The committee met, pursuant to call, at 10:10 a.m., in room 2172, Rayburn House Office Building, Hon. Gregory Meeks [chairman of the committee] presiding.
Chairman Meeks. The Committee on Foreign Affairs will come to order.

And without objection, the chair is authorized to declare a recess of the committee at any point.

And all members will have five days to submit statements, extraneous material, and questions for the record, subject to the length limitations of the rules.

To insert something into the record, please have your staff email the previously mentioned address or contact full committee staff.

And as a reminder to members participating remotely, please keep your video function on at all time, even when you are not recognized by the chair. And members are responsible for muting and unmuting themselves. Consistent with House rules, staff will only mute members, as appropriate, when they are not under recognition, to eliminate background noise.

I see that we have a quorum, and I now recognize myself for opening remarks.

Pursuant to notice, the full committee meets today to discuss the budget request of three very important development agencies under the committee's oversight responsibility. They are the Millennium Challenge Corporation, the Development Finance Corporation, and the
Peace Corps.

First, we have the Millennium Challenge Corporation, which was founded in 2004 to deliver strategic United States assistance to develop electricity, clean water, and climate-smart infrastructure with 50 partner countries around the globe. This year, the Biden-Harris administration has requested $930 million for its fiscal year 2023 budget, which includes funding for MCC's compact assistance and threshold programs.

Along with other agencies engaged abroad, MCC recently released its Diversity, Equity, Inclusion, and Accessibility Five-Year Strategic Plan, and I look forward to discussing how the agency is gearing up to expand the candidate country pool and promote inclusive and sustainable economic growth in communities around the world.

Next is the United States International Development Finance Corporation, or known as the DFC, which is a nascent agency founded in 2019 after the passage of the bipartisan BUILD Act of 2018, which many on this committee cosponsored. The agency's mandate prioritizes support in less developed countries with low- or little-income economies -- a mission that is critical to our efforts to meet our climate and global infrastructure commitments, as well as provide a sustainable alternative to Russian and Chinese financing,
which is often unsustainable and serves as a tool, as they expand their malign influence. To do so, the Biden-Harris administration centered the DFC as a premier agency in the United States Climate Finance Plan to meet the G7 climate goals and Paris Agreement's commitments.

The administration's fiscal year 2023 budget request for the DFC consists of $780 million in program funds and $220 million for administrative expenses, for a total of $1 billion to staff up and further the agency's mission.

I look forward to discussing the ways in which the DFC is creating opportunity, catalyzing growth in the developing world, and how planned expansion of this equity authority will help do just that.

And last, but certainly not least, we have the Peace Corps, which for over 60 years has advanced its goals to help the peoples of interested countries in meeting their need for trained men and women promoting better understanding of Americans on the part of the peoples served and promote a better understanding of other people on the part of Americans. Over 240,000 volunteers have served at posts across the globe and directly lived with and positively impacted millions living in vulnerable communities.

Last year, the committee passed the much-needed Peace Corps Reauthorization Act authored by former Peace Corps
volunteer, and now a member of the United States House of Representatives, John Garamendi from California. And it was passed with strong bipartisan support. So, we hope to move the bill to the Floor very, very soon.

For fiscal year 2023, the administration has requested $430.5 million for the Peace Corps to deliver on strategic objectives to reimagine service, advance equity, and deliver quality projects in local communities around the world. The Peace Corps is now preparing for the return of volunteers at posts in nearly all countries from which it evacuated in March 2020 due to the COVID-19 pandemic.

So, I look forward to taking a deeper look into ways in which the agency has adapted to modern challenges in preparing for the next generation of volunteers and staff that reflect the diversity of America to continue its good work.

Conflicts, the effects of climate change, disruptions from the COVID-19 pandemic, and soaring costs and inflation are worldwide issues with severe effects for every economy on the planet. Vladimir Putin's war of choice has highlighted these global challenges and is playing a direct role in exacerbating glaring food insecurity, infrastructure gaps, and energy needs around the world.

So, I look forward to hearing from our witnesses today
to discuss how each agency is best utilizing taxpayer dollars
to meet these challenges head-on and ensure that democracy
prevails.

And I want to thank in advance all of our witnesses for
what you do.

And now, I will yield and recognize Mr. McCaul for his
opening statement.

Mr. McCaul. Thank you, Mr. Chairman.

And I want to thank our distinguished witnesses from the
Millennium Challenge Corporation, Ms. Albright, and my
condolences on the death of your mother. She was a great
lady. And I met her many times and was always so impressed ---
so impressed with her, and she was a real model for women
like my four daughters. So, thank you.

We have the Development Finance Corporation and the
Peace Corps.

And when I look at our world, I see serious threats
facing the United States and our partners. As the chairman
mentioned, Russia's unprovoked war of aggression in Ukraine
is causing untold human suffering. In recent months, we have
traveled to Poland, Romania, the Czech Republic, Moldova; met
with Ukrainian refugees, most of whom are women and children.
They have left behind their husbands, fathers, brothers --
unsure if they will ever see them again.
And the war is having devastating impacts globally, especially in the developing world. In fact, we met David Beasley of the world Food Programme talking about how the Odessa port being blocked off is going to block a third of the global wheat supply. And Ukraine is a critical supplier of wheat, and again, Russia is blockading the Black Sea to choke off Ukraine, not unlike what Stalin did many years ago. And this stops the exports and threatens future harvest.

Again, as Mr. Beasley, World Food Programme, warned, starvation is being used as a weapon of war. History shows that food shortages and food price hikes have a direct link to destabilization and insecurity.

All the while, the Chinese Communist Party's malign influence is growing and their alliance is growing as well, threatening to undermine our democratic values and reshape the international rule-based order.

The United States needs to be efficient and strategic to combat these threats. The American people are the most generous in the world in terms of foreign assistance, and we need to make sure international development efforts are having maximum impact.

All three agencies represented here today play a critical role in the United States foreign assistance efforts. The Development Finance Corporation is one of the
newest institutions in our assistance toolkit. I am proud to have been a strong supporter of the BUILD Act and a major player in that, which established the agency. Congress created the DFC with a strong development mandate, while also seeking to counteract the malign influence of the CCP -- often spread by its Belt and Road Initiative.

The BRI is a tool of economic coercion employing debt-trap diplomacy to ensnare nations and place them under the CCP's influence. In contrast, DFC works alongside our partners and helps them ultimately transition from aid to trade.

DFC must be careful to not forsake solid developmental projects or ones with clear national security implications in pursuit of this administration's climate goals. We have heard of certain projects that have been slowed or even halted because they are not seen as, quote-unquote, "green." And despite that, in most cases they would reduce carbon emissions. So, I look forward to hearing how the agency will balance this development mandate and national security focus and maintain its ROI, especially given its recent commitment to make one-third of its projects climate-related over the next two years.

And in the same way, I am interested in hearing from you, Ms. Albright, on your plans, as head of the MCC. It has
built a great reputation, based on its ability to hold partners to a high standard of accountability. However, the agency does face increased challenges from the CCP as it pursues new partnerships on the front lines of this strategic competition.

And finally, the Peace Corps and its volunteers have played an important role in promoting, understanding, and sharing American values in developing countries for over 60 years. So, CEO Spahn, it is really good to see you again here today. And volunteer safety is a top priority, I know, for you, myself, and the chairman, and I appreciate the work that the Peace Corps does.

The United States must ensure our international development efforts are well-coordinated, efficiently implemented, and aligned with the needs of our partners. From unleashing the power of the U.S. private sector through the DFC and MCC to the interpersonal ties fostered by the Peace Corps, your respective agencies have an extremely important role to play on many levels, and they exemplify American values and advance our U.S. foreign policy interests.

So, I want to thank everyone for being here today. Chairman, thanks for calling this hearing, and I yield back.
Chairman Meeks. Thank you, Mr. McCaul.

I now will recognize Representative Castro, who is the chair of the International Development, International Organizations and Global Corporate Social Impact Subcommittee, for 1 minute.

Mr. Castro. Thank you, Chairman Meeks.

Good morning. I am glad that we have convened these three agencies to discuss their budget requests today.

The Millennium Challenge Corporation CEO Alice Albright is before the committee for the first time, I believe, and I look forward to working with you on the measures in your budget request which require core support from Congress.

I look forward to hearing from the DFC's CEO, Scott Nathan, on how the entity will use the authorities in the BUILD Act, including its equity authority, and how it will remain committed to its development mandate.

And the Peace Corps is currently implementing its return to the field after the disruptions of the early COVID-19 pandemic. This is an important effort that I am looking forward to your updates on.

And with that, I yield back, Chairman.

Chairman Meeks. Thank you, Mr. Chairman.

And I now recognize Representative Malliotakis, who is the ranking member of the International Development,
International Organizations and Global Corporate Social

Impacts Subcommittee, for 1 minute.

Ms. Malliotakis. Thank you, Chairman Meeks, and Ranking

Member McCaul, for calling this important hearing and for

your continued efforts to ensure that our foreign assistance

programs are appropriately funded and targeted to allow

United States international development efforts to thrive.

And I am proud to say that the United States is known

within the international community to be a nation that

encourages and fosters growth and cooperation through our

foreign outreach and aid programs, helping developing nations

make the transition. Our assistance to self-reliance is a

monumental undertaking that is not to be taken lightly.

As we deal with the pandemic's effects and recalibrate

our international development efforts to meet current needs,

we must demand accountability of these programs and ensure

that they deliver the intended result of assisting our

partners in advancing United States interests. We have a

responsibility to the American people to ensure that these

investments on behalf of the U.S. taxpayers not only advance

U.S. foreign policy initiatives, but also challenge malign

influence of foreign actors.

Our adversaries are taking every opportunity to impose

debt-trap diplomacy on developing countries through their
Belt and Road Initiative. The United States needs to present
itself as a preferred partner, and these three agencies
represented here today play an important role in that effort.

I want to thank our witnesses for being here today to
deliver their important testimony, and I look forward to
hearing from you.

Thank you, and I yield back the balance of my time.

Chairman Meeks. Thank you, Ranking Member Malliotakis.

And so now, I will turn to our distinguished witnesses.

The Honorable Alice Albright, who serves as the Chief
Executive Officer of the Millennium Challenge Corporation,
where she provides strategic leadership and vision to the
agency, helping to deliver on programmatic priorities. And
as Mr. McCaul indicated, you know, she comes from great
stock, and we know that she has had more than 30 years of her
own experience in the private, nonprofit, and public sectors.
And we know she has learned from one of the great Americans
and one of the very best in foreign policy.

Next after that, we will hear from the honorable Scott
Nathan, who serves as the Chief Executive Officer of the
Development Finance Corporation, one that we are depending
upon, I think, in a bipartisan way, as Mr. McCaul talked
about, to make sure that America is at the table and
delivering against the malign interests of Russia and China.
And he, in his own right, has had extensive experience across the public and private sectors also, including at the Department of State, where he traveled to more than 30 countries supporting the Obama-Biden administration's economic diplomacy agenda. We welcome him.

And next, we have Ms. Carol Spahn, who serves as the Chief Executive Officer of the Peace Corps, which is really the stamp and the face of America wherever they go. And she is a former Peace Corps volunteer herself, as she did so in Romania. And there is no better way than someone who has actually experienced it to now run the organization, which is tremendously important. She was also the Peace Corps Chief of Operations in the Africa region and was the country director in Malawi.

So, we are having stars here today as our witnesses that I think will go a long way in the world, knowing that we are now engaged in touching people around the world; that the United States and its people are there, and our taxpayer dollars are being utilized in a very good way.

So, I now recognize the honorable Alice Albright for her statement.
STATEMENTS OF ALICE ALBRIGHT, CHIEF EXECUTIVE OFFICER,
MILLENNIUM CHALLENGE CORPORATION; SCOTT A. NATHAN, CHIEF
EXECUTIVE OFFICER, U.S. INTERNATIONAL DEVELOPMENT FINANCE
CORPORATION, AND CAROL SPAHN, CHIEF EXECUTIVE OFFICER, PEACE
CORPS

STATEMENT OF ALICE ALBRIGHT

Ms. Albright. Thank you very much, Chairman Meeks, Ranking Member McCaul, and members of the committee. And thank you so much for the very kind words about my mother.

It is, indeed, an honor to be here today participating in this hearing alongside my colleagues from other agencies in the U.S. Government's international development space. I look forward to sharing the Millennium Challenge Corporation's budget request for fiscal year 2023, as well as the agency's priorities for the months ahead.

Since 2004, MCC has worked with over 49 countries to support investments in sectors such as energy, transport, water, health, and education, building infrastructure and supporting reforms that have benefitted more than 215 million people. We currently have a significant pipeline of programs that are actively deploying over $7 billion in resources across nearly two dozen countries.

For fiscal year 2023, MCC is requesting $930 million to
support the agency's priority areas: climate-related economic development, inclusion and gender, and catalyzing private sector investment. In fiscal year 2023, we also expect to sign substantial compacts in Mozambique and in Indonesia and move forward with two concurrent compact investments, each focused on regional integration and trade.

The fiscal year 2023 budget request also includes several legislative requests that will better enable MCC to fulfill its congressionally-mandated mission. The first request seeks to remove the cap on total funds that MCC can use for low- and middle-income countries. The second would allow MCC to pursue threshold programs with partner countries after they have completed a compact. Together, these two requests would enable the agency to work in more situations while continuing to rely on the well-established framework that has served the agency well in the past.

As noted in our budget justification, the agency is also reviewing how to define the pool of countries that could be considered candidates for MCC assistance. With development gains erased by the COVID-19 pandemic, autocracies on the rise, fiscal space constrained, and other shocks increasing, MCC is examining whether there are additional conditions and, thus, legislative requests that would better reflect these current realities.
While the nature and location of poverty may have shifted since 2004, MCC's operations continue to be guided by our founding principles, which remain as relevant today as they were at the time of the agency's founding.

First, we are selective. We work with only poor, but well-governed countries who are committed to ruling justly, enhancing economic freedom, and investing in their people.

Second, we prioritize country ownership. We put our grant money behind investments that country partners themselves identify to deliver better economic outcomes for their people.

And third, we are focused on results. This applies to both MCC and our partner countries, ensuring that the American people are getting a return on their investment of international development dollars.

In my short time at MCC, I have had the opportunity to travel to Belize, Lesotho, and Timor-Leste, and further, have met with government officials from around the world. What shines through in each conversation is a strong sense of partnership, a desire to embrace MCC's model, a willingness to tackle challenging reforms, and an intention to invest in people. I'm looking forward to traveling to Zambia early next week.

MCC is a gem that punches above its weight to reduce
poverty through inclusive and sustainable economic growth. I am so proud to be leading this agency so dedicated to effective international development. Through MCC, the American people are helping to create the building blocks for stronger economies around the world, leading to less poverty, more opportunity -- all vital elements of peace and stability in our partner countries and here at home.

Thank you so much for your time and attention, and I look forward to answering your questions. Thank you.

[The statement of Ms. Albright follows:]

********** COMMITTEE INSERT **********
Chairman Meeks. Thank you.

I now turn to the honorable Scott Nathan for his statement.
Mr. Nathan. Mr. Chairman, Ranking Member McCaul, and members of the committee, thank you for this opportunity to discuss DFC's fiscal year 2023 budget request.

DFC is still a relatively new agency and your continued support is crucial, as we continue the transition from our predecessor agencies.

DFC's core mission is to drive private capital toward worthy projects that help address major global challenges and foster inclusive growth. Securing the fiscal year 2023 request will enhance DFC's ability to accomplish this mission.

