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6 THE ADMINISTRATION'S FY23 BUDGET REQUEST

7 FOR THE PEACE CORPS, DEVELOPMENT FINANCE

8 CORPORATION, AND MILLENNIUM CHALLENGE

9 CORPORATION

10 Tuesday, June 14, 2022

11 House of Representatives,

12 Committee on Foreign Affairs,

13 Washington, D.C.

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17 The committee met, pursuant to call, at 10:10 a.m., in  
18 room 2172, Rayburn House Office Building, Hon. Gregory Meeks  
19 [chairman of the committee] presiding.

20 Chairman Meeks. The Committee on Foreign Affairs will  
21 come to order.

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

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

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

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

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

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

44 Peace Corps.

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

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

59 Next is the United States International Development  
60 Finance Corporation, or known as the DFC, which is a nascent  
61 agency founded in 2019 after the passage of the bipartisan  
62 BUILD Act of 2018, which many on this committee cosponsored.  
63 The agency's mandate prioritizes support in less developed  
64 countries with low- or little-income economies -- a mission  
65 that is critical to our efforts to meet our climate and  
66 global infrastructure commitments, as well as provide a  
67 sustainable alternative to Russian and Chinese financing,

68 which is often unsustainable and serves as a tool, as they  
69 expand their malign influence. To do so, the Biden-Harris  
70 administration centered the DFC as a premier agency in the  
71 United States Climate Finance Plan to meet the G7 climate  
72 goals and Paris Agreement's commitments.

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

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

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

90 Last year, the committee passed the much-needed Peace  
91 Corps Reauthorization Act authored by former Peace Corps

92 volunteer, and now a member of the United States House of  
93 Representatives, John Garamendi from California. And it was  
94 passed with strong bipartisan support. So, we hope to move  
95 the bill to the Floor very, very soon.

96 For fiscal year 2023, the administration has requested  
97 \$430.5 million for the Peace Corps to deliver on strategic  
98 objectives to reimagine service, advance equity, and deliver  
99 quality projects in local communities around the world. The  
100 Peace Corps is now preparing for the return of volunteers at  
101 posts in nearly all countries from which it evacuated in  
102 March 2020 due to the COVID-19 pandemic.

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

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

115 So, I look forward to hearing from our witnesses today

116 to discuss how each agency is best utilizing taxpayer dollars  
117 to meet these challenges head-on and ensure that democracy  
118 prevails.

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

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

123 Mr. McCaul. Thank you, Mr. Chairman.

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

130 We have the Development Finance Corporation and the  
131 Peace Corps.

132 And when I look at our world, I see serious threats  
133 facing the United States and our partners. As the chairman  
134 mentioned, Russia's unprovoked war of aggression in Ukraine  
135 is causing untold human suffering. In recent months, we have  
136 traveled to Poland, Romania, the Czech Republic, Moldova; met  
137 with Ukrainian refugees, most of whom are women and children.  
138 They have left behind their husbands, fathers, brothers --  
139 unsure if they will ever see them again.

140           And the war is having devastating impacts globally,  
141 especially in the developing world. In fact, we met David  
142 Beasley of the world Food Programme talking about how the  
143 Odessa port being blocked off is going to block a third of  
144 the global wheat supply. And Ukraine is a critical supplier  
145 of wheat, and again, Russia is blockading the Black Sea to  
146 choke off Ukraine, not unlike what Stalin did many years ago.  
147 And this stops the exports and threatens future harvest.

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

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

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

161           All three agencies represented here today play a  
162 critical role in the United States foreign assistance  
163 efforts. The Development Finance Corporation is one of the

164 newest institutions in our assistance toolkit. I am proud to  
165 have been a strong supporter of the BUILD Act and a major  
166 player in that, which established the agency. Congress  
167 created the DFC with a strong development mandate, while also  
168 seeking to counteract the malign influence of the CCP --  
169 often spread by its Belt and Road Initiative.

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

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

186 And in the same way, I am interested in hearing from  
187 you, Ms. Albright, on your plans, as head of the MCC. It has



188 built a great reputation, based on its ability to hold  
189 partners to a high standard of accountability. However, the  
190 agency does face increased challenges from the CCP as it  
191 pursues new partnerships on the front lines of this strategic  
192 competition.

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

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

209 So, I want to thank everyone for being here today.

210 Chairman, thanks for calling this hearing, and I yield  
211 back.

212 Chairman Meeks. Thank you, Mr. McCaul.

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

217 Mr. Castro. Thank you, Chairman Meeks.

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

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

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

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

232 And with that, I yield back, Chairman.

233 Chairman Meeks. Thank you, Mr. Chairman.

234 And I now recognize Representative Malliotakis, who is  
235 the ranking member of the International Development,

236 International Organizations and Global Corporate Social  
237 Impacts Subcommittee, for 1 minute.

238 Ms. Malliotakis. Thank you, Chairman Meeks, and Ranking  
239 Member McCaul, for calling this important hearing and for  
240 your continued efforts to ensure that our foreign assistance  
241 programs are appropriately funded and targeted to allow  
242 United States international development efforts to thrive.

243 And I am proud to say that the United States is known  
244 within the international community to be a nation that  
245 encourages and fosters growth and cooperation through our  
246 foreign outreach and aid programs, helping developing nations  
247 make the transition. Our assistance to self-reliance is a  
248 monumental undertaking that is not to be taken lightly.

249 As we deal with the pandemic's effects and recalibrate  
250 our international development efforts to meet current needs,  
251 we must demand accountability of these programs and ensure  
252 that they deliver the intended result of assisting our  
253 partners in advancing United States interests. We have a  
254 responsibility to the American people to ensure that these  
255 investments on behalf of the U.S. taxpayers not only advance  
256 U.S. foreign policy initiatives, but also challenge malign  
257 influence of foreign actors.

258 Our adversaries are taking every opportunity to impose  
259 debt-trap diplomacy on developing countries through their

260 Belt and Road Initiative. The United States needs to present  
261 itself as a preferred partner, and these three agencies  
262 represented here today play an important role in that effort.

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

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

267 Chairman Meeks. Thank you, Ranking Member Malliotakis.

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

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

278 Next after that, we will hear from the honorable Scott  
279 Nathan, who serves as the Chief Executive Officer of the  
280 Development Finance Corporation, one that we are depending  
281 upon, I think, in a bipartisan way, as Mr. McCaul talked  
282 about, to make sure that America is at the table and  
283 delivering against the malign interests of Russia and China.

284           And he, in his own right, has had extensive experience  
285 across the public and private sectors also, including at the  
286 Department of State, where he traveled to more than 30  
287 countries supporting the Obama-Biden administration's  
288 economic diplomacy agenda. We welcome him.

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

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

303           So, I now recognize the honorable Alice Albright for her  
304 statement.

305 STATEMENTS OF ALICE ALBRIGHT, CHIEF EXECUTIVE OFFICER,  
306 MILLENNIUM CHALLENGE CORPORATION; SCOTT A. NATHAN, CHIEF  
307 EXECUTIVE OFFICER, U.S. INTERNATIONAL DEVELOPMENT FINANCE  
308 CORPORATION, AND CAROL SPAHN, CHIEF EXECUTIVE OFFICER, PEACE  
309 CORPS

310

311 STATEMENT OF ALICE ALBRIGHT

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

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

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

328 For fiscal year 2023, MCC is requesting \$930 million to

329 support the agency's priority areas: climate-related  
330 economic development, inclusion and gender, and catalyzing  
331 private sector investment. In fiscal year 2023, we also  
332 expect to sign substantial compacts in Mozambique and in  
333 Indonesia and move forward with two concurrent compact  
334 investments, each focused on regional integration and trade.

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

345 As noted in our budget justification, the agency is also  
346 reviewing how to define the pool of countries that could be  
347 considered candidates for MCC assistance. With development  
348 gains erased by the COVID-19 pandemic, autocracies on the  
349 rise, fiscal space constrained, and other shocks increasing,  
350 MCC is examining whether there are additional conditions and,  
351 thus, legislative requests that would better reflect these  
352 current realities.

