it is still not clear they are committed to addressing corruption and budget transparency.

USAID is required by law to assess government ministries before funds are provided directly to them, but that is not enough. Any weaknesses that are uncovered must be corrected. USAID should not just send an advisor into a ministry to work on the problems while the funds continue to flow.

Next, I want to raise an issue that came up earlier this year. USAID just started a program to guarantee funding pledges of other donors. This is a very unusual use of foreign assistance, and we need to know if the Administration plans to continue these funding guarantees in the future.

We are having a difficult time living up to our own commitments at home and around the world, and it is risky to start guaranteeing what other donors have promised. I hope you can explain more fully today.

Now, I would like to turn to the Administration's request for what you are calling "Food Aid Reform." I know this is very important to you, and this Subcommittee will listen to all sides and think carefully about this proposal.

It's possible there could be unintended consequences should the idea go forward. For example, if you look at funding levels over the last several years, this Subcommittee's allocation has come in below the request. It could be very difficult to incorporate such a significant shift of funds within a lower allocation without jeopardizing other important programs.

Dr. Shah, these are just a few of the issues I hope we will get to discuss today. We look forward to hearing your testimony and your answers to our questions.

I want to close by thanking the men and women of the USAID who are committed to solving some of the most difficult problems in the world. All of us on this Subcommittee understand and appreciate the work they do.

I'll now turn to my Ranking Member, Mrs. Lowey, for her opening remarks.