DFC prioritizes the world's most vulnerable people. We mobilize private capital to expand access to essentials like food, energy, health care, technology, housing, modern infrastructure, and financial services. We are particularly focused on projects that help close the $40 trillion infrastructure financing gap in developing countries, thereby, providing an alternative to financial support from authoritarian governments.

DFC is requesting $1 billion for fiscal year 2023 -- $780 million in program funds and $220 million for administrative expenses. With a $220 million administrative
budget, we will originate more transactions, responsibly accelerate the project screening process, and provide more robust monitoring and evaluation of DFC's growing portfolio. With $780 million in program funds, we can scale up to meet our goals, particularly via additional equity investments. These funds will help spur economic growth in emerging markets and better finance high quality infrastructure throughout the developing world, an alternative offering frequently requested by our partners.

Globally, we are seeing how our projects make a difference. For example, in Rio de Janeiro, DFC is supporting a project to modernize and operate public lighting systems and implement smart city infrastructure. The project, which targets the city's poorest neighborhoods, includes thousands of remote sewage monitors, smart traffic lights, and public WiFi access points. The project sponsor was awarded the concession for the project after a competitive tender, beating out two other bids, one of which was submitted by a Chinese consortium backed by Huawei Technologies.

Last week, at the Summit of the Americas, we announced a $30 million loan to a Miami-based investment company that will expand credit access for small farmers and food processing facilities across Latin America. The transaction
supports food supply chains and keeps people employed in their local communities.

And just yesterday, DFC's Board approved $1.4 billion in new investments, including a $100 million loan guarantee facility for small businesses in Egypt, a $200 million direct loan to a bank in Vietnam to expand local business lending, as well as $280 million in financing to support local businesses in Nigeria. These loans are on top of a range of smaller equity investments, including $15 million to a woman-led fund investing in high-impact technology companies across Africa and $25 million invested to be focused on consumer-facing businesses in West Africa.

This quarter, we also approved over 20 smaller loans ranging from a $4 million guarantee to support on-lending to micro and small/medium enterprises in Armenia to a $7.5 million loan for food security in Zambia.

We are also looking for investments to help mitigate the global food security impacts of Russia's unjustified war against Ukraine. For example, we are evaluating the expansion of an existing bank guarantee to help extend credit to agricultural businesses and cooperatives in Ukraine. We expect there to be nearly 1 million beneficiaries of this program.

We are pressing forward with a pipeline of
infrastructure transactions, including large-scale road projects, commercial port developments, as well as those that provide open and safe digital networks and more diversified and secure sources of energy and other important resources. While no projects are certain until financial close, we are excited about the current flow of these high-impact transactions.

DFC is seeking out transactions that help secure Europe's energy supply and long-term energy independence. The European Energy Security and Diversification Act recognizes that energy dependence jeopardizes European peace and security. We are in active discussions with many of our European partners to accelerate their efforts to secure non-Russian sources of energy. Next week, I will lead the delegation to the Three Seas Summit in Riga, Latvia to reinforce DFC's commitment to investing in this region.

And in the Indo-Pacific, we continue to deepen our engagement. Last month, during the U.S.-ASEAN Special Summit, I met with the Prime Minister of Vietnam to formalize DFC's $37 million loan commitment to support the construction of Fulbright University Vietnam and their new campus in Ho Chi Minh City. DFC's investment will help close the gap between demand for skilled employees in Vietnam and educational opportunities in the country.
Importantly, each of the projects that we support is carefully evaluated for impact. DFC's Impact Quotient framework monitors and measures the development impact of projects across multiple categories, including growth to the local economy, inclusion, and innovation. The fiscal year 2023 request will allow us to continue refining this innovative impact measurement tool.

This effort, like all our work, necessitates fostering inclusivity. We are committed to attracting and retaining the skilled and diverse personnel needed to achieve our objectives.

With your support, DFC can and will make a greater impact in the developing world by pursuing our core mission of advancing economic prosperity and U.S. strategic interests.

Thank you. I look forward to your questions.

[The statement of Mr. Nathan follows:]

********** COMMITTEE INSERT **********
Chairman Meeks. Thank you.

And last, again, but not least, Ms. Spahn, you are now recognized for 5 minutes.
STATEMENT OF CAROL SPAHN

Ms. Spahn. Thank you so much, Chairman Meeks, Ranking Member McCaul, and members of the committee, for this opportunity to discuss the Peace Corps' budget request of $430.5 million for fiscal year 2023.

Your continued bipartisan support is critical and greatly appreciated, as our volunteers begin returning to service overseas.

Given the multiple interlocking crises facing the world today, the Peace Corps' work is vital. Our niche is at the grassroots level, and our volunteers will partner with communities at the last mile to recover from the global health and development setbacks caused by the pandemic; to address the impending food security crisis caused by Russia's unprovoked and brutal war in Ukraine; to adapt and build resilience to climate change, and to engage and uplift the largest generation of youth in history, close to 90 percent of whom live in developing countries.

Honorable Members of Congress, the Peace Corps is not simply a two-year service organization. The skills, perspectives, and relationships built foster a lifetime commitment to service, and the impact and connection extends far beyond the term of any individual volunteer.
Again and again, American ambassadors tell me that the Peace Corps is some of the most cost-effective people-to-people diplomacy that we have and that it pays dividends for decades, both here in the United States and abroad. This sentiment is echoed by many foreign leaders who have been personally impacted by volunteers and are eagerly awaiting their return.

That is why I am incredibly pleased to report that, as of today, volunteers are back on the ground in 17 countries. By next week, it will be 20, and we are on track to have volunteers in 30 countries by the end of the fiscal year.

The 2023 budget request will support the return of volunteers to almost all of the countries from which we evacuated in 2020, as well as to begin service in Vietnam and relaunch service in Sri Lanka and Kenya. As we rebuild, we are prioritizing the countries from which we evacuated, but demand for the Peace Corps is very high with multiple countries requesting new or reinstated programs.

The budget request recognizes that the world has fundamentally changed. We are sending volunteers out with new pandemic protocols, training structures, housing arrangements, transportation options, mental health services, security systems, sexual assault prevention programs, and other critical support.
The budget also provides for the infrastructure that supports these volunteers, essential recruiting and medical services, the operations of office and staff in more than 60 countries, and the IT support and cybersecurity systems needed for a global agency.

The Peace Corps is reimagining service to leverage technology; to tap into a variety of skill sets; to allow more people to serve, and reach new communities. And we are incredibly grateful to the committee for fully authorizing virtual service. While it will never replace in-person service overseas, it is a vital complement to the work of our volunteers on the ground.

We have also bolstered our commitment to advancing equity, ensuring that volunteers and staff represent America's diversity, and examining policies and systems to address barriers to service. A more diverse Peace Corps broadens the pool of candidates for public service. Approximately 5,000 return volunteers work in the federal government. With your support, extending noncompetitive eligibility from one to two years will enable even more volunteers to continue their service to the United States, bringing with them the essential intercultural skills needed for today's global workforce.

Finally, we have redoubled our commitment to delivering
quality. We have implemented systemic updates, reducing open Inspector General recommendations by 80 percent, from 255 in September of 2020 to 46 in June of 2022. These all represent systemic, thoughtful improvements in our operations. This includes closing all recommendations to the Sexual Assault Risk Reduction and Response Program, and the budget request will enable us to maintain and proactively build upon these improvements.

The Peace Corps appropriation has remained flat at $410 million since 2016. In today's dollars, that is $490 million. The 2023 budget request enables us to begin building back, returning to service in this new environment. Following the historic global isolation caused by COVID-19, it is critical that we reestablish connections across borders, across difference, and in partnership with communities around the world.

On behalf of our staff, the people we serve, and our extensive group of volunteers and return volunteers, thank you for your consideration of the administration's budget request for the Peace Corps, and I look forward to answering your questions. Thank you.

[The statement of Ms. Spahn follows:]

********** COMMITTEE INSERT **********
Chairman Meeks. Thank you very much. Thank you to all three of you for your excellent testimony here today.

And so now, I am going to recognize members for 5 minutes each. And pursuant to House rules, all time yielded is for the purpose of questioning our witnesses. And I'm going to start by recognizing myself, of course, for the first 5 minutes.

Now I have a question for each of you. So, let me do that, and then, depending upon the time that I have left, I may have a followup question.

I will start with the honorable Alice Albright. MCC is considering a proposal that would expand the agency's candidate pool by using GNI per capita to potentially encompass some upper-middle-income countries. This would open the eligibility to some countries, including in Latin America and the Caribbean, that may have significant inequality or other vulnerabilities that leave them susceptible to aggressive economic policies, shocks, and/or democratic backsliding. So, my question to you is, how would you propose to increase the number of eligible countries while remaining consistent with MCC's core mission and maintaining the data-driven standards that have enabled MCC's success?

Ms. Albright. Thank you very much, Mr. Chairman, for
Indeed, we are looking at a proposal for expanding the number of countries that could be considered for MCC work up to 125. As a group, they would represent about 90 percent of the different types of vulnerabilities that countries are encountering at the moment.

We would very much maintain our existing selection process, which, as you know, focuses on the countries most in need; conducts the constraints-to-growth analysis, and uses our scorecard as well. So, we would maintain all of that process in thinking about the types of countries and the types of projects that would be taken to our Board for their ultimate selection.

Chairman Meeks. Okay. I may come back to you for a followup, but I want to make sure I get my one question in to everyone first.

So, I go to Mr. Nathan. A key feature for me for the DFC is its ability to make direct equity investments in early and growth stage companies, which are many of the businesses in the developing world. This important financing tool, however, faces constraints because DFC's equity investments are scored similarly to grants and treated as a loss, despite being capable of generating returns. Additionally, these returns are not given back to the DFC to be used for future
So, my question to you is, how would altering DFC's equity scoring empower DFC to make the most of its financing authorities and advance the goals Congress set out in the BUILD Act?

Mr. Nathan. Thank you very much for the question, and thank you for your advocacy on behalf of this issue.

The BUILD Act modernized development finance through the creation of DFC. And perhaps the most important component of that was giving us equity investment authority -- for all the reasons you mentioned. It allows us to be more forward-leaning in the poorest countries of the world to help support businesses for which the burden of debt would be difficult.

It is an important economic development tool, but we are currently restrained because of the scoring mechanism. Every dollar we spend is scored as a dollar against our appropriation, which, as you point out, is problematic when you think about that our investments are valuable. They don't immediately go to zero. It is not like a grant; it is an investment.

So, I am very much looking forward to a potential solution to this problem, based on present value of equity. Increasing our ability to make equity investments many times what we currently do will allow us to invest throughout the
world in the poorest countries of the world and make a real
difference, and to be on an equal footing with our
development finance partners, so that we can expand even
more.

Chairman Meeks. Yes, and I have got to follow up with
you because this has been hitting me wherever I have traveled
thus far. How does the inability to do equity on a
meaningful scale impact the relevance of the United States in
development financing relative to, as you have talked about,
our international partners and countries like China and
Russia that tie development financing to spreading their
malign influence in emerging markets? Wherever I go, they
say, "Oh, we're not there" or "We can't do deals with the
DFC," and we see China and Russia. So, tell me about that.

Mr. Nathan. Well, I completely agree with you that
countries are seeking an alternative to the package that is
offered by authoritarian governments. They don't want to be
burdened with unsustainable debt. They don't want the
strings attached. And they are very attracted to our open,
transparent, values-driven style of investing.

But we are limited at the moment. Compared to where we
were before the BUILD Act, we have made major advance by
having the equity investment tool. But it is severely
constrained and that limits our ability to make exactly the
kind of impact you just described.

Chairman Meeks. Thank you.

My last question, of course, dealing with the Peace Corps: in 2020, the Peace Corps suspended its worldwide country programs and evacuated all the volunteers because of the COVID-19 pandemic. This pause in service gave the Peace Corps some time to reflect and adjust to modern challenges and to prepare for the next generation of volunteers.

So, could you please describe some lessons learned from the evacuation and pause in service? And I want to know what you did during this period to prepare for a modern volunteer workforce facing a multitude of global challenges.

Ms. Spahn. Thank you, Mr. Chairman.

COVID truly has been a liminal moment for all of us, and particularly for the Peace Corps, as we have navigated very dynamic environments in 60 different countries around the world.

What we have learned, in a nutshell, is that, just like our volunteers, we need to be flexible and ready to adapt. And that is exactly what we have done. We have used this time not only to develop a robust re-entry protocol, so that we can return volunteers to service safely, but we have also fully implemented a new security incident management system, new project frameworks and training design, and new service
options, like virtual service, that leverage modern technology and that engage volunteers who previously served in every decade of Peace Corps service. So, bringing people back from the 1960s and 1970s to engage with their host communities during the time of COVID.

We have also made foundational reforms to promote diversity, equity, and inclusion. And this really starts at the leadership level, where we have gone from 6 percent of senior staff who self-identified as BIPOC in 2020 to 41 percent today, and our U.S. workforce is now 39 percent self-identified as BIPOC. We are very proud of that, and these efforts extend throughout the agency and at every level, not just recruitment, but retention and belonging, which is really core to Peace Corps' mission.

As we return volunteers to service, it is critical that we continue to be proactive in identifying issues and staying on top of systemic needs, while balancing interest in maintaining, and even expanding, volunteer numbers and geographic reach. It is critical that we expand outreach here in the United States and continue to reduce barriers to service, so that Peace Corps can be reality for all Americans who want to serve during this pivotal moment in history.

We are implementing a surge strategy to expand our recruiting, marketing, and partnerships to get the word out
and to reach a broader audience. We are expanding our Peace Corps Response Program to better meet the needs of some countries that are asking for higher technical skills, and we are doing research to inform our approach, so that we know which barriers are really impacting people's decisions to serve. We know that Peace Corps service can be transformational and it can really open up opportunities and perspectives, and we want that opportunity to be available to all.

Chairman Meeks. Thank you.

Ms. Spahn. Thank you.

Chairman Meeks. Thank you for that.

My time has long expired.

Mr. McCaul. But you are the chairman.

[Laughter.]

Chairman Meeks. When you are the chairman, you can let your time go. It is like the "magic minute" on the Floor.

[Laughter.]

But I now yield to my friend and ranking member, Mike McCaul.

Mr. McCaul. Thank you, Mr. Chairman.

And we can just say at the outset that the Peace Corps, established under President Kennedy, has really proven its value. People-to-people, soft power throughout the world.
And so, we are fully supportive.

MCC, President Bush -- when I first got elected, took on the scourge of AIDS. The PEPFAR project turned out to be probably one of the biggest humanitarian assistance programs we have ever done. So, thank you for that.

I want to spend my limited time really focused on DFC because we were very -- and we still are -- very excited about private investments and moving from private investment in trade, and then, away from aid. And that was the intention that Congress had.

And I want to talk about a point the chairman made. It is this scoring budgetary treatment of equity. To me, it seems to be a major handicap for you. I heard you at the Milken Institute say, "I can't compete dollar for dollar with the Belt and Road." And yet, that was the intent of Congress, was that you are to compete with the Belt and Road Initiative. But with this change, with this budgetary treatment of equity, I think it makes it very difficult for you.

I will say, in the EAGLE, that was probably one of the few provisions I agreed with. It did say to take that important step to correct the ability of DFC to make equity investments of up to 35 percent of its overall liability, potentially up to $21 billion. That would be a major -- and
there are two ways we can do this.

And I am working with the chairman on this. We both agree. We are on the Conference Committee on USICA. We could provide this provision in what comes out of the Conference Report or OMB on its own could change this.

Have you had any conversations OMB about this proposed change?

Mr. Nathan. Well, first, I would like to thank you for your support on this issue. I agree with you that the critical importance -- to be able to fully realize the promise of DFC and take advantage of our tools, we do need to find a fix to this issue.