353           While the nature and location of poverty may have  
354 shifted since 2004, MCC's operations continue to be guided by  
355 our founding principles, which remain as relevant today as  
356 they were at the time of the agency's founding.

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

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

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

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

376           MCC is a gem that punches above its weight to reduce



377 poverty through inclusive and sustainable economic growth. I  
378 am so proud to be leading this agency so dedicated to  
379 effective international development. Through MCC, the  
380 American people are helping to create the building blocks for  
381 stronger economies around the world, leading to less poverty,  
382 more opportunity -- all vital elements of peace and stability  
383 in our partner countries and here at home.

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

386 [The statement of Ms. Albright follows:]

387

388 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

389 Chairman Meeks. Thank you.

390 I now turn to the honorable Scott Nathan for his  
391 statement.

392 STATEMENT OF SCOTT A. NATHAN

393

394 Mr. Nathan. Mr. Chairman, Ranking Member McCaul, and  
395 members of the committee, thank you for this opportunity to  
396 discuss DFC's fiscal year 2023 budget request.

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

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

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

413 DFC is requesting \$1 billion for fiscal year 2023 --  
414 \$780 million in program funds and \$220 million for  
415 administrative expenses. With a \$220 million administrative

416 budget, we will originate more transactions, responsibly  
417 accelerate the project screening process, and provide more  
418 robust monitoring and evaluation of DFC's growing portfolio.  
419 With \$780 million in program funds, we can scale up to meet  
420 our goals, particularly via additional equity investments.  
421 These funds will help spur economic growth in emerging  
422 markets and better finance high quality infrastructure  
423 throughout the developing world, an alternative offering  
424 frequently requested by our partners.

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

436 Last week, at the Summit of the Americas, we announced a  
437 \$30 million loan to a Miami-based investment company that  
438 will expand credit access for small farmers and food  
439 processing facilities across Latin America. The transaction

440 supports food supply chains and keeps people employed in  
441 their local communities.

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

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

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

463 We are pressing forward with a pipeline of

464 infrastructure transactions, including large-scale road  
465 projects, commercial port developments, as well as those that  
466 provide open and safe digital networks and more diversified  
467 and secure sources of energy and other important resources.  
468 While no projects are certain until financial close, we are  
469 excited about the current flow of these high-impact  
470 transactions.

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

480 And in the Indo-Pacific, we continue to deepen our  
481 engagement. Last month, during the U.S.-ASEAN Special  
482 Summit, I met with the Prime Minister of Vietnam to formalize  
483 DFC's \$37 million loan commitment to support the construction  
484 of Fulbright University Vietnam and their new campus in Ho  
485 Chi Minh City. DFC's investment will help close the gap  
486 between demand for skilled employees in Vietnam and  
487 educational opportunities in the country.

488           Importantly, each of the projects that we support is  
489           carefully evaluated for impact. DFC's Impact Quotient  
490           framework monitors and measures the development impact of  
491           projects across multiple categories, including growth to the  
492           local economy, inclusion, and innovation. The fiscal year  
493           2023 request will allow us to continue refining this  
494           innovative impact measurement tool.

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

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

503           Thank you. I look forward to your questions.

504           [The statement of Mr. Nathan follows:]

505

506           \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

507 Chairman Meeks. Thank you.

508 And last, again, but not least, Ms. Spahn, you are now  
509 recognized for 5 minutes.



510 STATEMENT OF CAROL SPAHN

511

512 Ms. Spahn. Thank you so much, Chairman Meeks, Ranking  
513 Member McCaul, and members of the committee, for this  
514 opportunity to discuss the Peace Corps' budget request of  
515 \$430.5 million for fiscal year 2023.

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

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

529 Honorable Members of Congress, the Peace Corps is not  
530 simply a two-year service organization. The skills,  
531 perspectives, and relationships built foster a lifetime  
532 commitment to service, and the impact and connection extends  
533 far beyond the term of any individual volunteer.

534           Again and again, American ambassadors tell me that the  
535 Peace Corps is some of the most cost-effective people-to-  
536 people diplomacy that we have and that it pays dividends for  
537 decades, both here in the United States and abroad. This  
538 sentiment is echoed by many foreign leaders who have been  
539 personally impacted by volunteers and are eagerly awaiting  
540 their return.

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

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

552           The budget request recognizes that the world has  
553 fundamentally changed. We are sending volunteers out with  
554 new pandemic protocols, training structures, housing  
555 arrangements, transportation options, mental health services,  
556 security systems, sexual assault prevention programs, and  
557 other critical support.

558           The budget also provides for the infrastructure that  
559           supports these volunteers, essential recruiting and medical  
560           services, the operations of office and staff in more than 60  
561           countries, and the IT support and cybersecurity systems  
562           needed for a global agency.

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

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

581           Finally, we have redoubled our commitment to delivering

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

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

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

603 [The statement of Ms. Spahn follows:]

604

605 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

606 Chairman Meeks. Thank you very much. Thank you to all  
607 three of you for your excellent testimony here today.

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

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

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

629 Ms. Albright. Thank you very much, Mr. Chairman, for

630 the question.

631 Indeed, we are looking at a proposal for expanding the  
632 number of countries that could be considered for MCC work up  
633 to 125. As a group, they would represent about 90 percent of  
634 the different types of vulnerabilities that countries are  
635 encountering at the moment.

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

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

646 So, I go to Mr. Nathan. A key feature for me for the  
647 DFC is its ability to make direct equity investments in early  
648 and growth stage companies, which are many of the businesses  
649 in the developing world. This important financing tool,  
650 however, faces constraints because DFC's equity investments  
651 are scored similarly to grants and treated as a loss, despite  
652 being capable of generating returns. Additionally, these  
653 returns are not given back to the DFC to be used for future

654 equity investments.

655 So, my question to you is, how would altering DFC's  
656 equity scoring empower DFC to make the most of its financing  
657 authorities and advance the goals Congress set out in the  
658 BUILD Act?

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

661 The BUILD Act modernized development finance through the  
662 creation of DFC. And perhaps the most important component of  
663 that was giving us equity investment authority -- for all the  
664 reasons you mentioned. It allows us to be more forward-  
665 leaning in the poorest countries of the world to help support  
666 businesses for which the burden of debt would be difficult.  
667 It is an important economic development tool, but we are  
668 currently restrained because of the scoring mechanism. Every  
669 dollar we spend is scored as a dollar against our  
670 appropriation, which, as you point out, is problematic when  
671 you think about that our investments are valuable. They  
672 don't immediately go to zero. It is not like a grant; it is  
673 an investment.

674 So, I am very much looking forward to a potential  
675 solution to this problem, based on present value of equity.  
676 Increasing our ability to make equity investments many times  
677 what we currently do will allow us to invest throughout the

678 world in the poorest countries of the world and make a real  
679 difference, and to be on an equal footing with our  
680 development finance partners, so that we can expand even  
681 more.

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

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

698 But we are limited at the moment. Compared to where we  
699 were before the BUILD Act, we have made major advance by  
700 having the equity investment tool. But it is severely  
701 constrained and that limits our ability to make exactly the



702 kind of impact you just described.

703 Chairman Meeks. Thank you.

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

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

714 Ms. Spahn. Thank you, Mr. Chairman.

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

719 What we have learned, in a nutshell, is that, just like  
720 our volunteers, we need to be flexible and ready to adapt.  
721 And that is exactly what we have done. We have used this  
722 time not only to develop a robust re-entry protocol, so that  
723 we can return volunteers to service safely, but we have also  
724 fully implemented a new security incident management system,  
725 new project frameworks and training design, and new service

726 options, like virtual service, that leverage modern  
727 technology and that engage volunteers who previously served  
728 in every decade of Peace Corps service. So, bringing people  
729 back from the 1960s and 1970s to engage with their host  
730 communities during the time of COVID.

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

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

748 We are implementing a surge strategy to expand our  
749 recruiting, marketing, and partnerships to get the word out

750 and to reach a broader audience. We are expanding our Peace  
751 Corps Response Program to better meet the needs of some  
752 countries that are asking for higher technical skills, and we  
753 are doing research to inform our approach, so that we know  
754 which barriers are really impacting people's decisions to  
755 serve. We know that Peace Corps service can be  
756 transformational and it can really open up opportunities and  
757 perspectives, and we want that opportunity to be available to  
758 all.

759 Chairman Meeks. Thank you.

760 Ms. Spahn. Thank you.

761 Chairman Meeks. Thank you for that.

762 My time has long expired.

763 Mr. McCaul. But you are the chairman.

764 [Laughter.]

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

767 [Laughter.]

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

770 Mr. McCaul. Thank you, Mr. Chairman.

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

774 And so, we are fully supportive.

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

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

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

793 I will say, in the EAGLE, that was probably one of the  
794 few provisions I agreed with. It did say to take that  
795 important step to correct the ability of DFC to make equity  
796 investments of up to 35 percent of its overall liability,  
797 potentially up to \$21 billion. That would be a major -- and

798 there are two ways we can do this.

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

803 Have you had any conversations OMB about this proposed  
804 change?

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

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

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

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

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

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

822 renewable energy. But it says, "fossil fuel."

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

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

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

844 So, can you explain what the status is of that and why  
845 the small modular nuclear reactors and the LNG that we know

846 is a lot cleaner than Russian energy, and would play a major  
847 role in our foreign policy?

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

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

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

869 So, we are very enthusiastic about this. There is a lot

870 of work to be done to take it from concept to reality, but we  
871 are very interested in being part of whatever support is  
872 possible to make those investments a reality.

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

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

884 Mr. McCaul. Thank you.

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

887 Thanks. I yield back.

888 Chairman Meeks. The gentleman's time has expired.

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

891 Mr. Sherman. Thank you.

892 We have got a lot of interests and objectives around the  
893 world. We try to achieve them by cajoling and advising and



894 pleading. That sometimes works; it is the best thing.  
895 Sometimes we deploy our military. We want to do that as  
896 rarely as possible. And in between, we have what are called  
897 sanctions, but it is really a combination of incentives and  
898 disincentives that we provide to other countries. Sometimes  
899 it is called a sanction if we just refuse to give you a  
900 subsidy.

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

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

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

911 Compliance with the law through our activities is  
912 incredibly important. That is why we have extensive  
913 monitoring and oversight mechanisms. We have a department  
914 internally. That is one of the reasons why we have submitted  
915 an increase in the administrative budget request, to  
916 strengthen this department. We have an Office of Inspector  
917 General, also, who pursues this.

918           So, exactly what you are asking for, I think we have to  
919 get back to you, but I am certain that pursuing the kind of  
920 compliance with sanctions law throughout all our investments  
921 is a critical part of the due diligence that --

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

924           Mr. Nathan. Oh, absolutely.

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

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

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

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

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

942 question.

943 At the moment, we do rely on the lower-income and lower-  
944 middle-income categorizations that are made by the World  
945 Bank. And I very much share the --

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

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

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

962 Mr. Nathan, in the chairman's and my other committee, we  
963 look at your big-sister organization, the U.S. International  
964 Development Finance Corporation, and they actually make money  
965 for the U.S. Government. You were talking about how we look

966 at the fees and other revenue that you bring in, the value of  
967 the equity investments that you have made. Do you have for  
968 us whether your agency is costing us money or making us money  
969 over the last five years? And is that calculated on a sound  
970 actuarial basis?

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

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

979 And I yield back.

980 Chairman Meeks. The gentleman yields back.

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

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

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

987 Last week, we had a hearing in our subcommittee with the  
988 Indo-Pacific bureaus of the State Department, and I voiced my  
989 concern that the Indo-Pacific is chronically underresourced

990 in comparison with other bureaus. I would like to carry  
991 forward with that line of questioning here.

992 What percentage of DFC and MCC go to the Indo-Pacific?  
993 If you want to go first, Mr. Nathan? Yes.

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

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

997 Mr. Nathan. Well, I can look it up, but I can just tell  
998 you that last year India was by far our largest area of  
999 investment. And India is actually our largest area of  
1000 exposure, too. It is two things. It is annual activity, and  
1001 then, overall exposure.

1002 But your point on the Indo-Pacific generally, we are  
1003 very focused on finding private sector investments in the  
1004 Indo-Pacific. There are two challenges. One is the country  
1005 income status of many of the countries makes it difficult.  
1006 And the other is that -- I mean, it is the reason why we are  
1007 focused there -- we frequently run into Chinese competition.

1008 Mr. Chabot. Yes.

1009 Mr. Nathan. And Chinese competition can create a  
1010 problem if we are looking for an investment that might have a  
1011 Chinese shareholder, a Chinese vendor, or other Chinese  
1012 involvement.

1013 Mr. Chabot. You will get us the statistics? Thank you

1014 very much.

1015 Mr. Nathan. Yes.

1016 Mr. Chabot. Ms. Albright?

1017 Ms. Albright. Thank you very much, Mr. Congressman.

1018 Just a couple of thoughts. First of all, we are very  
1019 committed to the Indo-Pacific region. Right now, we have  
1020 about \$2.1 billion of activity, two notable compacts that we  
1021 have underway. One is in Timor-Leste for \$420 million, which  
1022 involves resuscitating their water and sanitation capability,  
1023 as well as their secondary school education system. We also  
1024 are in the middle of completing work, or we have completed  
1025 the upfront work, about to start the implementation work, in  
1026 a significant compact in Nepal, which has taken us quite a  
1027 bit of time to get started, but we are very excited about it,  
1028 and it is about electricity. And we will remain very  
1029 committed to the region, as our eligibility requirements  
1030 allow us to do.

1031 I would like to correct and add some additional  
1032 information about Ukraine. Ukraine is --

1033 Mr. Chabot. On somebody else's time. I don't have time  
1034 for that right now. But I would like to get the specific  
1035 statistics that I mentioned there at the beginning. Thank  
1036 you very much.

1037 And, Mr. Nathan, I do appreciate the projects the DFC is

1038 doing in India, but I am concerned there is insufficient  
1039 investment throughout the rest of the Indo-Pacific. So,  
1040 could you discuss your current project pipeline in the region  
1041 and the intended project mix for the region?

1042 Mr. Nathan. So, I am extremely excited about a  
1043 potential project that I think we might be in a position to  
1044 announce very soon, which is in the telecom sector in the  
1045 South Pacific. It is very important to Australia. We are  
1046 cooperating with Japan on it as well. It will be a great  
1047 example of cooperation across development finance  
1048 institutions, and it helps prevent the upgrade of a digital  
1049 network from utilizing Chinese technology.

1050 Other examples that we just announced yesterday, after  
1051 Board approval: \$100 million investment in Vietnam, the  
1052 first time we have ever done that with a financial  
1053 institution in Vietnam. The point of that is to do on-  
1054 lending to small businesses to help strengthen their economic  
1055 growth and entrepreneurship environment.

1056 We have other potential projects in the energy sector in  
1057 Indonesia. That is a country of extremely high focus for us,  
1058 and we are working with the Indonesians to make sure that the  
1059 enabling environment for these energy projects is there.

1060 Mr. Chabot. Thank you. Let me cut you off there, if I  
1061 can, Mr. Nathan. I have got a little less than a minute

1062 left. I want to get one more question.

1063 And the administration -- this administration, in  
1064 particular -- keeps saying that addressing the challenge from  
1065 China is the top priority. But it seems to me that, whenever  
1066 this might impact the administration's climate efforts or  
1067 divert resources from climate efforts, countering China seems  
1068 to consistently get the short end of the stick. Can you give  
1069 me one example where the DFC has not prioritized climate as  
1070 the overriding concern in your decisionmaking?