We have had extensive conversations with OMB and other interagency counterparts. My understanding is the language that is in the Conference Committee OMB agrees with.

Mr. McCaul. Can I ask, would they support that?

Mr. Nathan. My understanding is they don't oppose it.

Mr. McCaul. Okay. They can change this on their own.

But, in my limited time, I want to get into energy because of Russia and Ukraine, energy and energy projects within the DFC's purview. The European Energy Security and Diversification Act signed into law. So, the DFC is explicitly encouraged to pursue an, quote, "all of the above" energy strategy, including, it says, fossil fuel and
renewable energy. But it says, "fossil fuel."

I have talked to many countries, and what I am concerned about is, you know, LNG is a relatively clean form of energy compared to what is coming out of Russia. And we all know it would be better coming from the United States than being dependent on Russian energy. And it seems to me that DFC is putting blinders on these types of projects, and that concerns me.

I want to give you another good example. We were in Romania. I know, Ms. Spahn, you served in the Peace Corps there. They want to buy these small modular nuclear reactors. France has these nuclear reactors, and there are zero carbon emissions coming out of them and they are portable.

And I want to give you the opportunity. So, I am not going to indict you right here. I was a federal prosecutor for many years, but I want to give you an opportunity to respond. Because I know you have this agenda, but, really, the intent of Congress was not to pick one form of energy over another, but all. And a lot of these developing nations, they are just not there to do some of these green energy projects.

So, can you explain what the status is of that and why the small modular nuclear reactors and the LNG that we know
is a lot cleaner than Russian energy, and would play a major role in our foreign policy?

Mr. Nathan. Well, thanks for the question, and there is a lot there that I would like to engage with.

First, my first trip as CEA was to Poland, precisely for the reasons that you mentioned. Energy security, diversification from Russian sources is a high priority and something that we are focused on. I am traveling next week to Riga, Latvia, to the Three Seas Summit. And there, we will be announcing the terms and scale of our support of the Three Seas Investment Fund, which will be focused precisely on the type of issues that you mentioned. The only part of that that we can participate in is the energy part because of the high-income country status of most of the countries in the region.

In regard to nuclear, we are looking for opportunities to support nuclear. It was one of the subjects of discussion in Poland. And in Romania, the facility for small and modular reactors that you reference, there is an American company, NuScale, that is pursuing that. We have issued a letter of interest to NuScale in Romania; also, in a project that they are pursuing in Indonesia, and another one in South Africa.

So, we are very enthusiastic about this. There is a lot
of work to be done to take it from concept to reality, but we are very interested in being part of whatever support is possible to make those investments a reality.

And I have seen more broadly, while addressing the climate crisis is a critical part of our strategy, providing energy for development is also a part of the strategy. The two things go hand-in-hand.

Just this year, we announced an 83-megawatt investment in Sierra Leone, one of the most energy-poor countries in the world. That facility, which is a combined-cycle thermal plant, a gas plant, will increase electricity capacity in that country by 25 percent. And that kind of strong development impact, even with gas, is the kind of projects that we are interested in pursuing.

Mr. McCaul. Thank you.

And just in closing, if we don't go in and help them, you know who is going to fill the vacuum. China.

Thanks. I yield back.

Chairman Meeks. The gentleman's time has expired.

I now recognize Representative Brad Sherman of California for 5 minutes.

Mr. Sherman. Thank you.

We have got a lot of interests and objectives around the world. We try to achieve them by cajoling and advising and
pleading. That sometimes works; it is the best thing.

Sometimes we deploy our military. We want to do that as rarely as possible. And in between, we have what are called sanctions, but it is really a combination of incentives and disincentives that we provide to other countries. Sometimes it is called a sanction if we just refuse to give you a subsidy.

Now, long ago, I chaired the subcommittee that oversaw OPIC, your predecessor, and we provided there in legislation, and finally, in the BUILD Act, that the private companies that benefit from your activities must certify that neither they nor any of their affiliated corporations are in violation of American sanctions.

Do we continue to get that certification even regarding the affiliates of foreign companies that are participating in these projects in a major way?

Mr. Nathan. Thank you for the question, Congressman.

Compliance with the law through our activities is incredibly important. That is why we have extensive monitoring and oversight mechanisms. We have a department internally. That is one of the reasons why we have submitted an increase in the administrative budget request, to strengthen this department. We have an Office of Inspector General, also, who pursues this.
So, exactly what you are asking for, I think we have to get back to you, but I am certain that pursuing the kind of compliance with sanctions law throughout all our investments is a critical part of the due diligence that --

Mr. Sherman. But you are getting that from both the foreign companies and the U.S. companies --

Mr. Nathan. Oh, absolutely.

Mr. Sherman. -- and all of their affiliates who are major participants?

Ms. Albright, I think the chairman got at the issue of which countries can qualify or which have income that is too high. Ukraine, at the beginning of this year, was classified as a high-income country -- barely. Apparently, things have happened there that have hurt their economy.

Armenia was classified by the World Bank as upper-middle, which is above what you would look at. Yet, when we see the Azerbaijani aggression, the effect of COVID, and the effect of the war in Ukraine, I think many would argue with that.

Under the statute, are you dependent on drawing that line between upper-middle and lower-middle on determinations made by a foreign entity, the World Bank, or do you make your own determinations?

Ms. Albright. Thank you, Mr. Congressman, for the
At the moment, we do rely on the lower-income and lower-middle-income categorizations that are made by the World Bank. And I very much share the --

Mr. Sherman. You do do that, but, legally, could you perhaps use your own judgment? Or the judgment of the United States Government instead of a foreign entity deciding where U.S. tax dollars go?

Ms. Albright. We could talk about the mechanics of it, but I think that the point that you are raising about looking at a broader candidate pool I think is very relevant and very much speaks to some of the concerns that are in front of us today. And we can certainly talk with your office about the mechanics of how that would happen.

Mr. Sherman. Well, I would certainly like to look at that. Because to say that Ukraine is an upper-income country is to think we are living in January of 2022. And Armenia I would hope that you would also look at, in light of developments there. So, I look forward to talking to you offline on that.

Mr. Nathan, in the chairman's and my other committee, we look at your big-sister organization, the U.S. International Development Finance Corporation, and they actually make money for the U.S. Government. You were talking about how we look
at the fees and other revenue that you bring in, the value of the equity investments that you have made. Do you have for us whether your agency is costing us money or making us money over the last five years? And is that calculated on a sound actuarial basis?

Mr. Nathan. The Development Finance Corporation and its predecessor, OPIC, returned money to the Treasury on an annual basis.

Mr. Sherman. Thanks for the money. And thank you for carrying out our important humanitarian and foreign policy goals at no cost, although we don't expect the Peace Corps and the Millennium Challenge account to achieve that same fiscal result.

And I yield back.

Chairman Meeks. The gentleman yields back.

I now recognize Representative Steve Chabot of Ohio, who is the ranking member of the Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation, for 5 minutes.

Mr. Chabot. Thank you very much, Mr. Chairman.

Ms. Albright and Mr. Nathan, I will begin with you, if I can.

Last week, we had a hearing in our subcommittee with the Indo-Pacific bureaus of the State Department, and I voiced my concern that the Indo-Pacific is chronically underresourced
in comparison with other bureaus. I would like to carry forward with that line of questioning here.

What percentage of DFC and MCC go to the Indo-Pacific?

If you want to go first, Mr. Nathan? Yes.

Mr. Nathan. So, I can get you the exact figure on an annual basis. But, for example, last year --

Mr. Chabot. You don't know here today or --

Mr. Nathan. Well, I can look it up, but I can just tell you that last year India was by far our largest area of investment. And India is actually our largest area of exposure, too. It is two things. It is annual activity, and then, overall exposure.

But your point on the Indo-Pacific generally, we are very focused on finding private sector investments in the Indo-Pacific. There are two challenges. One is the country income status of many of the countries makes it difficult. And the other is that -- I mean, it is the reason why we are focused there -- we frequently run into Chinese competition.

Mr. Chabot. Yes.

Mr. Nathan. And Chinese competition can create a problem if we are looking for an investment that might have a Chinese shareholder, a Chinese vendor, or other Chinese involvement.

Mr. Chabot. You will get us the statistics? Thank you
very much.

Mr. Nathan. Yes.

Mr. Chabot. Ms. Albright?

Ms. Albright. Thank you very much, Mr. Congressman.

Just a couple of thoughts. First of all, we are very committed to the Indo-Pacific region. Right now, we have about $2.1 billion of activity, two notable compacts that we have underway. One is in Timor-Leste for $420 million, which involves resuscitating their water and sanitation capability, as well as their secondary school education system. We also are in the middle of completing work, or we have completed the upfront work, about to start the implementation work, in a significant compact in Nepal, which has taken us quite a bit of time to get started, but we are very excited about it, and it is about electricity. And we will remain very committed to the region, as our eligibility requirements allow us to do.

I would like to correct and add some additional information about Ukraine. Ukraine is --

Mr. Chabot. On somebody else's time. I don't have time for that right now. But I would like to get the specific statistics that I mentioned there at the beginning. Thank you very much.

And, Mr. Nathan, I do appreciate the projects the DFC is
doing in India, but I am concerned there is insufficient
investment throughout the rest of the Indo-Pacific. So,
could you discuss your current project pipeline in the region
and the intended project mix for the region?

Mr. Nathan. So, I am extremely excited about a
potential project that I think we might be in a position to
announce very soon, which is in the telecom sector in the
South Pacific. It is very important to Australia. We are
cooperating with Japan on it as well. It will be a great
example of cooperation across development finance
institutions, and it helps prevent the upgrade of a digital
network from utilizing Chinese technology.

Other examples that we just announced yesterday, after
Board approval: $100 million investment in Vietnam, the
first time we have ever done that with a financial
institution in Vietnam. The point of that is to do on-
lending to small businesses to help strengthen their economic
growth and entrepreneurship environment.

We have other potential projects in the energy sector in
Indonesia. That is a country of extremely high focus for us,
and we are working with the Indonesians to make sure that the
enabling environment for these energy projects is there.

Mr. Chabot. Thank you. Let me cut you off there, if I
can, Mr. Nathan. I have got a little less than a minute
left. I want to get one more question.

And the administration -- this administration, in particular -- keeps saying that addressing the challenge from China is the top priority. But it seems to me that, whenever this might impact the administration's climate efforts or divert resources from climate efforts, countering China seems to consistently get the short end of the stick. Can you give me one example where the DFC has not prioritized climate as the overriding concern in your decisionmaking?

Mr. Nathan. Yes. The example I just gave of the telecom investment in the South Pacific is one where we have put a lot of resources in --

Mr. Chabot. I think I should have said give me another one besides that.

Mr. Nathan. Another one?

Mr. Chabot. Yes.

Mr. Nathan. Okay. So, the Three Seas Investment Fund that we are about to announce when I attend the Summit next week, that is critical for energy diversification in Europe, and we will be committing a substantial amount of financing to that fund.

Mr. Chabot. Thank you very much. I yield back.

Chairman Meeks. The gentleman's time has expired.

Before I go to Mr. Sires, I am going to allow Ms.
Ms. Albright. Thank you very much, Mr. Chairman.

So, Ukraine is categorized as a lower-middle-income country and is, technically, eligible for financing from MCC. In the past, they have not crossed the requirements of our scorecard, but we will continue to keep a look at it.

On the question about where the overall statistics come from, they do come from the World Bank, but that is part of our authorizing statute. So, on the basis of that, we do live within that parameter in terms of how we calculate the overall statistics.

Chairman Meeks. Thank you.

I now recognize Representative Albio Sires of New Jersey, who is the chair of the Subcommittee on Western Hemisphere, Civilian Security, Migration and International Economic Policy, for 5 minutes.

Mr. Sires. Thank you, Chairman.

And thank you for our witnesses for being here today.

Ms. Spahn, this goes to you. As you may know, I have a bill, the Respect for Peace Corps Volunteers Act, included in the reauthorization package. My provision is a common-sense change that affords former volunteers the dignity of using the name and logo of the Peace Corps for memorial purposes.
You shared with me before how important that is. Would you please share with the members here why you think this is an important part of the Peace Corps moving forward?

Ms. Spahn. Thank you, Congressman, for continuing to put that issue forward.

As I mentioned, once a Peace Corps volunteer serves, they become part of the larger Peace Corps family for life. It is very much a part of their identity in everything they do following service. So, being able to put the Peace Corps name and logo on their headstone is a great honor for them, and we are very supportive of that initiative.

Thank you so much.

Mr. Sires. And there is also a fine for people who were not a member of the Peace Corps that take advantage of this, right?

Ms. Spahn. I am not aware of that.

Mr. Sires. There is.

And I see that we are getting back into normal. I see that the Dominican Republic was one of the first people to accept the Peace Corps back.

Ms. Spahn. Yes, sir.

Mr. Sires. Yes. We always had a great relationship with the Dominican Republic.

Mr. Nathan, I commend you for the job that you are doing
and it is not easy, because you have got all these people asking for money. But one of the things that I want to ask you about is, the Vice President has been focusing a lot on this region of the Western Hemisphere, especially Central America. Are you focusing on this region also, in helping these people, trying to see if we can stem off some of this immigration rush that is coming through those countries? And can you name a few projects that we can talk about?

Mr. Nathan. Sure. We absolutely are focused on the region. Last week, I attended the Summit of the Americas, several meetings with the Vice President and leaders from the Caribbean and Central America.

I also met with some of our partners who we work with in Central America, including an economic development bank called CABEI. After the COVID pandemic, we supplied them with $100 million of financing, which they, then, distributed throughout Guatemala, Honduras, El Salvador, to institutions that could lend mostly to agricultural businesses, small enterprises, local businesses that kept people employed.

Their experience was that, through that economic growth, people stayed employed and stayed in place. And we think that serves the overall foreign policy and strategic interest of the United States.

Mr. Sires. How about some of the larger countries?
Mr. Nathan. Yes. So, throughout Latin America, we have to be sensitive to our ability to work in countries based on income level, but we have made investments in Ecuador, in Colombia, in Peru. We look for opportunities throughout the Caribbean Basin, and obviously, as I mentioned, in Central America.

Mr. Sires. One of the things that I was very upset about this year was this idea that the IMF gave Nicaragua $340 million just before the election. I mean, for a country, that, basically, destroyed democracy, put people in jail, to have the comment, to have the IMF come in and give them money is really a slap in the face to the people who live there that are trying to promote democracy.

How do you deal with some of these people, like Nicaragua and Venezuela?

Mr. Nathan. So, in both Nicaragua and Venezuela, the DFC is closed for investment.

Mr. Sires. That is great news.

Mr. Nathan. That is how we deal with it, although I will say, in Colombia, we have made investments in communities that are receiving Venezuelan migrants. The idea there is to support business lending, small, micro business lending, to keep people employed who are in sort of refugee status in Colombia, having fled Venezuela.
Mr. Sires. My time is up. Thank you, Chairman. Thank you very much.

Chairman Meeks. The gentleman yields back.

I now recognize Representative Joe Wilson of South Carolina, who is the ranking member of the Subcommittee on the Middle East, North Africa and Global Counterterrorism, for 5 minutes.

Mr. Wilson. Thank you very much, Mr. Chairman.

And, indeed, I thank each of you for your service. I have had the privilege of serving with Chairman Meeks, with Ranking Member McCaul, as we visited around the world, to see what you have done to help people around the world have secure futures. It is my view that your service is so important to help back up peace through strength. What you are doing is you are promoting economic opportunity and stabilization.