1071 Mr. Nathan. Yes. The example I just gave of the  
1072 telecom investment in the South Pacific is one where we have  
1073 put a lot of resources in --

1074 Mr. Chabot. I think I should have said give me another  
1075 one besides that.

1076 Mr. Nathan. Another one?

1077 Mr. Chabot. Yes.

1078 Mr. Nathan. Okay. So, the Three Seas Investment Fund  
1079 that we are about to announce when I attend the Summit next  
1080 week, that is critical for energy diversification in Europe,  
1081 and we will be committing a substantial amount of financing  
1082 to that fund.

1083 Mr. Chabot. Thank you very much. I yield back.

1084 Chairman Meeks. The gentleman's time has expired.

1085 Before I go to Mr. Sires, I am going to allow Ms.



1086 Albright to clarify the record, so that we have a clean  
1087 record.

1088 Ms. Albright. Thank you very much, Mr. Chairman.

1089 So, Ukraine is categorized as a lower-middle-income  
1090 country and is, technically, eligible for financing from MCC.  
1091 In the past, they have not crossed the requirements of our  
1092 scorecard, but we will continue to keep a look at it.

1093 On the question about where the overall statistics come  
1094 from, they do come from the World Bank, but that is part of  
1095 our authorizing statute. So, on the basis of that, we do  
1096 live within that parameter in terms of how we calculate the  
1097 overall statistics.

1098 Chairman Meeks. Thank you.

1099 I now recognize Representative Albio Sires of New  
1100 Jersey, who is the chair of the Subcommittee on Western  
1101 Hemisphere, Civilian Security, Migration and International  
1102 Economic Policy, for 5 minutes.

1103 Mr. Sires. Thank you, Chairman.

1104 And thank you for our witnesses for being here today.

1105 Ms. Spahn, this goes to you. As you may know, I have a  
1106 bill, the Respect for Peace Corps Volunteers Act, included in  
1107 the reauthorization package. My provision is a common-sense  
1108 change that affords former volunteers the dignity of using  
1109 the name and logo of the Peace Corps for memorial purposes.

1110           You shared with me before how important that is. Would  
1111 you please share with the members here why you think this is  
1112 an important part of the Peace Corps moving forward?

1113           Ms. Spahn. Thank you, Congressman, for continuing to  
1114 put that issue forward.

1115           As I mentioned, once a Peace Corps volunteer serves,  
1116 they become part of the larger Peace Corps family for life.  
1117 It is very much a part of their identity in everything they  
1118 do following service. So, being able to put the Peace Corps  
1119 name and logo on their headstone is a great honor for them,  
1120 and we are very supportive of that initiative.

1121           Thank you so much.

1122           Mr. Sires. And there is also a fine for people who were  
1123 not a member of the Peace Corps that take advantage of this,  
1124 right?

1125           Ms. Spahn. I am not aware of that.

1126           Mr. Sires. There is.

1127           And I see that we are getting back into normal. I see  
1128 that the Dominican Republic was one of the first people to  
1129 accept the Peace Corps back.

1130           Ms. Spahn. Yes, sir.

1131           Mr. Sires. Yes. We always had a great relationship  
1132 with the Dominican Republic.

1133           Mr. Nathan, I commend you for the job that you are doing

1134 and it is not easy, because you have got all these people  
1135 asking for money. But one of the things that I want to ask  
1136 you about is, the Vice President has been focusing a lot on  
1137 this region of the Western Hemisphere, especially Central  
1138 America. Are you focusing on this region also, in helping  
1139 these people, trying to see if we can stem off some of this  
1140 immigration rush that is coming through those countries? And  
1141 can you name a few projects that we can talk about?

1142 Mr. Nathan. Sure. We absolutely are focused on the  
1143 region. Last week, I attended the Summit of the Americas,  
1144 several meetings with the Vice President and leaders from the  
1145 Caribbean and Central America.

1146 I also met with some of our partners who we work with in  
1147 Central America, including an economic development bank  
1148 called CABEI. After the COVID pandemic, we supplied them  
1149 with \$100 million of financing, which they, then, distributed  
1150 throughout Guatemala, Honduras, El Salvador, to institutions  
1151 that could lend mostly to agricultural businesses, small  
1152 enterprises, local businesses that kept people employed.

1153 Their experience was that, through that economic growth,  
1154 people stayed employed and stayed in place. And we think  
1155 that serves the overall foreign policy and strategic interest  
1156 of the United States.

1157 Mr. Sires. How about some of the larger countries?

1158 Mr. Nathan. Yes. So, throughout Latin America, we have  
1159 to be sensitive to our ability to work in countries based on  
1160 income level, but we have made investments in Ecuador, in  
1161 Colombia, in Peru. We look for opportunities throughout the  
1162 Caribbean Basin, and obviously, as I mentioned, in Central  
1163 America.

1164 Mr. Sires. One of the things that I was very upset  
1165 about this year was this idea that the IMF gave Nicaragua  
1166 \$340 million just before the election. I mean, for a  
1167 country, that, basically, destroyed democracy, put people in  
1168 jail, to have the comment, to have the IMF come in and give  
1169 them money is really a slap in the face to the people who  
1170 live there that are trying to promote democracy.

1171 How do you deal with some of these people, like  
1172 Nicaragua and Venezuela?

1173 Mr. Nathan. So, in both Nicaragua and Venezuela, the  
1174 DFC is closed for investment.

1175 Mr. Sires. That is great news.

1176 Mr. Nathan. That is how we deal with it, although I  
1177 will say, in Colombia, we have made investments in  
1178 communities that are receiving Venezuelan migrants. The idea  
1179 there is to support business lending, small, micro business  
1180 lending, to keep people employed who are in sort of refugee  
1181 status in Colombia, having fled Venezuela.

1182           Mr. Sires. My time is up. Thank you, Chairman. Thank  
1183 you very much.

1184           Chairman Meeks. The gentleman yields back.

1185           I now recognize Representative Joe Wilson of South  
1186 Carolina, who is the ranking member of the Subcommittee on  
1187 the Middle East, North Africa and Global Counterterrorism,  
1188 for 5 minutes.

1189           Mr. Wilson. Thank you very much, Mr. Chairman.

1190           And, indeed, I thank each of you for your service. I  
1191 have had the privilege of serving with Chairman Meeks, with  
1192 Ranking Member McCaul, as we visited around the world, to see  
1193 what you have done to help people around the world have  
1194 secure futures. It is my view that your service is so  
1195 important to help back up peace through strength. What you  
1196 are doing is you are promoting economic opportunity and  
1197 stabilization.

1198           Sadly, the global war on terrorism continues with the  
1199 abandonment of Afghanistan as a safe haven and with the  
1200 murderers on the Terrorist Watch List now crossing the  
1201 southern border. Sadly, we are also in another conflict, and  
1202 that is authoritarians; that is rule of gun; opposing  
1203 democracy, rule of law. And we see, sadly, a war criminal,  
1204 Putin, with the mass murder in Ukraine planning to go after  
1205 Moldova and the Republic of Georgia. We see the Chinese

1206 Communist Party threatening the people of Taiwan, and then,  
1207 we see Iran promising and pledging to vaporize the people of  
1208 Israel.

1209 With that in mind, Ms. Albright, it is so important,  
1210 again, what you are doing as a proponent of democracy and to  
1211 provide for the ability of the courageous citizens in Tunisia  
1212 to come back together. They led the Arab Spring. And so,  
1213 with that in mind, there has been a backsliding. What is  
1214 being done to assist with the Millennium Challenge program, a  
1215 great program, to work with the country to get it back on  
1216 track as a proponent of democracy?

1217 Ms. Albright. Thank you, Mr. Congressman, for the  
1218 question.

1219 And we very much share your concerns about Tunisia. Up  
1220 until last summer, we had been planning on doing a  
1221 significant compact in Tunisia. But, with the actions that  
1222 President Saied took, we became very concerned. And since  
1223 that time, we have put Tunisia on hold, and there is now no  
1224 funding planned on going to Tunisia until we see the  
1225 government making some decisions to restore democratic  
1226 governance. So, we are in a pause position on Tunisia. We  
1227 have been very clear with the country about that, and we hope  
1228 that things begin to change, so we can get our work back on  
1229 track.