Sadly, the global war on terrorism continues with the abandonment of Afghanistan as a safe haven and with the murderers on the Terrorist Watch List now crossing the southern border. Sadly, we are also in another conflict, and that is authoritarians; that is rule of gun; opposing democracy, rule of law. And we see, sadly, a war criminal, Putin, with the mass murder in Ukraine planning to go after Moldova and the Republic of Georgia. We see the Chinese
Communist Party threatening the people of Taiwan, and then, we see Iran promising and pledging to vaporize the people of Israel.

With that in mind, Ms. Albright, it is so important, again, what you are doing as a proponent of democracy and to provide for the ability of the courageous citizens in Tunisia to come back together. They led the Arab Spring. And so, with that in mind, there has been a backsliding. What is being done to assist with the Millennium Challenge program, a great program, to work with the country to get it back on track as a proponent of democracy?

Ms. Albright. Thank you, Mr. Congressman, for the question.

And we very much share your concerns about Tunisia. Up until last summer, we had been planning on doing a significant compact in Tunisia. But, with the actions that President Saied took, we became very concerned. And since that time, we have put Tunisia on hold, and there is now no funding planned on going to Tunisia until we see the government making some decisions to restore democratic governance. So, we are in a pause position on Tunisia. We have been very clear with the country about that, and we hope that things begin to change, so we can get our work back on track.
Mr. Wilson. Well, thank you again for your efforts, so we don't give up on the people of Tunisia. What an extraordinary people they are in North Africa.

Another country, Mr. Nathan, that I have had an opportunity to work with is Bulgaria. I, 32 years ago, was an election observer in there first reelections. To see that country, when I got there, it was like stepping back -- on June 10th, 1990 -- into the 1930s. It was pathetic and the lifestyle was pathetic and oppressed.

But I was there last summer for the Three Seas Initiative, and more American citizens need to know what that initiative is. And what can we do to back you up on the Three Seas Initiative?

Mr. Nathan. Well, thank you very much.

I very much look forward to next week's summit. I will be leading the U.S. delegation there. I think we will have some great announcements.

There is also, in parallel with the Three Seas Summit, a business conference, and we consider that a major business development initiative for us in order to find private sector investments throughout the whole region that we would be able to invest in.

You mentioned Georgia. I am traveling, after the Three Seas Summit, to Georgia. We have some really fantastic
investments that we have done there recently. Deepening the Port of Poti, very important in this context on the Black Sea. We are financing the American hospital there, which is taking in injured Ukrainian refugees and treating them. We are investing in logistics there and other investments. So, these are important countries that we are very focused on.

Mr. Wilson. Well, again, to see the progress of our East European allies from the Baltic republics to the Republic of Georgia -- I had the opportunity to go, Mr. Chairman, to a joint parachute jump -- the sister state of Georgia being the State of Georgia. It was National Guard troops, and you had to look carefully to see the difference between the patch of the beautiful Cross of St. George or the State of Georgia. But the bottom line -- and, hey, the way to preserve peace -- is what you are doing, and that is providing stability opportunity.

And then, I am really grateful that, with the leadership of Chairman Meeks and McCaul, we now have lend-lease in place, which can provide for immediate providing of military equipment for our allies, such as Georgia, Moldova, and back all the way through to the Baltics, to protect themselves by strength.

And I yield back. Thank you.

Chairman Meeks. The gentleman yields back.
I now recognize Representative Gerry Connolly of Virginia, who is the President of the NATO Parliamentary Assembly, for 5 minutes.

Mr. Connolly. Thank you, Mr. Chairman, and thank you for holding this hearing.

Mr. Nathan, part of your mission is to, obviously, pursue consistent U.S. foreign policy and strategic goals in your work, not only in deliberations, but in the decisions you make. To what extent does human rights factor into that decisionmaking? For example, you cited projects in Egypt and Vietnam, each of which have serious human rights policy problems.

Mr. Nathan. So, I would answer this question in two ways, and thank you for the question. First, we take direction from the State Department and other foreign policy agencies on broader policy reasons why we may not be able to operate in a country. But, for individual investments, we undertake extensive social, labor, environmental screening. Any issues related to the investments that we are pursuing that would touch on human rights would come up in that process and would be a very important consideration in our ability to go forward.

Mr. Connolly. So, when you say you take your guidance from the State Department, your answer to Mr. Sires about not
doing any projects in Nicaragua, for example, that was at the
direction of the State Department? They gave you that
direction?

Mr. Nathan. No, no, we consult with them. I mean,
since we are not a policy agency, we are consulting with the
State Department in order to get the information necessary to
make the decision about what markets we are open and what
markets we are going to be closed in.

Mr. Connolly. So, to what extent, given that
consultation with the State Department on a spectrum, do you
decide the human rights violations are too much and we are
not going to do business in that particular country?

Mr. Nathan. You know, I don't have a heuristic for you
on exactly how we think about that. It is, obviously, a very
important consideration overall. A country like Nicaragua,
which I was asked about, given the political situation, the
overall climate for human rights, and the business situation,
it doesn't make sense for us to be open there.

Mr. Connolly. All right. Well, we will pursue this,
but I just want to lay down the marker that there are a lot
of us concerned about human rights, and we don't want to be
doing business as usual with gross human rights violators.
And I would like to know what the process is in terms of
making decisions about where we operate and what we finance;
how, and why, and with whom. So, I look forward to a continued dialog about that, but I want to lay that marker down for you, at least with respect to this Member.

Ms. Albright, how does the MCC coordinate with AID? You know, I go way back in terms of foreign aid authorization legislation. I helped write the last foreign aid bill to become law, which was 1986, unfortunately. And with the creation of the MCC, it was not always entirely clear where one responsibility ended and another began. So, how do you coordinate with AID to make sure that we are minimizing overlap and our goals are consistent? You are not doing something AID doesn't want to do or decided not to do, and vice versa?

Ms. Albright. Thank you very much, Mr. Congress, for the question.

Of course, you know that USAID is on our Board, and they participate regularly in all of our decisionmaking through preliminary conversations, but then, also, at the Board meeting itself. We consult with them on all kinds of operational matters. We usually meet with them when we are traveling in-country.

In terms of how the business models coordinate with one another, we are quite different, even though we operate in many of the same countries. We are a grant-maker. We work
very closely with our partner countries to identify their key
constraint-to-growth areas. We develop projects and we
implement through the countries.

So, broadly, the two agencies are very complementary to
one another, but they work in slightly different ways. And
we always keep in touch with them on our Board.

Mr. Connolly. And you try to avoid conflict by doing
that?

Ms. Albright. Yes, absolutely.

Mr. Connolly. And if I have time, Mr. Chairman, one
final question for Peace Corps.

Ms. Spahn, in your answer, I think to the chairman's
question, I mean you gave kind of a rosy picture of post-
pandemic recovery for Peace Corps, but when the pandemic
began, there were a lot of Peace Corps volunteers in host
countries who were really left kind of holding the bag in
terms of rather abrupt evacuations because of exposure to the
virus. Now, we were trying to protect people, but, on the
other hand, damage was done.

And I would like you to talk a little bit more about how
did that impact confidence of Peace Corps volunteers, and
what, if any, damage did it do to host country relationships?

Chairman Meeks. Unfortunately, Mr. Connolly, I wanted
you to ask your question.
You can answer it in writing, but he is out of time.

Mr. Connolly. Thank you. Thank you, Mr. Chairman.

Chairman Meeks. I now recognize Representative Brian Mast of Florida for 5 minutes.

Mr. Mast. Thank you, Mr. Chairman.

And thank you all for being here today.

Over here in the corner. I appreciate it.

I do have in front of me the congressional budget justification for DFC, Mr. Nathan. It made for good reading for me. I want to go to page 5 of it, specifically. I believe this was referenced, in part, already.

"DFC is increasing its efforts to support transformative projects that will increase energy independence in Europe, leveraging authorities under it." Indeed, one of the few acts that is mentioned in this justification or in this entire budget justification, the European Energy Security and Energy Independence in Europe Initiative, the EESDA. So, just one of the couple of acts that are mentioned in this whole justification.

And I have that EESDA in front of me as well, and I want to talk about a couple of the things that it mentions inside of it, and just understand the DFC's interpretation of this. So, going, No. 1, just to the first paragraph in this, it is European and Eurasian countries, helping them "achieve energy
security through diversification of their energy sources and supply routes." Does that include for you fossil fuel sources?

Mr. Nathan. It does.

Mr. Mast. Thank you.

Going down to another paragraph, to provide diplomatic and political support for European Commission and those governments, as necessary, "to facilitate international negotiations concerning cross-border infrastructure." Does that mean to you pipelines?

Mr. Nathan. Yes, and as I have referenced, the Three Seas Initiative is a critical part of what you are asking about.

Mr. Mast. Part (B) of that same paragraph, to "enhance Europe's...regulatory environment with respect to energy."

"Regulatory environment," does that mean to make it more friendly for all sources of energy, to include both renewable and non-renewable sources of energy?

Mr. Nathan. Yes, although it is important to remember that the DFC makes investments. We don't work on policy questions with that part.

Mr. Mast. Okay. I mean, it is referenced in here.

That is why I am asking.

Beyond this, to "develop accessible, transparent, and
competitive energy markets supplied by diverse sources."

Again, "diverse," to you, means both renewable and nonrenewable energy?

Mr. Nathan. Potentially, yes.

Mr. Mast. Potentially, yes?

Mr. Nathan. Yes.

Mr. Mast. Okay. "Increase competition within energy markets." To "increase competition," would it be wise to get rid of or eliminate or have an unfriendly regulatory environment for oil and gas? Would that promote competition or decrease competition?

Mr. Nathan. You know, as I mentioned, we are making investments, but, on the face of it, what you are saying makes sense to me.

Mr. Mast. Good. I think we can agree on those things; it makes sense.

So, I want to transition this to how this specifically affects everybody that works over at State Department and Foggy Bottom, and everybody else across the breadth of the United States of America -- those things that we can say that we agree on about regulatory environment and on infrastructure projects, cross-border infrastructure projects, like pipelines, you know, and wanting to see those exist in Europe.
Do you want to see those exist here domestically in the United States of America as well? I understand that may not be your expertise, but you are a citizen of the United States of America, and a great number of the people that work for the State Department and those that work beneath you have to travel to and from work here domestically in the United States of America. So, I would like to know.

Mr. Nathan. I just want to make sure I understand what you are asking. You are asking --

Mr. Mast. Should we promote those same policies that you are pushing for in Europe here in the United States?

Mr. Nathan. You know, I am here to represent the Development Finance Corporation, which is --

Mr. Mast. You are an American.

Mr. Nathan. I definitely am an American.

Mr. Mast. Should we support those policies that you are pushing for in Europe here in the United States? We agree on those policies and supporting them for Europe. Should we push for them here in the United States?

Mr. Nathan. I definitely think that energy diversity and security is important globally, and including in the United States.

Mr. Mast. To include renewable and nonrenewable energy?

[Audio malfunction.]
Chairman Meeks. Mr. Keating, please --

Mr. Mast. If you could pause my time, Mr. Chairman, that would be great.

Chairman Meeks. Please, please go on mute, Mr. Keating.

Mr. Mast. Are we back on? Good. Thank you.

So, to include renewable and nonrenewable sources of energy, you believe that should exist here domestically?

Mr. Nathan. But it does exist and I believe it should continue.

Mr. Mast. You want to see it fostered further?

So, let's go to another one. Cross-border infrastructure projects, you would like to see those increased, as you would like to see them increased in Europe?

XL Pipeline would be a perfect example. It was killed within hours of the Biden administration coming in. It was about 25,000 jobs and 800,000 barrels a day of oil. Would that be one of those infrastructure projects that we should renew here domestically, as we are supporting projects like that in Europe?

Mr. Nathan. I think we are pretty far off my remit on that.

Mr. Mast. We might be, but I am asking, nonetheless. Should we restore that policy and put XL Pipeline back in place?
Chairman Meeks. The gentleman's time has expired.

I now recognize Representative Karen Bass of California, who is the chair of the Subcommittee on Africa, Global Health, and Global Human Rights, for 5 minutes.

Ms. Bass. Thank you, Mr. Nathan, for your patience.

I did want to ask Ms. Albright -- over the years, we have seen great success with MCC's work in promoting economic development in low- or middle-income countries. And I am pleased that five of your seven active compacts are in African countries, with four of the eight pending compacts including countries in Africa. But I am concerned where some countries on the continent have had compacts cancelled, understandably, due to not meeting MCC's governance standards.

And I would like to know what is the status of that now and how those compacts could get back in place. And then, also, your funding level has never reached what was actually envisioned. So, to really have the impact on global poverty, I want to know what your thoughts are about that.

Ms. Albright. Thank you, Congresswoman, and it is lovely to see you.

Ms. Bass. Thank you.

Ms. Albright. First, on your question about standards of democracy on the continent, we have made a decision
recently to suspend a compact to Burkina Faso. That was following the coup that occurred there in the end of February. We decided to suspend it and communicated it, accordingly, to the country, with the hope that the country restores democracy with elections.

So, we are very much in a wait-and-see mode and hoping that that happens. Should it not happen, we will at some point be forced to take a decision to actually terminate that compact. We decided to put it on a suspense --

Ms. Bass. What was it for? What was that compact?

Ms. Albright. It was for energy.


Ms. Albright. Well, just to go into a bit more detail, there were two compacts. There was one for energy with the country itself, and then, they were also part of what we call the regional compact, which -- with Cote d'Ivoire -- also related to energy. So, all together, the amount of money that was suspended for Burkina Faso was just under a billion dollars.

Ms. Bass. Does it impact the other countries?

Ms. Albright. No, the Cote d'Ivoire one we're continue to work, but with others in the region. But, at the moment, it does not involve Burkina Faso, which was a difficult, but necessary decision to take.
We are in communication with the country. Senior staff has traveled there recently. We are hoping that they are able to hold an election within a short period of time, so that we can re-engage and get things back on track.

Ms. Bass. So, in terms of your funding level --

Ms. Albright. In terms of overall size, one of the reasons we are putting forth a proposal to expand our candidate pool to up to 125 countries is so that we can meet the needs, the development needs, broadly across the globe. And if we do that, it would add for consideration 44 countries. They would all have to go through our analytical process --

Ms. Bass. Right.

Ms. Albright. -- our scorecard. But if we are able to entertain that larger scope, it would require additional funding, and we would certainly be in touch with --

Ms. Bass. How many of those 44 would be in Africa? Do you know off the top --

Ms. Albright. Yes. In Sub-Saharan Africa, it would be five additional countries. It will be 10 additional in Latin America, 6 in the Caribbean, 11 in --

Ms. Bass. So, I was glad to hear you speak earlier about the need to look at the income level, because my colleague, Brad Sherman, was talking about the Ukraine. But
my understanding is that countries like Gabon do not qualify, either, because they are considered middle-income. And then, you have an African country where you might have a percentage of people who are making a lot of money, but the vast majority of folks are not. And you certainly can't compare the development in Ukraine pre-invasion to Gabon.

Ms. Albright. Thank you, again, Congresswoman.

I think you are speaking to the issue of inequality.

Ms. Bass. Right.

Ms. Albright. And even though on paper there are certain countries that are in the lower section of the upper-middle-income category, if you look at the daily lives of people in those countries, they don't enjoy what that standard of living would suggest.

So, if we are able to expand, we would be able to look at a broader range of countries and be able to work with those countries that still remain quite poor and face a number of challenges today.

Ms. Bass. But that expansion is not just the funding level, right? Isn't it also the income restriction? And what can we do, as Congress, to help you with that, the income restriction coming out of the World Bank?

Ms. Albright. Yes. So, we would need to change the legislation to be able to entertain the broader range.

Ms. Albright. So, we would be most grateful for a consideration of legislation in that regard. And then, we would have to work on the funding to enable us to undertake those. But we would start with the legislation. And we would be happy to come visit with you to talk about the strategy, about how we could make that happen.


Ms. Albright. Thank you.

Ms. Bass. Thank you, Mr. Chair. I am out of time.

Chairman Meeks. The gentlelady's time has expired.

I now recognize Representative Darrell Issa of California for 5 minutes.

Mr. Issa. Thank you, Mr. Chairman.

I want to follow up with the Director exactly where Congresswoman Bass left off. The complexity of countries which have rich and poor, to me, seems to be at the crux of what you need legislative change on.

If you have a pocket -- and we will take, for example, Nigeria -- that is quite wealthy in the oil patch, and then, you have the northeast, which is impoverished. We recognize that we need a USAID mission in one part of the country, while the other part of the country, quite frankly, is stealing a billion dollars a month of oil, putting it in
Swiss banks.

How do we write that legislation? And I don't need the detail, but do you believe that we can work together to come up with the flexibility to recognize when all or part of a country should be receiving help, whether it is in the form of aid or investments, or the like? So that we could be looking at countries as regions perhaps or ethnic breakdown, rather than simply taking the rounding error. Because, as we all know, for example, India certainly enjoys some very powerful companies, some great wealth, while they are likely to be eligible for our aid for the rest of my career, and perhaps my whole life.

Ms. Albright. Thank you, Mr. Congressman, for the question. Three quick points.

First of all, Nigeria is not eligible for MCC assistance at the moment, given that it does not cross the scorecard. We are beginning to think about working with some of the larger countries that have some national --

Mr. Issa. I using Nigeria only because of the areas in the northeast where Boko Haram takes advantage of poverty. And I wasn't using it as a specific country. But we could use India, which is eligible, but, certainly, sometimes our money ends up in the less impoverished areas.

Ms. Albright. We could begin to look at working on a
subnational level in big countries like India, but we would
have to figure out the specifics and the mechanics of that.

On your point about regional, we do have a regional
capability that we are now pursuing in two different regional
compacts, and those are designed to foster regional
integration and greater trade.

But we would be very happy to follow up with you, Mr.
Congressman, on specifics on both of those cases.

Mr. Issa. So, thank you.

And now, a followup that actually is a concern to me.
All of your organizations, by definition, have to have
implementers at times. And I want to bring up one for
comment. And obviously, it not only concerns you, but it
goes all the way to the Secretary of State.

Last month, The New York Times reported a little known
U.N. organization called the Office for Project Services, or
UNOPS. It was audited and found to have tens of millions of
dollars that went to questionable investments to pay off bad
loans, and some of the money simply went missing.

That organization is regularly used by the United States
to distribute funds. In light of the auditors of UNOPS, what
they found in failures -- and we understand that there are
many areas in which they are being considered or are
currently being used -- how do we find this and other
organizations either ineligible or how do we make sure that
we audit them in a way that we are not the victims of their
self-dealing, often to their own families?

Ms. Albright. I am happy to start on that, Mr.
Congressman, and I appreciate the concern.

The way that MCC works is that we work with the
countries to set up a dedicated entity that operates under
strict parameters that MCC has established in order to be the
receiver of MCC funding, and then, they have to work under
very well-established procurement and Treasury management and
fiscal regulations. And we stay in touch with them very,
very closely.

Mr. Issa. So, Treasury is your go-to to protect, in
this case, from monies going missing?

Mr. Nathan. I don't know if you were directing that
toward me, Congressman, but, on behalf of the DFC, I would
say that we have extensive due diligence procedures that are
commercial in nature. I mean, this is legal due diligence,
"know your customer" consideration. We leverage our
interagency partners for sources of information on that as
well.

We have an audit committee of our Board, an auditor, the
Office of Inspector General. We have many mechanisms to do
our best to make sure that, when we invest in private
businesses, that we, essentially, get what we negotiated, and that there is compliance with our agreements and with the law.

Mr. Issa. So, thank you, Mr. Chairman.

Chairman Meeks. The gentleman's time has expired.

Mr. Issa. I yield back.

Chairman Meeks. The gentleman's time has expired.

I now recognize Representative Bill Keating of Massachusetts, who is the chair of the Subcommittee on Europe, Energy, the Environment and Cyber, 5 minutes.

Mr. Keating. Thank you, Mr. Chairman.

And I thank our witnesses for their service.

We are facing a global crisis that is just going to be of monumental effect just in the next few months regarding food security, particularly how it affects Africa, northern African, those areas, that's been exacerbated by the war in Ukraine. And I was wondering, No. 1, how some of these services might be affected. Also, what can we do in terms of infrastructure in some countries? For instance, a country like Ethiopia will be in better position, given the infrastructure and the work they have done in terms of making themselves more independent with their food security issues and agricultural issues than other countries.

So, what would you anticipate? Are there are any plans
to try to deal with this crisis? And now that it has laid bare some of the problems that were there in the first place that this war is making worse, can we do something going forward in the longer term to help some of those countries?

Ms. Albright. Thank you, Mr. Congressman. I am happy to start on that one.

You are pointing to a critical impact of the tragedy in Ukraine, and, in fact, many countries on the continent import substantial amounts of food from Ukraine. MCC is very well-positioned to help countries think about their overall agricultural resiliency.

Just to give you a couple of examples, we have just signed a $300 million compact with Lesotho that, in part, helps build up the agricultural system in that country from subsistence-level farming up to a more commercial scale. I am also traveling on Saturday to Zambia to start conversations with their government about how we can help them, also, along the lines of agriculture.

So, there is a lot that we are doing -- I would be happy to follow up with your office on further specifics -- to help countries build up agricultural resiliency; self-sufficiency, which we think will be a small help in the face of the tragedy coming out of Ukraine.

Mr. Keating. It is, and I think we will see the
countries that are prepared, and the way they are able to handle it, versus the countries that are in that position, and really why the need was there before, but why it is so critical now.

Do any of the other agencies have comments on what they are anticipating, given this coming global crisis, which we hope can be averted, but it doesn't appear that it is going to be that feasible?

Mr. Nathan. So, I would say, on behalf of the Development Finance Corporation, food security is an area that we have been pursuing prior to this current crisis. As I mentioned in my testimony, in response to the crisis, we have increased financing to an existing partner of ours in Ukraine, which can provide financial support to small farmers and agricultural businesses.

So, starting with Ukraine, and then, thinking about all of the downstream impacts. So, we have done food security investment in Zambia, which is a $7.5 million loan. We are looking at sustainable agriculture, where we just provided a $10 million loan in Mozambique. We are bolstering food security in Latin America and Africa through a loan to Fairtrade Access, a partner of ours. We have many of these kinds of investments that are directed at providing support to smallholder farmers to helping with logistics and market
access, to help increase local supply of food.

The crisis is huge, but we feel like these are small steps that can help reverse the tide. And we will continue to look for these kinds of investments globally.

Mr. Keating. Now, in terms of the Peace Corps, how do you anticipate dealing with some of these major issues that you are going to be confronted with in some of the countries you work?

Ms. Spahn. So, Peace Corps volunteers are assigned to communities that have already started to see the impacts of food insecurity due to the war in Ukraine. These volunteers are trained to improve home gardens using biointensive gardening practices; planting things like vitamin-fortified, orange-fleshed sweet potatoes to improve nutrition; to work with schools on school gardens, and promote practices that intensify crop production.

So, really, these are things that are happening at the community level. They are happening on a smaller scale, but they are happening in some of the most vulnerable areas in building that resilience to future shocks.

Mr. Keating. Yes, some of the aftereffects like migration will be an issue.

With that, Mr. Chairman, I yield back.

Chairman Meeks. The gentleman yields back.
I now recognize Representative Dan Meuser of Pennsylvania for 5 minutes.

Mr. Meuser. Well, I appreciate that very much, Chairman. Thank you.

Thank you all for being with us here today.

So, the DFC was, of course, established, in part, to counter the CCP's Belt and Road initiatives. Senator Rubio recently, Mr. Nathan, sent you a letter that I am going to reference part of it that was quite critical of many of the most latest investments being made.

When creating the U.S. International Development Finance Corporation, the DFC, the authors intended the agency to compete with Chinese influence in the developing world. The BUILD Act explicitly states DFC's purpose is to "facilitate the participation of private sector capital and skills in the economic development of less developed countries...and advance the foreign policy interests of the United States."

So, basically, a dual purpose.

So, I have a list here that I am not so sure fall in line with that, and I want to ask you about it:

"Approved a $40 million equity investment to an African private equity firm to 'improve their environmental, social, and governance standards while promoting women's economic empowerment' across Africa."
And "Approved a $100 million" -- this is in the last few weeks. This is in the last month. "Approved a $100 million 'partial credit guaranty' to a fund manager to make loans to local enterprises striving for climate-smart land management and emissions reduction,' including advancing 'women's participation in the sector.'"

"Approved an $80 million direct loan to expand 'climate-resilient infrastructure in Africa and the Middle East.'"

"Approved a $5.17 million direct loan to expand 'women's access to affordable housing in India.'"

And "Approved purchase of a $50 million 'green note' to 'to support a new tool for climate finance in emerging markets.'"

I am just naming a few that are here.

So, my first question, Mr. Nathan, you were at Baupost investments, Baupost hedge fund, for a good 20 years or so. And would that be investments that you would have recommended Baupost to be making while in your term there?

Mr. Nathan. So, I was in the investment business until 2014, and we had a value investing strategy. It was a very specific approach.

Mr. Meuser. Yielded 19 percent a year.

Mr. Nathan. Yes, and I think the mandate at the DFC and the mandate at the firm where I built my private sector
career are quite a bit different. The mandate given by the
BUILD Act is to advance, as you mentioned, to advance the
strategic interest of the United States, but also pursue
highly developmental transactions in the poorest countries of
the world. I see those two mandates as two missions, as
totally complementary, because good development is good
foreign policy.

Mr. Meuser. Well, one could very much argue that this
is far more about ideology than the interests of U.S. foreign
policy and the interests of those that were making
investments, where it is supposed to be directed towards
energy and infrastructure. Meanwhile, the Belt and Road
Initiative invests nearly 95 percent in such assets, in such
investments, and the DFC is at 30 percent. So, you can see
why, you look at those numbers, and I am asking the question.

Mr. Nathan. Yes, but I think there are some great
elements of investments that are developmental and, also,
advance our strategic interests. One is we made a $267
million loan in Brazil to something called Smart Rio, which
is smart infrastructure. Our competitor in that bid was led
by Huawei Technologies. So, by providing finance to make
sewage monitoring, smart traffic lights, WiFi access, we
provided open, safe networks that prevented a PRC --

Mr. Meuser. What about natural gas investments in
Africa?

Mr. Nathan. So, I mentioned this earlier. This year, we have done one investment in Sierra Leone, which is an 83-megawatt, combined-cycle gas turbine thermal plant. It massively increases access to energy in Sierra Leone, a very energy-poor country, highly developmental transaction, one that we are proud of and that we would like to look for more on that template.

Mr. Meuser. Mr. Nathan, the taxpayers of the country have put immense trust in you to make proper investments that are in line with what the charter of the BUILD Act was about. So, I would just ask you to please do that. I know there are ideology and political interests that create different viewpoints, but, please, we are trusting you to do your very best for the interests of the United States and those we are investing in.

I yield back, Mr. Chairman.

Chairman Meeks. The gentleman yields back.

I now recognize Representative Ami Bera of California, who is the chair of the Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation, for 5 minutes.

Mr. Bera. Great. Thank you, Mr. Chairman.

I am going to try to get three quick questions in.

Ms. Spahn, whenever I travel, I try to visit with Peace
Corps volunteers. In February of 2020, I happened to find myself in Nepal right before things shut down and had a chance to visit with the volunteers that were out there. Again, one of our best diplomatic efforts, and it makes an impact both in the country that they are serving and, as you have already pointed out, it has an impact on these young American men and women as well throughout their life. Less than a month later, obviously, everything shut down and they came home.

Could you briefly touch on -- and I think this goes hand-in-hand with Mr. Connolly's question -- as we are ramping back up and sending the volunteers back into the field, how is the number of volunteers? Are you having any trouble with recruitment or has everything kind of come back up-to-speed?

Ms. Spahn. Thank you for that question.

It certainly was a very traumatic decision to make for the organization to pull its volunteers at a time when borders were closing and flights were shutting down. And we did everything within our authority to take care of them when they returned back to the United States. And we appreciate that Congress also made them eligible for pandemic unemployment insurance, which really helped provide a softer landing to them.
We do have quite a few volunteers who have waited for two years to return to service; obviously, not as many who originally had signed up with intent to go back. People's lives move on.

We do have a robust pipeline. It is unclear at this moment what kinds of barriers we may face, as people move from application into service, and how that pipeline will stand up. And we do have a variety of factors and financial barriers and other considerations. It is a fundamentally different environment.

So, we are doing focus groups. We are doing market research, and we are doing studies to really determine what we are looking at right now.

Mr. Bera. Right. Certainly, keep us informed, and if there are authorities or things that we need to do to get the program back up-to-speed, let us know that.

Ms. Albright, on that same trip, I had a chance to talk to the leadership in Nepal, and they had a pending MCC compact. I am glad to report that has been enacted and want to applaud the Nepalese government for moving ahead with that.

But, on that same trip, I had a chance to visit Sri Lanka, and unfortunately, we didn't get the same outcome. We see the deep financial situation that Sri Lanka is in right
now, and some of it based on China's financing of the port
project there. And again, they passed up a great MCC compact
that would have benefitted the people of Sri Lanka.

In both of those countries, in talking to their
leadership in the exact programs, the administrations in both
countries understood that these were investments that would
help their countries, but the political pressure towards
parliamentarians and misinformation and disinformation about
both programs made it politically difficult in both
countries.

Can you touch on how prevalent that is? Is that
specific to Asia? And how do we combat that
misinformation/disinformation campaign?

Ms. Albright. Thank you very much for the question.

And sadly, it is true that there is increasing amounts
of mis- and disinformation in many of the countries where we
are working or seek to work that look to possibly discredit
the work of the agency. We certainly saw it in Sri Lanka,
and before I got to MCC, some months beforehand, the agency
did decide to pull away from that country.

In Nepal, we stuck it out and worked closely with our
embassy there, and are very happy to report that the compact
was ratified. And it will result in providing additional
electricity to 23 million Nepalese.
We do think that there is going to be increased amounts of mis- and disinformation in the region. And so, we are on notice, as we start our work for it, and we will work closely with embassy staff to make sure that we are counteracting it, where we need to. But it is an increasing part of our work, and it is something that we will take very seriously.

Mr. Bera. Well, do let us know how we can be of assistance, because I think it is really important. And MCC has got a great story to tell, great investments, and we want to make sure that story gets out there. And we know competitor nations are giving a different story.

I see my time has expired.

Chairman Meeks. The gentleman's time has expired.

I now recognize Representative Any Barr of Kentucky for 5 minutes.

Mr. Barr. Thanks, Mr. Chairman.

And, Mr. Nathan, thanks for your testimony today. I am very interested in the work of DFC countering the Belt and Road Initiative. I want to kind of follow up from the line of questions from Mr. McCaul, Mr. Chabot, and Mr. Meuser about DFC's unique role in countering BRI.

I was disappointed that in your prepared testimony, while you reference some projects in the Indo-Pacific and Africa that have the effect of countering Belt and Road, that
we didn't lead off -- my view is that DFC should be leading its mission with a strategy to counter the Belt and Road Initiative, and it should be, certainly, not just mentioned in your prepared testimony, but front and center and a major focus. So, let me drill down a little bit on some of these investments that could advance our national security.

DFC, in fact, has a unique responsibility written into its establishment that its investments should, quote, "complement and be guided by overall U.S. foreign policy development and national security objectives." Are there commercially viable projects that DFC will not participate in because of their involvement with fossil fuels?