1230           Mr. Wilson. Well, thank you again for your efforts, so  
1231 we don't give up on the people of Tunisia. What an  
1232 extraordinary people they are in North Africa.

1233           Another country, Mr. Nathan, that I have had an  
1234 opportunity to work with is Bulgaria. I, 32 years ago, was  
1235 an election observer in there first reelections. To see that  
1236 country, when I got there, it was like stepping back -- on  
1237 June 10th, 1990 -- into the 1930s. It was pathetic and the  
1238 lifestyle was pathetic and oppressed.

1239           But I was there last summer for the Three Seas  
1240 Initiative, and more American citizens need to know what that  
1241 initiative is. And what can we do to back you up on the  
1242 Three Seas Initiative?

1243           Mr. Nathan. Well, thank you very much.

1244           I very much look forward to next week's summit. I will  
1245 be leading the U.S. delegation there. I think we will have  
1246 some great announcements.

1247           There is also, in parallel with the Three Seas Summit, a  
1248 business conference, and we consider that a major business  
1249 development initiative for us in order to find private sector  
1250 investments throughout the whole region that we would be able  
1251 to invest in.

1252           You mentioned Georgia. I am traveling, after the Three  
1253 Seas Summit, to Georgia. We have some really fantastic

1254 investments that we have done there recently. Deepening the  
1255 Port of Poti, very important in this context on the Black  
1256 Sea. We are financing the American hospital there, which is  
1257 taking in injured Ukrainian refugees and treating them. We  
1258 are investing in logistics there and other investments. So,  
1259 these are important countries that we are very focused on.

1260 Mr. Wilson. Well, again, to see the progress of our  
1261 East European allies from the Baltic republics to the  
1262 Republic of Georgia -- I had the opportunity to go, Mr.  
1263 Chairman, to a joint parachute jump -- the sister state of  
1264 Georgia being the State of Georgia. It was National Guard  
1265 troops, and you had to look carefully to see the difference  
1266 between the patch of the beautiful Cross of St. George or the  
1267 State of Georgia. But the bottom line -- and, hey, the way  
1268 to preserve peace -- is what you are doing, and that is  
1269 providing stability opportunity.

1270 And then, I am really grateful that, with the leadership  
1271 of Chairman Meeks and McCaul, we now have lend-lease in  
1272 place, which can provide for immediate providing of military  
1273 equipment for our allies, such as Georgia, Moldova, and back  
1274 all the way through to the Baltics, to protect themselves by  
1275 strength.

1276 And I yield back. Thank you.

1277 Chairman Meeks. The gentleman yields back.



1278 I now recognize Representative Gerry Connolly of  
1279 Virginia, who is the President of the NATO Parliamentary  
1280 Assembly, for 5 minutes.

1281 Mr. Connolly. Thank you, Mr. Chairman, and thank you  
1282 for holding this hearing.

1283 Mr. Nathan, part of your mission is to, obviously,  
1284 pursue consistent U.S. foreign policy and strategic goals in  
1285 your work, not only in deliberations, but in the decisions  
1286 you make. To what extent does human rights factor into that  
1287 decisionmaking? For example, you cited projects in Egypt and  
1288 Vietnam, each of which have serious human rights policy  
1289 problems.

1290 Mr. Nathan. So, I would answer this question in two  
1291 ways, and thank you for the question. First, we take  
1292 direction from the State Department and other foreign policy  
1293 agencies on broader policy reasons why we may not be able to  
1294 operate in a country. But, for individual investments, we  
1295 undertake extensive social, labor, environmental screening.  
1296 Any issues related to the investments that we are pursuing  
1297 that would touch on human rights would come up in that  
1298 process and would be a very important consideration in our  
1299 ability to go forward.

1300 Mr. Connolly. So, when you say you take your guidance  
1301 from the State Department, your answer to Mr. Sires about not

1302 doing any projects in Nicaragua, for example, that was at the  
1303 direction of the State Department? They gave you that  
1304 direction?

1305 Mr. Nathan. No, no, we consult with them. I mean,  
1306 since we are not a policy agency, we are consulting with the  
1307 State Department in order to get the information necessary to  
1308 make the decision about what markets we are open and what  
1309 markets we are going to be closed in.

1310 Mr. Connolly. So, to what extent, given that  
1311 consultation with the State Department on a spectrum, do you  
1312 decide the human rights violations are too much and we are  
1313 not going to do business in that particular country?

1314 Mr. Nathan. You know, I don't have a heuristic for you  
1315 on exactly how we think about that. It is, obviously, a very  
1316 important consideration overall. A country like Nicaragua,  
1317 which I was asked about, given the political situation, the  
1318 overall climate for human rights, and the business situation,  
1319 it doesn't make sense for us to be open there.

1320 Mr. Connolly. All right. Well, we will pursue this,  
1321 but I just want to lay down the marker that there are a lot  
1322 of us concerned about human rights, and we don't want to be  
1323 doing business as usual with gross human rights violators.  
1324 And I would like to know what the process is in terms of  
1325 making decisions about where we operate and what we finance;

1326 how, and why, and with whom. So, I look forward to a  
1327 continued dialog about that, but I want to lay that marker  
1328 down for you, at least with respect to this Member.

1329 Ms. Albright, how does the MCC coordinate with AID? You  
1330 know, I go way back in terms of foreign aid authorization  
1331 legislation. I helped write the last foreign aid bill to  
1332 become law, which was 1986, unfortunately. And with the  
1333 creation of the MCC, it was not always entirely clear where  
1334 one responsibility ended and another began. So, how do you  
1335 coordinate with AID to make sure that we are minimizing  
1336 overlap and our goals are consistent? You are not doing  
1337 something AID doesn't want to do or decided not to do, and  
1338 vice versa?

1339 Ms. Albright. Thank you very much, Mr. Congress, for  
1340 the question.

1341 Of course, you know that USAID is on our Board, and they  
1342 participate regularly in all of our decisionmaking through  
1343 preliminary conversations, but then, also, at the Board  
1344 meeting itself. We consult with them on all kinds of  
1345 operational matters. We usually meet with them when we are  
1346 traveling in-country.

1347 In terms of how the business models coordinate with one  
1348 another, we are quite different, even though we operate in  
1349 many of the same countries. We are a grant-maker. We work

1350 very closely with our partner countries to identify their key  
1351 constraint-to-growth areas. We develop projects and we  
1352 implement through the countries.

1353 So, broadly, the two agencies are very complementary to  
1354 one another, but they work in slightly different ways. And  
1355 we always keep in touch with them on our Board.

1356 Mr. Connolly. And you try to avoid conflict by doing  
1357 that?

1358 Ms. Albright. Yes, absolutely.

1359 Mr. Connolly. And if I have time, Mr. Chairman, one  
1360 final question for Peace Corps.

1361 Ms. Spahn, in your answer, I think to the chairman's  
1362 question, I mean you gave kind of a rosy picture of post-  
1363 pandemic recovery for Peace Corps, but when the pandemic  
1364 began, there were a lot of Peace Corps volunteers in host  
1365 countries who were really left kind of holding the bag in  
1366 terms of rather abrupt evacuations because of exposure to the  
1367 virus. Now, we were trying to protect people, but, on the  
1368 other hand, damage was done.

1369 And I would like you to talk a little bit more about how  
1370 did that impact confidence of Peace Corps volunteers, and  
1371 what, if any, damage did it do to host country relationships?

1372 Chairman Meeks. Unfortunately, Mr. Connolly, I wanted  
1373 you to ask your question.

1374 You can answer it in writing, but he is out of time.

1375 Mr. Connolly. Thank you. Thank you, Mr. Chairman.

1376 Chairman Meeks. I now recognize Representative Brian

1377 Mast of Florida for 5 minutes.

1378 Mr. Mast. Thank you, Mr. Chairman.

1379 And thank you all for being here today.

1380 Over here in the corner. I appreciate it.

1381 I do have in front of me the congressional budget

1382 justification for DFC, Mr. Nathan. It made for good reading

1383 for me. I want to go to page 5 of it, specifically. I

1384 believe this was referenced, in part, already.