Mr. Nathan. So, there are a lot of criteria that we would have to meet before considering an investment. First, is it in a country that we are eligible to work.

Mr. Barr. Right, and you mentioned Sierra Leone and their gas --

Mr. Nathan. Right. And then, beyond that, any sort of large-scale infrastructure energy project is going to require extensive screening to make sure it complies with the standards necessary --

Mr. Barr. Yes, well, I appreciate that. I appreciate that. But we know that China has no issue building coal-fired power plants and using fossil fuels. And my question
is, would it be in contravention of our national security objectives, as written in your mandate, to deny a country seeking U.S. partnership for a commercially viable project solely because it involves fossil fuels, when we know China is all too happy to fill the gap?

Mr. Nathan. So, every situation is going to require a facts-and-circumstances analysis, but I totally take your point that we need to be looking, to use the Wayne Gretzky phrase, "where the puck is going here."

Mr. Barr. Yes.

Mr. Nathan. And this is something that I have charged our team with internally, consulted with the intelligence community and our interagency partners, to make sure that we are thinking about where to be looking for deals, for precisely the type of reason that you are mentioning.

Mr. Barr. And, Mr. Nathan, I am open to helping you on your scoring problem with equity investments, but I want you to understand that Members of Congress who want to help you, help your mission, important mission, your national security mission, that you are focused on Belt and Road; you are focused on countering the Belt and Road Initiative with these equity investments and competing with China, including China's debt-trap diplomacy with respect to fossil projects, because that is one of the ways -- and if we do not enter
that space, they are going to be polluting a lot more than we
would be in fossil energy.

We need to be exporting American fossil energy
technology and displacing Chinese dirty fossil energy
generation. And I think that is the mentality DFC should
have.

In your confirmation hearing, you pledged to review DFC
funding of projects using Chinese-sourced solar panels
manufactured with forced labor. What is the status of that?

Mr. Nathan. Thanks for that question.

We have consulted, the DFC team has consulted
extensively with the relevant committee staff on both sides
of Congress. We have updated our procedure to be in line
with the Uyghur Forced Labor Prevention Act, which, although
it doesn't directly apply to the activities that DFC finances
abroad, it is a standard that we are now using.

The Forced Labor Enforcement Task Force has just begun
its work and is issuing a report. There will be information
that comes out of that that we will use for determining what
projects we would or wouldn't fund.

Mr. Barr. I accept and acknowledge the Biden
administration's focus on the climate issue, but let's not
allow our obsession with green energy/renewable energy
compromise our national security or human rights policies.
They should not be in conflict.

And so, we ought to, where fossil energy makes sense for our national security, we ought to pursue it. When pursuing renewables doesn't make sense from a human rights perspective, we should not pursue it. And I want that to be the mentality of DFC.

And, Mr. Chairman, I ask unanimous consent to enter into the record an op-ed from Ugandan President Yoweri Museveni from The Wall Street Journal discussing the dangers of cutting off developing nations from reliable sources of energy.

Chairman Meeks. Without objection.

Mr. Barr. Thank you.

[The information follows:]
Mr. Barr. Final question.

Chairman Meeks. But --

Mr. Barr. Do I have time?

Chairman Meeks. The gentleman's time has expired.

Mr. Barr. Well, so many questions. We will come to you, and thank you. Thank you for your service.

I yield back.

Chairman Meeks. I now recognize Representative David Cicilline of Rhode Island for 5 minutes.

Mr. Cicilline. Thank you, Mr. Chairman. And thank you to you and Ranking Member McCaul for today's hearing.

And thank you so much to our witnesses.

I would like to begin with you, Ms. Albright. As you mentioned, Congress recently lifted a legal impediment to compacts other than bilateral agreements with national governments, an interest that MCC has had for a number of years. And I am a huge fan of MCC and I know the incredible work that you have done. This change may include multi-country regional compacts or compacts with subnational governments. And supporters claim that such compacts could provide high rates of return through economies of scale, improved economic linkages, or better targeted agreements.

And in fiscal year 2022 and fiscal year 2023, MCC expects it will fund its first two such compacts in West
Africa. And so, my first question is, what are some examples, if any, of potential regional compacts beyond those in West Africa that you might be thinking about? And secondly, what challenges have arisen to date in the design of the West African compacts that involve two or more governments?

Ms. Albright. Thank you very much, Congressman, for the question.

Indeed, it is a very important authority that we were given in 2019 to do regional compacts. We have two of them under consideration at the moment.

One is with Benin and Niger, and they build on individual compacts that we had with each country. And together, they are going to build a road capability that connects both of them with the port in Cotonou and expands regional trade.

The other one that we have going on relates to energy, and it involves Cote d'Ivoire and the West African Power Pool -- Burkina Faso had been part of that, but we had to take that out of it -- and it will expand energy in the region.

We are beginning to look around where we could expand the capability elsewhere. One of the subjects that comes to mind is food security that may be relevant in southern Africa, for example. And as those thoughts and our work
there come into play, I would be happy to come back to your office and let you know how we are doing and seek any advice and guidance you might have for us on that.

Mr. Cicilline. And similarly, if there are additional things we can be doing to make those compacts more successful, let us know.

And do you have a view, Ms. Albright, about the partnerships of the MCC with subnational governments?

Ms. Albright. It is something that we are able to do, but it hasn't gone on our radar screen yet in terms of active consideration, but I think that it is something where, particularly given large countries with large federated systems, it would make sense.

Mr. Cicilline. Great.

And finally, MCC was originally envisioned to be much larger than it is with a $5 billion annual budget, but, actually, funding has never approached that level. And the Biden administration has proposed $930 million in MCC funding for fiscal year 2023, an increase of $18 million, but, obviously, nowhere near kind of what everyone originally envisioned.

So, to what extent can the pace at which you are doing work, which is about two compacts a year, really substantially address issues like global poverty? And what
would a much greater funding level mean in terms of your
ability to really increase the kind of work of MCC and the
portfolio you manage? It just feels like we have never
funded it near where it was actually contemplated.

Ms. Albright. Again, thank you for the question.

The key point there is the size of the candidate pool.

And this is one of the reasons why we are proposing an
expansion up to 125. Together, those countries represent
where 90 percent of the overall poverty challenges in the
world exist.

And then, if we were able to get the legislation in
place for that expansion, we would also need additional
funding, but that would probably come in the following fiscal
year. So, we can certainly talk about that sequence.

I think what is important to remember is the overall
eligibility. We need to work in countries where there is
poverty, but we also have to make sure that we are keeping
our scorecard in line -- which looks at whether or not
countries are being ruled justly, whether or not they are
investing in their people, and whether or not they are
enhancing economic opportunity -- to make sure that we are
continuing to focus on where we ought to be working.

But if we can expand the candidate pool, we will
definitely need additional funding, but we would want to come
back to the committee and talk about that very judiciously when the time comes.

Mr. Cicilline. Great. Thank you.

And finally, Ms. Spahn, the Peace Corps has said that intercultural competence, diversity, equity, inclusion, and accessibility are the core principles of the Peace Corps, and that working and communicating effectively with host country partners is really critical to the success of volunteers in the agencies. Can you just summarize how the fiscal year 2023 budget will help you implement and expand upon your current efforts in this regard?

And thank you again for the great work that the Peace Corps does.

Ms. Spahn. Thank you so much.

Chairman Meeks. You have about 15 seconds to do it.

Ms. Spahn. Oh, thank you so much.

We have done substantial work with all of our countries overseas. And we will be getting out to the remaining countries in 2023 for a full five-day workshop with our host country national staff, so that they are prepared to meet volunteers when they come and to really do the deep work around building bridges across cultures and across different --

Chairman Meeks. The gentleman's time has expired.
I now recognize Representative August Pfluger of Texas for 5 minutes.

Mr. Pfluger. Thank you, Mr. Chairman. Thank you for recognizing me.

I think this discussion is incredibly timely and important, considering the events that have happened in Ukraine and the PRC's attempts to rapidly expand their influence across the globe. There has never been a more important time. There are threats that are facing not only us, but our allies and our partners around the world that we have not faced since World War II. And I served in the military for two decades. This is a new game that we are playing in right now. Russia has invested heavily in expanding their influence across the world, but especially in Sub-Saharan Africa and, also, in South America.

I believe that it is very important for this administration to use DFC as a tool to counter the influences that I just spoke of, when it comes to Russia and China, China's expansionism, and particularly, when it comes to energy. And that is what I am going to be focusing on.

We have the resources right here. We have unprecedented levels of resources. I don't have to tell you that I represent most of the Permian Basin, where 40 percent of our country's production comes from. So, this is very important,
but it is a national security issue.

And it is disappointing to see that, out of the 82 active projects in the DFC, that not any of these mention LNG; and that we don't see the actual work that was set up in the previous administration to counter the influence from China. And only two of the projects have made investments that are actually pertaining to energy security, and both of those in Turkey are focused on building up renewable capacity.

So, when you look at the projects that are going on right now across the globe -- and I know that there have been some references earlier today -- I am extremely worried about the energy crisis in Europe, one that could hit the United States; the need for LNG in places like Japan that are trying to counter what they used to get from Russia.

So, Ms. Spahn and Ms. Albright, thank you for your service. I am going to focus, however, on DFC. Given the ESG goals that see out of DFC right now, and particularly, when you look at the environmental and societal destruction that has been caused by Russia inside Ukraine, and knowing the dependency that the European community has been dependent on Russia, is the DFC revisiting any of its current policies?

Mr. Nathan. Thank you for the question.
I, too, share your concern about energy security, energy independence, energy dependence in Europe. I think it undermines their security. What we have seen in the last couple of months, since February 24th, just supercharges that and highlights that.

That is why I am very happy to be going next week to the Three Seas Summit --

Mr. Pfluger. Okay.

Mr. Nathan. -- in Riga. I am happy that we are going to be supporting that initiative. Our ability to invest into that fund --

Mr. Pfluger. Let me ask you, specifically in that fund, are there any active LNG terminals, any pipelines, any other infrastructure that are part of the Three Seas that DFC is going to participate in and get to the commitments that were previously made?

Mr. Nathan. So, the only area that we can invest, that the Fund is eligible to invest, is in energy, because of the European Energy Security and --

Mr. Pfluger. So, can you give us a preview of what pipelines, terminals, and other infrastructure related to LNG --

Mr. Nathan. So, that fund is managed by a fund manager. They have a pipeline of transactions that I can't discuss
with -- it is their commercial information.

Mr. Pfluger. I do like the analogy of "pipeline of transactions."

Mr. Nathan. Right. But they are focused on energy infrastructure. That is what we would be investing through that Three Seas Initiative --

Mr. Pfluger. Specifically, LNG is my question.

Mr. Nathan. Yes, so we are looking at LNG projects in Bulgaria, the Baltics, in Greece. These are projects that --

Mr. Pfluger. But are they going to be a part of the Three Seas Initiative?

Mr. Nathan. I can't, since we are not managing that fund directly -- that is by a fund manager --

Mr. Pfluger. I think you see the frustration that we have here. Three Seas is specific to the infrastructure, and the intent was for LNG. It, obviously, includes a bigger picture of energy, but we have the LNG. These countries are asking us for our LNG. This is the perfect opportunity in a private-public partnership, and it is hard to have a conversation when, at the head of DFC, that we can't even get a straight answer on whether or not there are going to be LNG-specific projects here.

Mr. Nathan. Well, I'm not -- I'm not "not giving" you a straight answer. That fund is managed by a fund manager.
Energy infrastructure is the area that we would be financially supporting them. LNG falls under that. I can't promise you what that fund manager will be investing in because it depends on the nature of the individual investment opportunities. But I can tell you that it is within the energy infrastructure area and LNG is part of that.

Mr. Pfluger. I have got 25 minutes in questions, but, unfortunately, the chairman will only give me 5 minutes today.

So, thank you very much. I yield back.

Chairman Meeks. The gentleman yields back.

And I now recognize Representative Joaquin Castro of Texas, who is the chair of the Subcommittee on International Development, International Organizations and Global Corporate Social Impact, for 5 minutes.

Mr. Castro. Thank you, Chairman.

Ms. Albright, recently, the Nepali government ratified its compact with MCC which would provide Nepal with hundreds of millions of dollars in development assistance. Congratulations. And I know that getting it done was a bit of a struggle.

I think the situation in Nepal and the rejection of the proposed MCC compact with Sri Lanka is an example of why we should not politicize our development assistance. We saw how
those opposed to the United States were able to take stray comments about the compact to imply that taking U.S. assistance would commit Nepal to aligning against China, when that is not what the United States is trying to achieve.

And can you speak to what lessons the MCC compact in Nepal and the compact negotiations with Sri Lanka hold? And what does it teach us about how we should rhetorically link international development and our foreign policy interests?

Ms. Albright. Thank you, Mr. Chairman, Mr. Congressman, for the question. And let me take the opportunity to congratulate the team on incredible work in Nepal.

The lesson coming out of both Sri Lanka and Nepal for us is, unfortunately, how politicized our work can get. And in the case of Sri Lanka, we were forced to back away from it. In the case of Nepal, it took a lot of engagement locally with various stakeholders to get the compact actually ratified.

And the lesson we take away from it is how prevalent mis- and disinformation is and the impact that it can have on our work. And we expect that this will continue through the region.

Mr. Castro. Well, thank you.

And I have a question for Mr. Nathan on the DFC. As you know, the DFC is currently in the process of implementing the
European Energy Security and Diversification Act of 2019, which allows the DFC to do work in high-income countries to help reduce European reliance on Russian energy.

Congressional intent was always for the DFC to prioritize low- and lower-middle-income countries. I believe that we need to be very cautious about the DFC's work in high-income countries, which have resources of their own and access to international lending markets. If DFC is perceived as serving the narrow interests of whomever is in charge, the broad and bipartisan coalition behind it will be in jeopardy.

We saw troubling actions during the last administration, but I am hopeful that you will course-correct now. So, my question, how is the DFC going to analyze the development impact of work it does in high-income countries in implementing this Act? And will you share with Congress the Impact Quotient of any projects you are pursuing in high-income countries, so we can conduct oversight over the development impact of these projects?

Mr. Nathan. Thank you for the question, Congressman.

And I do believe it is important to pursue our dual objectives, the dual mission of DFC that was given to us by the BUILD Act. And that is to make development impact in the poorest countries of the world. That was the re-focus that DFC got when the BUILD Act created it.
But there is, also, the context of pursuing the strategic interests, the foreign policy interests of the United States. I believe these two objectives are not in tension; that they are self-reinforcing. And we need to look at those objectives wherever we operate, whether it is in Latin America, the Indo-Pacific, Africa, or in Europe.

The European Energy Security and Diversification Act does direct us to pursue projects in Europe, as we have discussed several times today. We are going to be supporting the Three Seas Initiative Investment Fund. But it is part of an overall portfolio. We are building an organization. Our budget request here is to make our organization have greater capacity to be able to do all of these projects around the world and pursue precisely the type of objectives you mention.

Mr. Castro. Now, well, thank you for that reassurance. And I just want us to be careful that, over time especially, that we don't see too much mission creep and we don't get into a situation where we are becoming completely reactive to what Russia and China, and a few other countries, are doing, and we are making development decisions or DFC decisions based entirely on reaction, rather than on the work that we have in mind for development. But I know that you are conscientious of these things. And so, thank you for what
you are doing.

And I don't have a question about the Peace Corps, but I want to say thank you for all of your work. Your staff and your Corps members are incredible emissaries for the United States across the world. I mentioned to you before the hearing that my chief of staff was a Peace Corps member. And so, thank you for all the work you all are doing.