1385 "DFC is increasing its efforts to support transformative

1386 projects that will increase energy independence in Europe,

1387 leveraging authorities under it." Indeed, one of the few

1388 acts that is mentioned in this justification or in this

1389 entire budget justification, the European Energy Security and

1390 Energy Independence in Europe Initiative, the EESDA. So,

1391 just one of the couple of acts that are mentioned in this

1392 whole justification.

1393 And I have that EESDA in front of me as well, and I want

1394 to talk about a couple of the things that it mentions inside

1395 of it, and just understand the DFC's interpretation of this.

1396 So, going, No. 1, just to the first paragraph in this, it is

1397 European and Eurasian countries, helping them "achieve energy

1398 security through diversification of their energy sources and  
1399 supply routes." Does that include for you fossil fuel  
1400 sources?

1401 Mr. Nathan. It does.

1402 Mr. Mast. Thank you.

1403 Going down to another paragraph, to provide diplomatic  
1404 and political support for European Commission and those  
1405 governments, as necessary, "to facilitate international  
1406 negotiations concerning cross-border infrastructure." Does  
1407 that mean to you pipelines?

1408 Mr. Nathan. Yes, and as I have referenced, the Three  
1409 Seas Initiative is a critical part of what you are asking  
1410 about.

1411 Mr. Mast. Part (B) of that same paragraph, to "enhance  
1412 Europe's...regulatory environment with respect to energy."  
1413 "Regulatory environment," does that mean to make it more  
1414 friendly for all sources of energy, to include both renewable  
1415 and non-renewable sources of energy?

1416 Mr. Nathan. Yes, although it is important to remember  
1417 that the DFC makes investments. We don't work on policy  
1418 questions with that part.

1419 Mr. Mast. Okay. I mean, it is referenced in here.  
1420 That is why I am asking.

1421 Beyond this, to "develop accessible, transparent, and

1422 competitive energy markets supplied by diverse sources."

1423 Again, "diverse," to you, means both renewable and

1424 nonrenewable energy?

1425 Mr. Nathan. Potentially, yes.

1426 Mr. Mast. Potentially, yes?

1427 Mr. Nathan. Yes.

1428 Mr. Mast. Okay. "Increase competition within energy  
1429 markets." To "increase competition," would it be wise to get  
1430 rid of or eliminate or have an unfriendly regulatory  
1431 environment for oil and gas? Would that promote competition  
1432 or decrease competition?

1433 Mr. Nathan. You know, as I mentioned, we are making  
1434 investments, but, on the face of it, what you are saying  
1435 makes sense to me.

1436 Mr. Mast. Good. I think we can agree on those things;  
1437 it makes sense.

1438 So, I want to transition this to how this specifically  
1439 affects everybody that works over at State Department and  
1440 Foggy Bottom, and everybody else across the breadth of the  
1441 United States of America -- those things that we can say that  
1442 we agree on about regulatory environment and on  
1443 infrastructure projects, cross-border infrastructure  
1444 projects, like pipelines, you know, and wanting to see those  
1445 exist in Europe.

1446           Do you want to see those exist here domestically in the  
1447 United States of America as well? I understand that may not  
1448 be your expertise, but you are a citizen of the United States  
1449 of America, and a great number of the people that work for  
1450 the State Department and those that work beneath you have to  
1451 travel to and from work here domestically in the United  
1452 States of America. So, I would like to know.

1453           Mr. Nathan. I just want to make sure I understand what  
1454 you are asking. You are asking --

1455           Mr. Mast. Should we promote those same policies that  
1456 you are pushing for in Europe here in the United States?

1457           Mr. Nathan. You know, I am here to represent the  
1458 Development Finance Corporation, which is --

1459           Mr. Mast. You are an American.

1460           Mr. Nathan. I definitely am an American.

1461           Mr. Mast. Should we support those policies that you are  
1462 pushing for in Europe here in the United States? We agree on  
1463 those policies and supporting them for Europe. Should we  
1464 push for them here in the United States?

1465           Mr. Nathan. I definitely think that energy diversity  
1466 and security is important globally, and including in the  
1467 United States.

1468           Mr. Mast. To include renewable and nonrenewable energy?

1469           [Audio malfunction.]



1470 Chairman Meeks. Mr. Keating, please --

1471 Mr. Mast. If you could pause my time, Mr. Chairman,  
1472 that would be great.

1473 Chairman Meeks. Please, please go on mute, Mr. Keating.

1474 Mr. Mast. Are we back on? Good. Thank you.

1475 So, to include renewable and nonrenewable sources of  
1476 energy, you believe that should exist here domestically?

1477 Mr. Nathan. But it does exist and I believe it should  
1478 continue.

1479 Mr. Mast. You want to see it fostered further?

1480 So, let's go to another one. Cross-border  
1481 infrastructure projects, you would like to see those  
1482 increased, as you would like to see them increased in Europe?  
1483 XL Pipeline would be a perfect example. It was killed within  
1484 hours of the Biden administration coming in. It was about  
1485 25,000 jobs and 800,000 barrels a day of oil. Would that be  
1486 one of those infrastructure projects that we should renew  
1487 here domestically, as we are supporting projects like that in  
1488 Europe?

1489 Mr. Nathan. I think we are pretty far off my remit on  
1490 that.

1491 Mr. Mast. We might be, but I am asking, nonetheless.  
1492 Should we restore that policy and put XL Pipeline back in  
1493 place?

1494 Chairman Meeks. The gentleman's time has expired.

1495 I now recognize Representative Karen Bass of California,  
1496 who is the chair of the Subcommittee on Africa, Global  
1497 Health, and Global Human Rights, for 5 minutes.

1498 Ms. Bass. Thank you, Mr. Nathan, for your patience.

1499 I did want to ask Ms. Albright -- over the years, we  
1500 have seen great success with MCC's work in promoting economic  
1501 development in low- or middle-income countries. And I am  
1502 pleased that five of your seven active compacts are in  
1503 African countries, with four of the eight pending compacts  
1504 including countries in Africa. But I am concerned where some  
1505 countries on the continent have had compacts cancelled,  
1506 understandably, due to not meeting MCC's governance  
1507 standards.

1508 And I would like to know what is the status of that now  
1509 and how those compacts could get back in place. And then,  
1510 also, your funding level has never reached what was actually  
1511 envisioned. So, to really have the impact on global poverty,  
1512 I want to know what your thoughts are about that.

1513 Ms. Albright. Thank you, Congresswoman, and it is  
1514 lovely to see you.

1515 Ms. Bass. Thank you.

1516 Ms. Albright. First, on your question about standards  
1517 of democracy on the continent, we have made a decision

1518 recently to suspend a compact to Burkina Faso. That was  
1519 following the coup that occurred there in the end of  
1520 February. We decided to suspend it and communicated it,  
1521 accordingly, to the country, with the hope that the country  
1522 restores democracy with elections.

1523 So, we are very much in a wait-and-see mode and hoping  
1524 that that happens. Should it not happen, we will at some  
1525 point be forced to take a decision to actually terminate that  
1526 compact. We decided to put it on a suspense --

1527 Ms. Bass. What was it for? What was that compact?

1528 Ms. Albright. It was for energy.

1529 Ms. Bass. Energy? Okay.

1530 Ms. Albright. Well, just to go into a bit more detail,  
1531 there were two compacts. There was one for energy with the  
1532 country itself, and then, they were also part of what we call  
1533 the regional compact, which -- with Cote d'Ivoire -- also  
1534 related to energy. So, all together, the amount of money  
1535 that was suspended for Burkina Faso was just under a billion  
1536 dollars.

1537 Ms. Bass. Does it impact the other countries?

1538 Ms. Albright. No, the Cote d'Ivoire one we're continue  
1539 to work, but with others in the region. But, at the moment,  
1540 it does not involve Burkina Faso, which was a difficult, but  
1541 necessary decision to take.