Ms. Spahn. Thank you for your support.

Chairman Meeks. Thank you. The gentleman's time has expired.

And before I go to our next member, I think that Mr. Nathan wanted to clarify something for the record.

Mr. Nathan. Thank you, Mr. Chairman.

Earlier, I gave an answer to a question, when asked about Nicaragua and Venezuela, where I used the term "closed." And I have been told that that is a technical term that refers to being prohibited by law or regulation from working there. I was using it colloquially. We are, effectively, closed. We don't work in Nicaragua or Venezuela. I just wanted to make sure there was no indication that it is the technical "close."

Mr. McCaul. Thank you for that.

Chairman Meeks. I now recognize Representative Dina Titus of Nevada for 5 minutes.
Ms. Titus. Thank you very much, Mr. Chairman.

I would echo Mr. Castro's remarks about the Peace Corps. Anytime I have encountered its members while I have been on HDP missions, they are always doing so much with so little. It is just incredible.

Also, building on his questions to Mr. Nathan, President Biden has taken a number of actions to support the development of critical minerals, including proposing changes to the Defense Procurement Act. Last year, as you may know, I, along with Representative Carter, introduced the Critical Minerals Access Act, which would enable or authorize the DFC to provide support to some countries for developing and processing certain critical minerals, if such support helped our national security.

Mr. Nathan, do you believe that the DFC should have a greater flexibility to support our national security interests, not just foreign policy interests, but national security, especially with countries whose economies are mischaracterized because they are based on protectorate status? This includes a number of islands in the South Pacific which really have the wrong category. They are not fully developed and they could benefit from some of this exploration for these minerals. Do you think that flexibility would be helpful?
Mr. Nathan. Well, thank you for -- thank you for the question.

We are pursuing right now a number of different transactions in the critical mineral area. This is an area of great interest. Whether we are talking about lithium, graphite, helium, cobalt, bauxite, even copper and nickel, these are potential projects we are pursuing. And I agree with you that I think it is in our national security interest.

I think inherent in your question was also eligibility to work in certain countries. Like my colleague from MCC, we are also governed by World Bank income classification categories. And that is within the BUILD Act statute. This occasionally has outcomes that are suboptimal in terms of where we can work. The income classification categories from the World Bank are a bit of a blunt instrument, and we are constantly analyzing this question to see if there is some way to do it better.

Ms. Titus. Was there something this committee could do or we could to help with that, especially these countries that have the protected status?

Mr. Nathan. Yes, we are in discussions with staff of this committee about potential measures that we can take.

Ms. Titus. Well, that is good to hear. Maybe you could
let me in on some of that, since I had the bill last time.

Also, when we are looking at your budget, do you think the budget needs adjusting to help you meet these new challenges, if some of this comes about?

Mr. Nathan. Well, thank you very much. I mean, the budget request that the President has made for fiscal year 2023 will allow us to grow our staff in line with the increased expectations for what we can deliver.

The billion dollars is composed of $220 million in administrative expenses, which will allow us, over the course of the next two years, to bring our staff to 700 people, and I think that is going to be critical to be able to not only source investments, analyze, and decide on them, but continue monitoring them going forward.

Ms. Titus. Okay. Thank you.

Ms. Albright, in your written testimony, you briefly mention some new blended finance initiatives with the DFC. The American Catalyst Facility for Development was kind of looked to limit risk and boost crowdfunding opportunities. Could you just elaborate? You also said that would be offering two new finance initiatives. Could you tell us what those are and how they fit in the picture?

Ms. Albright. Yes. Thank you very much, Congresswoman, for the question.
The American Catalyst Facility for Development -- and we are very proud to be working on that with the DFC -- enables us to catalyze private sector investment, where it is possible, into projects that MCC and DFC would have in common. And we have already begun to include in a couple of different countries provisions for ACFD funding to go forth.

We are also looking at blended finance. We have another program on the way to look at where gap financing might be necessary also on infrastructure projects. And I would be happy to follow up with your office on specifics in both cases.

Ms. Titus. That would be great. Thank you.

Because we so often hear the United States isn't very available with any help, so countries are forced to go to China. And I just don't believe that is true. So, appreciate learning more about that.

Thank you, Mr. Chairman. I yield back.

Chairman Meeks. The gentlelady yields back.

I now recognize Representative Young Kim of California for 5 minutes.

Mrs. Kim of California. Thank you, Chairman Meeks. And I would also like to thank Ranking Member McCaul for holding today's hearing.

And I want to thank the witnesses for joining us today.
The CCP is financing major infrastructure projects in Africa and in the Indo-Pacific with the intention of being the dominant political and economic force in the regions. As Congress continues looking for a bipartisan, bicameral agreement on USICA and COMPETES, we should recognize the critical role that DFC and MCC play in making countries in the region less reliant on China, China's Belt and Road initiatives.

Mr. Nathan, I have a question for you. Can you please provide examples of how the DFC has countered the PRC's malign influence in the Indo-Pacific region and in Africa?

Mr. Nathan. Thank you for the question.

So, we are currently pursuing a transaction that is in the South Pacific. It actually involves six different countries. It is in the telecom area, and it involves the upgrade of cellular and digital network. This is critical that the technology being used here is open and safe and secure, as opposed to the technologies provided by Huawei and ZTE. This is a transaction that I am hoping we will be in a position to announce in very short order.

I would say, in general, our transactions that strengthen economic growth, innovation, and inclusion in development also are demonstrating our values and help provide an alternative to the offerings of authoritarian
governments. So, there is a long list of projects that fall into that category.

But, in terms of large-scale infrastructure, in Africa, we have another project in the pipeline that is a major toll road that, by providing financing along with European partners, we will do it in a sustainable way that doesn't burden the country with unsustainable debt with strings attached.

Mrs. Kim of California. Thank you, Mr. Nathan.

I have a question for Ms. Albright. Can you please describe MCC's plans to catalyze the private sector investment more effectively and describe what opportunities exist for leveraging more private sector investment in the Indo-Pacific?

Ms. Albright. Thank you very much for the question, Congresswoman.

A couple of points on catalyzing private sector investment. Often, we see that one of the barriers to private sector investment is the absence of a proper regulatory framework. And so, we are able to work with countries on policy and institutional reform in a number of different ways. And that becomes a precursor to greater private sector investment.

As I mentioned a moment ago, we also have a specific
program, the ACFD, American Catalyst Facility for Development, with the DFC which specifically channels money in a way to target, to catalyze additional private sector investment.

In terms of specific examples, what I can do is come back to your office and share with you in the Indo-Pacific where we are specifically working on ACFD and other transactions, specifically around the private sector. And I would be happy to do that.

Mrs. Kim of California. Thank you. I would love that followup.

I do have one more question for you, Ms. Albright. How does MCC plan to better use its blended finance toolkit and increase collaboration with other agencies?

Ms. Albright. Thank you, Congresswoman.

Similar to the previous answer, our toolkit is very complementary with DFC's. Our primary counterpart of governance, the DFC, as Mr. Nathan has described, is the private sector, but the tools very much fit together and we work with them closely. I have mentioned the ACFD as one example of that.

We also work closely, as they are on our Board, with USAID in understanding what their overall goals are and how MCC's work can fit with it. So, across the board, I think we
Mrs. Kim of California. Thank you very much. I don't know if I have any more time left, but I would like to yield back. Thank you.

Chairman Meeks. The gentlelady yields back.

I now recognize Representative Susan Wild of Pennsylvania for 5 minutes.

Ms. Wild. Thank you very much, Mr. Chairman.

I would like to direct my attention to Ms. Spahn. Like many Members, I am proud to represent a district, Pennsylvania's 7th District, which includes a vibrant, multigenerational community of current and former Peace Corps volunteers who have served around the globe. I am also very proud that, many moons ago, my mother worked at Peace Corps headquarters here in Washington, D.C. And I am asking this question today, collectively, on their behalf.

Every appropriation season, I receive an outpouring of passionate messages from these constituents who urge me to support the most robust possible funding for the Peace Corps, and each year, I prioritize this cause. But, despite the enormous support in my community and across our country for the work of the Peace Corps, I am disheartened by the fact the funding has not kept pace with the needs of the program.

Adjusting for inflation, funding levels for the Peace
Corps have declined by 14.3 percent since 2010. Can you describe what that drop in funding means in practical terms for the Peace Corps' ability to reach communities around the world?

Ms. Spahn. Absolutely, and thank you to your mother for her service, and to all of those constituents as well. And I am not surprised that they are writing you letters. They are very passionate about what it means, both for the countries we serve and for the United States.

I was serving as Country Director in Malawi in 2016, when we received $410.5 million, and then, witnessed every year the value of that appropriation go down. That meant that we took cuts at our headquarters first to protect the field and to protect the number of volunteers and the number of countries that we serve.

So, that really has been the priority of the agency, but it did require cutting back in a number of different areas. This included cuts in IT, infrastructure, some basic services that we only now really have been able to utilize funding over the last couple of years with no volunteers in the field to bring those systems back up-to-speed and to begin to modernize. There are other areas that were underfunded or de-prioritized, I should say, along the way, in support of maintaining those volunteer numbers.
As we look forward, as I mentioned in my testimony, our priority is to return to the countries that we left. We do have adequate funding in 2023 to begin to build back, but we do have a robust set of countries that would like Peace Corps volunteers. And, you know, we are faced with a situation now where we need to look at how far we want to go in exploring those options and opportunities, and again, how we balance making sure that we have quality systems in place to support our volunteers, to support our host countries, while looking at the geographic region number of volunteers going forward.

Ms. Wild. It must be very challenging to have to balance those needs. I know you would like to expand as much as possible.

I often think of our international affairs budget and talk about it as an investment in our future. And I think the Peace Corps is a perfect illustration of that concept. Can you talk about how a strong and robust Peace Corps contributes to improving our country's standing, effectiveness, and influence on the international stage?

Ms. Spahn. Well, there is nothing more powerful than hearing from a senior official in any number of countries -- like I can talk about the Ambassador from Mongolia to the United States. He was impacted by a volunteer. The first supreme court justice, female supreme court justice in
Malawi, and others who have really said how important it was that someone from America who had more opportunities than they did took the time and cared enough to come into their community, learn their language, and live amongst them, and build that relationship.

And today, as I mentioned, that relationship does not stop after two years. And we saw that with the terrible situation in the Ukraine. Some of the first responders were Peace Corps volunteers who jumped onto Facebook, who leveraged their systems; who were working with host families, people they had known for 10, 20 years prior -- raising money; helping them share information about ways out that were safe; helping them find housing in Poland and supporting them in Moldova. It is incredibly powerful.

Ms. Wild. Well, thank you very much. I wish I had more time. I do appreciate very much the work that you and all of the Peace Corps do.

Ms. Spahn. Thank you so much.

Chairman Meeks. The gentlelady's time has expired.

I now recognize Representative Chrissy Houlahan of Pennsylvania for 5 minutes.

Ms. Houlahan. Thank you, Mr. Chair.

And thank you to all of you for being here for so long.

Mr. Nathan, my questions have to do a lot with your
opening statement. I was really fascinated by the DFC model catalyzing the private sector. I wasn't here when you were birthed as an organization.

I was really happy to hear about how robust the administrative part of the budget is because I think that we don't do a terribly good job of providing the administrative budgets for many of our ideas. Very much happy to hear about the generous programming funds as well.

Interested to hear, as you outlined the competitive process that you laid out, an example that you gave where there were several bids, and one of them happened to be Huawei, or something related to that, and that you were grateful that they did not prevail.

I was very happy as well to hear you talk about the multiple funds, small business funds for places like Egypt and Vietnam and for women-focused issues as well.

I was also happy to hear Mr. Sherman's questions about ROI and the fact that you articulated that there was a positive ROI. I would like to get deeper into what that actually is and how you measure it.

But my question is more about the end of your presentation, where you spoke a little bit about impact measurements and the tools that you were defining and refining, as you used your terminology, to assess, of the
people and organizations that you were providing resources to, how are you assessing that the other two bids that were not Huawei were actually good companies, or that the money that we were providing for funds was actually going to organizations that had strong CSR, strong ESG values? And what is that impact tool that you are using? And do you need help in defining that?

Mr. Nathan. Thanks for such a great question.

So, in regard to our Impact Quotient tool, this is an impact measurement tool that was introduced two years ago, and we are in the process of refining it. It is an important analysis undertaken by our team prior to any investment being considered by our investment committee or moving forward.

It looks at three main elements: the contribution of the investment we are making to economic growth in the country where we are working, and what that means for stability. It looks at inclusion, the extent to which the investment financially empowers underserved communities, women, small businesses. It looks at innovation, the extent to which the nature of the business is demonstrating what we can do to crowd in private sector capital to help achieve our development objectives.

A score is determined, and this becomes an important part of our analysis, in addition to the financial and risk
analysis that we do for every project, every loan, every investment, and the ESG screening that we do to make sure that there is environmental and social standards applied, to make sure there is not any adverse impacts.

This is important prior to make an investment. It is part of our due diligence. It is overlaid on the financial analysis, the "know your customer" analysis, the other due diligence elements.

But it continues after making the investment. And what I referenced in my testimony is that this is an area where we need to continue to build. As our portfolio grows, as there is pressures to do things all over the world, to meet our development objectives, and to meet our strategic objectives, we need a greater staff to be able to monitor on an ongoing basis compliance with all the things I just mentioned. It is a critical part of what we do.

Ms. Houlahan. Yes, and as we know, the private investment sector and the private sector is really moving rapidly towards strong ESG- and CSR-related values. And it sounds as though -- what I am wondering is, do you need any congressional help in that area to be able to invest better, as you said, and beef up that area in your organization, better to be able to assess that?

And I see a connection between -- you outlined
innovation and inclusion, and opportunity I think was the
third --
Mr. Nathan. And economic growth.
Ms. Houlahan. -- economic growth. And then, you added
ESG. Like those things, to me, the investment, the
investors, the organizations that you are working with, ought
to also be passing the screening test, not just the thing
that you are doing, but the people that are doing it I think
is really important.
Mr. Nathan. I think that is an excellent point, and it
is a critical part of our analysis: who are the people we
are investing in? Under the 2X Initiative that was started
in 2018, we value and give extra points in the IQ score that
I was talking about for women-led businesses or the inclusion
of diverse communities, underserved communities, not only in
the outcome from the investment, but also in the management
of it.
Ms. Houlahan. Thank you.
I know I have run out of time.
Ms. Spahn, I have a question for the record for you.
And, Ms. Albright, I have a question for the record for
you.
And I yield back. Thank you.
Chairman Meeks. The gentlelady's time has expired.
I now recognize Representative Andy Levin of Michigan, who is the vice chair of the Subcommittee on Asia, the Pacific, Central Asia, and Nonproliferation, for 5 minutes.

Mr. Levin. Thank you so much, Chairman Meeks, for convening this hearing.

And thanks to all of the witnesses for being here.

I am going to focus on the climate crisis. I know all of your agencies are playing a role in addressing it.

Let's start with the International Development Finance Corporation. I was glad to see the Biden administration's announcement of a net zero emissions target for DFC by 2040 and its intent for one-third of all new investments to be climate-linked by fiscal year 2023.

That is a really laudable goal, Mr. Nathan, but I would like to understand what I see as a mismatch in funding commitments and the goals. Your testimony states that, of $6.7 billion in new transactions last year, DFC committed $454 million for climate mitigation, resilience, and adaptation. So, that is about 6.7 percent, which is, you know, pretty far off the target of one-third for next year, which is coming right at us.

So, what are the barriers to increasing this percentage and how will DFC improve in the next year?