1542           We are in communication with the country. Senior staff  
1543 has traveled there recently. We are hoping that they are  
1544 able to hold an election within a short period of time, so  
1545 that we can re-engage and get things back on track.

1546           Ms. Bass. So, in terms of your funding level --

1547           Ms. Albright. In terms of overall size, one of the  
1548 reasons we are putting forth a proposal to expand our  
1549 candidate pool to up to 125 countries is so that we can meet  
1550 the needs, the development needs, broadly across the globe.  
1551 And if we do that, it would add for consideration 44  
1552 countries. They would all have to go through our analytical  
1553 process --

1554           Ms. Bass. Right.

1555           Ms. Albright. -- our scorecard. But if we are able to  
1556 entertain that larger scope, it would require additional  
1557 funding, and we would certainly be in touch with --

1558           Ms. Bass. How many of those 44 would be in Africa? Do  
1559 you know off the top --

1560           Ms. Albright. Yes. In Sub-Saharan Africa, it would be  
1561 five additional countries. It will be 10 additional in Latin  
1562 America, 6 in the Caribbean, 11 in --

1563           Ms. Bass. So, I was glad to hear you speak earlier  
1564 about the need to look at the income level, because my  
1565 colleague, Brad Sherman, was talking about the Ukraine. But

1566 my understanding is that countries like Gabon do not qualify,  
1567 either, because they are considered middle-income. And then,  
1568 you have an African country where you might have a percentage  
1569 of people who are making a lot of money, but the vast  
1570 majority of folks are not. And you certainly can't compare  
1571 the development in Ukraine pre-invasion to Gabon.

1572 Ms. Albright. Thank you, again, Congresswoman.

1573 I think you are speaking to the issue of inequality.

1574 Ms. Bass. Right.

1575 Ms. Albright. And even though on paper there are  
1576 certain countries that are in the lower section of the upper-  
1577 middle-income category, if you look at the daily lives of  
1578 people in those countries, they don't enjoy what that  
1579 standard of living would suggest.

1580 So, if we are able to expand, we would be able to look  
1581 at a broader range of countries and be able to work with  
1582 those countries that still remain quite poor and face a  
1583 number of challenges today.

1584 Ms. Bass. But that expansion is not just the funding  
1585 level, right? Isn't it also the income restriction? And  
1586 what can we do, as Congress, to help you with that, the  
1587 income restriction coming out of the World Bank?

1588 Ms. Albright. Yes. So, we would need to change the  
1589 legislation to be able to entertain the broader range.

1590 Ms. Bass. Okay.

1591 Ms. Albright. So, we would be most grateful for a  
1592 consideration of legislation in that regard. And then, we  
1593 would have to work on the funding to enable us to undertake  
1594 those. But we would start with the legislation. And we  
1595 would be happy to come visit with you to talk about the  
1596 strategy, about how we could make that happen.

1597 Ms. Bass. Great. Thank you.

1598 Ms. Albright. Thank you.

1599 Ms. Bass. Thank you, Mr. Chair. I am out of time.  
1600 Chairman Meeks. The gentlelady's time has expired.

1601 I now recognize Representative Darrell Issa of  
1602 California for 5 minutes.

1603 Mr. Issa. Thank you, Mr. Chairman.

1604 I want to follow up with the Director exactly where  
1605 Congresswoman Bass left off. The complexity of countries  
1606 which have rich and poor, to me, seems to be at the crux of  
1607 what you need legislative change on.

1608 If you have a pocket -- and we will take, for example,  
1609 Nigeria -- that is quite wealthy in the oil patch, and then,  
1610 you have the northeast, which is impoverished. We recognize  
1611 that we need a USAID mission in one part of the country,  
1612 while the other part of the country, quite frankly, is  
1613 stealing a billion dollars a month of oil, putting it in

1614 Swiss banks.

1615 How do we write that legislation? And I don't need the  
1616 detail, but do you believe that we can work together to come  
1617 up with the flexibility to recognize when all or part of a  
1618 country should be receiving help, whether it is in the form  
1619 of aid or investments, or the like? So that we could be  
1620 looking at countries as regions perhaps or ethnic breakdown,  
1621 rather than simply taking the rounding error. Because, as we  
1622 all know, for example, India certainly enjoys some very  
1623 powerful companies, some great wealth, while they are likely  
1624 to be eligible for our aid for the rest of my career, and  
1625 perhaps my whole life.

1626 Ms. Albright. Thank you, Mr. Congressman, for the  
1627 question. Three quick points.

1628 First of all, Nigeria is not eligible for MCC assistance  
1629 at the moment, given that it does not cross the scorecard.  
1630 We are beginning to think about working with some of the  
1631 larger countries that have some national --

1632 Mr. Issa. I using Nigeria only because of the areas in  
1633 the northeast where Boko Haram takes advantage of poverty.  
1634 And I wasn't using it as a specific country. But we could  
1635 use India, which is eligible, but, certainly, sometimes our  
1636 money ends up in the less impoverished areas.

1637 Ms. Albright. We could begin to look at working on a

1638 subnational level in big countries like India, but we would  
1639 have to figure out the specifics and the mechanics of that.

1640 On your point about regional, we do have a regional  
1641 capability that we are now pursuing in two different regional  
1642 compacts, and those are designed to foster regional  
1643 integration and greater trade.

1644 But we would be very happy to follow up with you, Mr.  
1645 Congressman, on specifics on both of those cases.

1646 Mr. Issa. So, thank you.

1647 And now, a followup that actually is a concern to me.  
1648 All of your organizations, by definition, have to have  
1649 implementers at times. And I want to bring up one for  
1650 comment. And obviously, it not only concerns you, but it  
1651 goes all the way to the Secretary of State.

1652 Last month, The New York Times reported a little known  
1653 U.N. organization called the Office for Project Services, or  
1654 UNOPS. It was audited and found to have tens of millions of  
1655 dollars that went to questionable investments to pay off bad  
1656 loans, and some of the money simply went missing.

1657 That organization is regularly used by the United States  
1658 to distribute funds. In light of the auditors of UNOPS, what  
1659 they found in failures -- and we understand that there are  
1660 many areas in which they are being considered or are  
1661 currently being used -- how do we find this and other



1662 organizations either ineligible or how do we make sure that  
1663 we audit them in a way that we are not the victims of their  
1664 self-dealing, often to their own families?

1665 Ms. Albright. I am happy to start on that, Mr.  
1666 Congressman, and I appreciate the concern.

1667 The way that MCC works is that we work with the  
1668 countries to set up a dedicated entity that operates under  
1669 strict parameters that MCC has established in order to be the  
1670 receiver of MCC funding, and then, they have to work under  
1671 very well-established procurement and Treasury management and  
1672 fiscal regulations. And we stay in touch with them very,  
1673 very closely.

1674 Mr. Issa. So, Treasury is your go-to to protect, in  
1675 this case, from monies going missing?

1676 Mr. Nathan. I don't know if you were directing that  
1677 toward me, Congressman, but, on behalf of the DFC, I would  
1678 say that we have extensive due diligence procedures that are  
1679 commercial in nature. I mean, this is legal due diligence,  
1680 "know your customer" consideration. We leverage our  
1681 interagency partners for sources of information on that as  
1682 well.

1683 We have an audit committee of our Board, an auditor, the  
1684 Office of Inspector General. We have many mechanisms to do  
1685 our best to make sure that, when we invest in private

1686 businesses, that we, essentially, get what we negotiated, and  
1687 that there is compliance with our agreements and with the  
1688 law.

1689 Mr. Issa. So, thank you, Mr. Chairman.

1690 Chairman Meeks. The gentleman's time has expired.

1691 Mr. Issa. I yield back.

1692 Chairman Meeks. The gentleman's time has expired.

1693 I now recognize Representative Bill Keating of  
1694 Massachusetts, who is the chair of the Subcommittee on  
1695 Europe, Energy, the Environment and Cyber, 5 minutes.