Mr. Nathan. Well, thank you for the question.
Making investments that help with mitigation and adaptation in the climate crisis is a critical part of our focus. The goals were aspirational in order to focus the organization. It is also important to realize that projects take time to work through our process; to go from initiation and business development through all the analysis, the documentation, ultimately, to decision and disbursement. So --

Mr. Levin. So, you don't have to meet the goals if they're just aspirational?

Mr. Nathan. I didn't say that we don't intend to meet them. We will try our hardest to meet them.

Mr. Levin. Okay. All right. Well, that is good. I appreciate that, and I know it is a lot of work.

We know that countries in the global south are likely to face the worst impacts of climate change, but that they can be the hardest to reach with internationally financing. We also know that helping them is critical for broader U.S. foreign policy goals.

For example, investments in resilience and adaptation in the Northern Triangle countries face serious barriers, given the governance and corruption concerns. But such investments are also essential if we want to help prevent ongoing climate-related migration crises.
So, how is DFC ensuring that its climate-related projects are primarily targeting low-income countries and creating better business environments for private sector investments?

Mr. Nathan. Well, you are right that finding ways to enhance development, particularly in a sustainable and clean way through energy, is critical to development, critical to keeping people employed, critical to economic growth, which keeps people in place in their local communities.

This is an emphasis, but in the lowest-income countries there is often difficulty finding investments at scale or making sure that the enabling environment supports making these investments. This is where we are putting a huge amount of effort to make sure that is true -- not just as DFC, but working with our interagency colleagues to work that. This is part of a whole-of-government exercise and will be critically important going forward.

Mr. Levin. Well, thanks.

Let me turn to the Millennium Challenge Corporation. I am glad that the MCC model has incorporated climate across its investment portfolios, but I worry that we are not moving nearly fast enough. It is great to see MCC's coal-free policy, but what we really need is a fossil-fuel-free policy to leapfrog developing countries all the way to renewable
energy.

Ms. Albright, would a renewable-only policy be feasible for future MCC investments? And what are the barriers to increasing those investments?

Ms. Albright. Thank you, Congressman, for the question.

Just to touch briefly on what our commitments are, we made a commitment that, over the next five years, 50 percent of our program funds will be dedicated to what we call climate-related investments. Examples of that are drought-resistant crops in Niger, for example, as well as flood-resistant roads in the Philippines. And we are on track to meet those investments.

You are right, we do have a coal-free policy. At the moment, the way our model works is that we will evaluate all options that countries would like us to explore, but we also believe that we are on track to meet the 50 percent of program funds towards climate-related activities over the next five years.

Mr. Levin. Okay. Thanks. Well, that was a perfectly timed answer for my remaining, and we will --

Chairman Meeks. The gentleman's time has expired.

Mr. Levin. -- have questions for the Peace Corps for the record.

Thanks, Mr. Chairman.
Chairman Meeks. I now recognize Representative Andy Kim of New Jersey for 5 minutes.

Mr. Kim of New Jersey. Yes, thank you. Thank you, Mr. Chairman.

Thank you so much for coming on out.

I wanted to just get a sense of where your organizations kind of fit in with strategies that we are trying to deal with as a country. As Secretary Blinken last month engaged on this, you know, the announcement about this new strategy when it comes to China. And I have been just trying to get a deeper sense of what the administration understands about that and where they are kind of getting at this from.

So, I want to just start with Mr. Nathan and Ms. Albright, in particular. Were you a part of that deliberation? Were you a part of that development process for a strategy dealing with China in this administration?

Mr. Nathan. I believe that Secretary Blinken's strategy was for the State Department and, no, we were not involved.

Mr. Kim of New Jersey. Were you consulted at all and asked about your particular organization's role in implementing? Because you are right, it was Secretary Blinken that announced the strategy, but my understanding about this was that this was a whole-of-government approach; this was laying out what the United States should be doing
vis-a-vis China, not just the State Department.

So, I guess I just wanted to get a sense, Ms. Albright, were you a part of that process that developed it and had input into how your organization may or may not be a part of it?

Ms. Albright. We, too, were not consulted. But we believe that our tools very much fit within the broader context. And the main thing to point out is that MCC is a grant-making organization. We are able to provide grants of hundreds of millions of dollars to countries to address the main challenges that they face. And that stands, of course, in stark contrast to what we see with China, who, as you know, is principally a lender and leaves behind a lot of unsustainable debt.

We also work in a highly transparent way, a very rigorous way in terms of program design. We also work in a lot of areas of policy and institutional reform. So, we believe that our model stands in stark contrast to what we see coming out of China and will play an important role in the overall administration's efforts in thinking about China.

Mr. Kim of New Jersey. I agree with you wholeheartedly there.

And, Mr. Nathan, you know, I have seen a lot of people comment about how DFC is potentially one of our best tools to
potentially compete with the Belt and Road Initiative and
other aspects of that.

But what I guess I am just trying to get a sense of is,
do you see the DFC actually playing that role? Like is our
strategy vis-a-vis China actively something that is a top
priority for your organization or is that just a byproduct of
what you are accomplishing?

Mr. Nathan. So, it definitely is an important part of
our thinking, our strategy, our planning. And I should say,
we are very much involved in interagency process at all
levels of our organization, from principals, deputies,
committees, on down to IPCs.

But we are an implementing agency. We are doing
transactions. We are trying to get private capital to do the
transactions that serve the interests that are part of the
policy, the Indo-Pacific strategy, the China strategy, that
is laid out. So, we are very much involved in thinking about
the right way, what resources, and what tools are necessary
to implement that strategy.

Mr. Kim of New Jersey. And that is actually why I am
interested in this line of questioning. You are in many
ways one of the closest elements in executing and
implementing this. And I am just trying to figure out, how
does that fit in with the bigger picture?
And I guess my other question to you would be, as you hear this strategy from the Secretary, you get the sense of the what the Biden administration wants to do with China, are they asking you to do something that you are not already doing? Is there something that is laid out in that strategy, in that approach, that is calling upon your organizations and institutions to do something else? Or do you feel like, you know, what you are doing right now is very much in line with the strategy and that there is nothing necessarily different that you need to do?

Mr. Nathan. Well, let me give you an example of maybe something that would help give this concrete terms. As part of our development of an Indo-Pacific strategy, and the Quad Initiative Quad Initiative, I went to Japan during President Biden's trip. We hosted a meeting or participated in a meeting hosted by my Japanese counterpart at JBIC, along with the Indian Exim Bank and Australia, my counterpart in the Australian ministry who focuses on the type of investments that we could all potentially do in collaboration, in order to strengthen the cooperation amongst the Quad nations.

This is a part of the overall strategy. This was a new thing that had never been done before, and I think it was a real singular accomplishment.

Mr. Kim of New Jersey. Well, I look forward to seeing
I now recognize Representative Sara Jacobs of California, who is the vice chair of the Subcommittee on International Development, International Organizations and Global Corporate Social Impact, for 5 minutes.

Ms. Jacobs. Well, thank you, Mr. Chairman.

And thank you, all three of you, for being here today.

I, first, want to ask you a question, Ms. Albright. I am member of the Conference Committee for the COMPETES Act.

And thank you, Mr. Chairman, for appointing me to that.

And the Conference Committee discussions on the American COMPETES Act are currently underway, as I am sure you know.

And one provision, as I understand it, could prove challenging for the MCC. It is a provision that prohibits MCC assistance to countries that host a military installation of the PRC or facilitates the expansion of the presence of the PLA for purposes other than participating in peacekeeping or humanitarian, medical, and disaster relief operations.

I know, in response to my colleague, Mr. Castro's question, you already talked a bit about the challenges with disinformation in Nepal and Sri Lanka. But could you briefly talk about how this provision might be difficult for MCC and
exacerbate this challenge?

Ms. Albright. Thank you very much, Congresswoman, for the question.

We certainly understand the circumstances that have given rise to the COMPETES Act. That said, we believe that it does create some serious issues for MCC. And we would be more comfortable with a much brighter line between MCC and the military.

If MCC were included in the Act, we believe that it would increase what would be considered or received as sort of a military posture for the agency. And that was, in part, underlying some of the mis- and disinformation that we encountered when, for example, we talked about our compact in Nepal, when we were trying to counteract that.

So, some of the things that we heard in the mis- and disinformation space was, and I will quote, "MCC would build Army bases in Nepal." "Ratifying MCC would be joining the U.S. military-led alliance." You can see that these kinds of comments are not constructive in trying to help in the international development space.

So, we understand the COMPETES Act, but in terms of the specific zone that we occupy, we think that it would not be constructive for our work. And we would respectfully request that we be taken out of that legislation.
Ms. Jacobs. Thank you.

Still with you, Ms. Albright, in fiscal year 2022 and 2023, MCC expects that it will fund its first two regional compacts that Congress recently gave you the authority to do: the Benin-Niger transportation compact and a Côte D'Ivoire regional energy program.

What challenges has MCC experienced to date in the design of the West Africa compacts? And to what degree have you all coordinated with the State Department and USAID to ensure these compacts work toward the implementation of the Global Fragility Act, given that coastal West Africa is one of the priority regions for the Global Fragility Act?

Ms. Albright. Thank you very much for the question.

In general, the regional authority is a very useful one, because it does foster regional integration in a variety of ways. And we are quite hopeful that that is what we see coming out of these two compacts.

In terms of the challenges, it is a complicated thing to execute because each country alone has to qualify for MCC assistance, and then, together, the program has to qualify. So, you can see that if -- and this is what happened to Burkina Faso -- that if a particular country falls out, that they would no longer be able to qualify, which is why the scope of the regional one with Côte D'Ivoire and the West
Africa Power Pool has now been limited.

The State Department and USAID are both on our Board. The Statement Department, the Secretary, in fact, is the Chair of the Board. And so, they are well aware of all of our pipeline, all of our work, and often, offer us suggestions. And where MCC's work does coincide with the scope of the Global Fragility Act, we are very happy to coordinate with them to make sure that the tools that we do have feed into the goals of the GFA.

Ms. Jacobs. Okay. Great. Well, I will look forward to hearing updates on that.

And really quickly for you, Mr. Nathan, the key to the success of many of these programs is effective monitoring and evaluation. The OIG highlighted some concerns with that at DFC. So, I was just wondering, in 30 seconds, if you could tell us how you are working on a DFC oversight monitoring and evaluation to make sure that the programs are working.

Mr. Nathan. Thanks for the question.

Monitoring and oversight of our portfolio is incredibly important. It is one of the reasons why we have asked for an increase in our administrative budget, to make sure that, as our portfolio grows, we have adequate staff that grows at the same pace as our portfolio in order to do that. So, it is of high concern to management and the Board and our Inspector
General to make sure that that is accomplished.

Ms. Jacobs. And to us in Congress as well.

Thank you, Mr. Chairman. I yield back.

Chairman Meeks. The gentlelady's time has just expired.

I now recognize Representative Kathy Manning of North Carolina, who is the vice chair of the Subcommittee on the Middle East, North Africa and Global Counterterrorism, for 5 minutes.

Ms. Manning. Thank you, Chairman Meeks.

And thank you to our witnesses for being with us today and for your service.

Mr. Nathan, there is strong support in Congress for the Nita Lowey Middle East Partnership for Peace Act, which the DFC implements, along with USAID. Can you tell us, what is the size of the DFC's Joint Investment for Peace Initiative?

Mr. Nathan. So, my understanding is that ever year there is $50 million between USAID and DFC. It is not allocated between the two, and it really depends on the flow of projects that we can generate and analyze.

Ms. Manning. Has DFC established a dedicated online application or call for proposals?

Mr. Nathan. We have hosted townhalls which have been done virtually, in order to try to generate as many project ideas as possible. It did generate a considerable pipeline.
Many of those are in the process of applying for financial support, and we are currently analyzing them.

Ms. Manning. Can you talk to us a little bit about what kinds of joint ventures between Israelis and Palestinians the DFC is considering?

Mr. Nathan. Yes. So, I met yesterday with Ambassador Herzog to discuss exactly this question. We would highly prioritize and be very interested in projects where we could invest alongside an Israeli partner in the Palestinian territories. Unfortunately, after our first townhall and in our pipeline, we only have one such project. But the Ambassador and I and our two teams are going to work very hard on making sure that we can generate more projects like that.

Ms. Manning. What about projects that would include some of the other Abraham Accord countries?

Mr. Nathan. So, of the four countries that recognized Israel in 2020 as a result of the Abraham Accord, we are only eligible to work in Morocco at the moment. That is the only place that we are able to work.

The Ambassador and I did discuss the potential of cooperating to potentially invest in Morocco. Morocco is a country where we have quite a few potential projects. But, even beyond that, potentially, investing with Israel,
Morocco, else in Africa, which I think would really solidify the type of strategy that is behind all these initiatives.

Ms. Manning. What are the barriers to working with the other Abraham Accord countries?

Mr. Nathan. So, income status is one of them. Bahrain and the United Arab Emirates are high-income countries and we can't work there. And then, the fourth country is Sudan, which at the moment we are not actively working.

Ms. Manning. Okay. And how the administration seeking to increase private sector development in the Middle East, whether under the rubric of the Abraham Fund or otherwise?

Mr. Nathan. So, we are working very hard to generate as many investment ideas as we can. Egypt is one of our -- currently within the existing portfolio -- one of our larger areas of exposure. And we have recently concluded some deals there.

We are looking elsewhere in the region. It is a priority for us.

Ms. Manning. Thank you very much.

Ms. Spahn, in 2019, the House rejected an amendment which would cut entirely the Department of State and USAID's bilateral economic assistance and the independent agency funds. Can you talk to us about how eliminating these investments, including 7200 Peace Corps volunteers, would
hurt America's interests?

Ms. Spahn. I'm sorry, can you repeat that question?

Ms. Manning. Yes. I understand that the House rejected an amendment, in 2019, the House rejected an amendment that would cut Department of State and USAID's bilateral economic assistance and independent agency funds. How would that hurt the Peace Corps volunteers and America's interests?

Ms. Spahn. Well, I would say that, you know, both investments in international development and international diplomacy, both through the State Department -- and you are really at the grassroots level through Peace Corps -- is critically important. Our engagement overseas in countries around the world is critically important, and any cuts to that, particularly at this time -- following COVID, following a period of tremendous global isolation, we are, essentially, at this time really determining how we move forward in a new global landscape. So, any cuts to that, that apparatus, you know, and the investments that we make in those countries, really damages the U.S. reputation in those countries and our engagement with them long term.

Ms. Manning. Thank you.

My time is about to expire. I yield back.

Ms. Spahn. Thank you.

Chairman Meeks. The gentlelady yields back.
And I believe that is the end of all member questions. So, they have now concluded. Let me just take the time to say thank you to our witnesses for your time and for your testimony today. You could see the tremendous interest that members on both sides of the aisle have with reference to the three agencies which you represent. And the American people, as we in Congress, we are dependent upon you.

You know, it is crucial that your agencies have robust resources to carry out your missions, to promote what I call the four D's -- development, democracy, diplomacy, and diversity. And we need to do that at home and around the world.

So, I know I look forward to continued engagement with each of your agencies. I will continue to work with my colleagues to ensure that you are successful.

You actually save the taxpayers money overall with your success. And I think this is an area where we can work collectively in a bipartisan manner to do just that. This is not one of those partisan issues that we have to deal with in Congress. Each of your agencies is tremendously important and shows who we are and the values of the people of the United States of America.

So, I want to thank Ranking Member McCaul, also, for his
partnership in holding today's hearing. And we often talk
about the agencies which you represent.

And I want to thank all of the members on both sides of
the aisle on this committee for participating in this
important hearing this morning and afternoon.

So, let me just say thank you again. Thank you very
much.

And this hearing is now adjourned.

[Whereupon, at 1:05 p.m., the committee was adjourned.]