1696 Mr. Keating. Thank you, Mr. Chairman.

1697 And I thank our witnesses for their service.

1698 We are facing a global crisis that is just going to be  
1699 of monumental effect just in the next few months regarding  
1700 food security, particularly how it affects Africa, northern  
1701 African, those areas, that's been exacerbated by the war in  
1702 Ukraine. And I was wondering, No. 1, how some of these  
1703 services might be affected. Also, what can we do in terms of  
1704 infrastructure in some countries? For instance, a country  
1705 like Ethiopia will be in better position, given the  
1706 infrastructure and the work they have done in terms of making  
1707 themselves more independent with their food security issues  
1708 and agricultural issues than other countries.

1709 So, what would you anticipate? Are there are any plans

1710 to try to deal with this crisis? And now that it has laid  
1711 bare some of the problems that were there in the first place  
1712 that this war is making worse, can we do something going  
1713 forward in the longer term to help some of those countries?

1714 Ms. Albright. Thank you, Mr. Congressman. I am happy  
1715 to start on that one.

1716 You are pointing to a critical impact of the tragedy in  
1717 Ukraine, and, in fact, many countries on the continent import  
1718 substantial amounts of food from Ukraine. MCC is very well-  
1719 positioned to help countries think about their overall  
1720 agricultural resiliency.

1721 Just to give you a couple of examples, we have just  
1722 signed a \$300 million compact with Lesotho that, in part,  
1723 helps build up the agricultural system in that country from  
1724 subsistence-level farming up to a more commercial scale. I  
1725 am also traveling on Saturday to Zambia to start  
1726 conversations with their government about how we can help  
1727 them, also, along the lines of agriculture.

1728 So, there is a lot that we are doing -- I would be happy  
1729 to follow up with your office on further specifics -- to help  
1730 countries build up agricultural resiliency; self-sufficiency,  
1731 which we think will be a small help in the face of the  
1732 tragedy coming out of Ukraine.

1733 Mr. Keating. It is, and I think we will see the

1734 countries that are prepared, and the way they are able to  
1735 handle it, versus the countries that are in that position,  
1736 and really why the need was there before, but why it is so  
1737 critical now.

1738 Do any of the other agencies have comments on what they  
1739 are anticipating, given this coming global crisis, which we  
1740 hope can be averted, but it doesn't appear that it is going  
1741 to be that feasible?

1742 Mr. Nathan. So, I would say, on behalf of the  
1743 Development Finance Corporation, food security is an area  
1744 that we have been pursuing prior to this current crisis. As  
1745 I mentioned in my testimony, in response to the crisis, we  
1746 have increased financing to an existing partner of ours in  
1747 Ukraine, which can provide financial support to small farmers  
1748 and agricultural businesses.

1749 So, starting with Ukraine, and then, thinking about all  
1750 of the downstream impacts. So, we have done food security  
1751 investment in Zambia, which is a \$7.5 million loan. We are  
1752 looking at sustainable agriculture, where we just provided a  
1753 \$10 million loan in Mozambique. We are bolstering food  
1754 security in Latin America and Africa through a loan to  
1755 Fairtrade Access, a partner of ours. We have many of these  
1756 kinds of investments that are directed at providing support  
1757 to smallholder farmers to helping with logistics and market

1758 access, to help increase local supply of food.

1759 The crisis is huge, but we feel like these are small  
1760 steps that can help reverse the tide. And we will continue  
1761 to look for these kinds of investments globally.

1762 Mr. Keating. Now, in terms of the Peace Corps, how do  
1763 you anticipate dealing with some of these major issues that  
1764 you are going to be confronted with in some of the countries  
1765 you work?

1766 Ms. Spahn. So, Peace Corps volunteers are assigned to  
1767 communities that have already started to see the impacts of  
1768 food insecurity due to the war in Ukraine. These volunteers  
1769 are trained to improve home gardens using biointensive  
1770 gardening practices; planting things like vitamin-fortified,  
1771 orange-fleshed sweet potatoes to improve nutrition; to work  
1772 with schools on school gardens, and promote practices that  
1773 intensify crop production.

1774 So, really, these are things that are happening at the  
1775 community level. They are happening on a smaller scale, but  
1776 they are happening in some of the most vulnerable areas in  
1777 building that resilience to future shocks.

1778 Mr. Keating. Yes, some of the aftereffects like  
1779 migration will be an issue.

1780 With that, Mr. Chairman, I yield back.

1781 Chairman Meeks. The gentleman yields back.

1782 I now recognize Representative Dan Meuser of  
1783 Pennsylvania for 5 minutes.

1784 Mr. Meuser. Well, I appreciate that very much,  
1785 Chairman. Thank you.

1786 Thank you all for being with us here today.

1787 So, the DFC was, of course, established, in part, to  
1788 counter the CCP's Belt and Road initiatives. Senator Rubio  
1789 recently, Mr. Nathan, sent you a letter that I am going to  
1790 reference part of it that was quite critical of many of the  
1791 most latest investments being made.

1792 When creating the U.S. International Development Finance  
1793 Corporation, the DFC, the authors intended the agency to  
1794 compete with Chinese influence in the developing world. The  
1795 BUILD Act explicitly states DFC's purpose is to "facilitate  
1796 the participation of private sector capital and skills in the  
1797 economic development of less developed countries...and  
1798 advance the foreign policy interests of the United States."  
1799 So, basically, a dual purpose.

1800 So, I have a list here that I am not so sure fall in  
1801 line with that, and I want to ask you about it:

1802 "Approved a \$40 million equity investment to an African  
1803 private equity firm to 'improve their environmental, social,  
1804 and governance standards while promoting women's economic  
1805 empowerment' across Africa."

1806           And "Approved a \$100 million" -- this is in the last few  
1807 weeks. This is in the last month. "Approved a \$100 million  
1808 `partial credit guaranty' to a fund manager to make loans to  
1809 `local enterprises striving for climate-smart land management  
1810 and emissions reduction,' including advancing `women's  
1811 participation in the sector."

1812           "Approved an \$80 million direct loan to expand `climate-  
1813 resilient infrastructure in Africa and the Middle East.'"'

1814           "Approved a \$5.17 million direct loan to expand `women's  
1815 access to affordable housing in India.'"'

1816           And "Approved purchase of a \$50 million `green note' to  
1817 `to support a new tool for climate finance in emerging  
1818 markets.'"'

1819           I am just naming a few that are here.

1820           So, my first question, Mr. Nathan, you were at Baupost  
1821 investments, Baupost hedge fund, for a good 20 years or so.  
1822 And would that be investments that you would have recommended  
1823 Baupost to be making while in your term there?

1824           Mr. Nathan. So, I was in the investment business until  
1825 2014, and we had a value investing strategy. It was a very  
1826 specific approach.

1827           Mr. Meuser. Yielded 19 percent a year.

1828           Mr. Nathan. Yes, and I think the mandate at the DFC and  
1829 the mandate at the firm where I built my private sector

1830 career are quite a bit different. The mandate given by the  
1831 BUILD Act is to advance, as you mentioned, to advance the  
1832 strategic interest of the United States, but also pursue  
1833 highly developmental transactions in the poorest countries of  
1834 the world. I see those two mandates as two missions, as  
1835 totally complementary, because good development is good  
1836 foreign policy.

1837 Mr. Meuser. Well, one could very much argue that this  
1838 is far more about ideology than the interests of U.S. foreign  
1839 policy and the interests of those that were making  
1840 investments, where it is supposed to be directed towards  
1841 energy and infrastructure. Meanwhile, the Belt and Road  
1842 Initiative invests nearly 95 percent in such assets, in such  
1843 investments, and the DFC is at 30 percent. So, you can see  
1844 why, you look at those numbers, and I am asking the question.

1845 Mr. Nathan. Yes, but I think there are some great  
1846 examples of investments that are developmental and, also,  
1847 advance our strategic interests. One is we made a \$267  
1848 million loan in Brazil to something called Smart Rio, which  
1849 is smart infrastructure. Our competitor in that bid was led  
1850 by Huawei Technologies. So, by providing finance to make  
1851 sewage monitoring, smart traffic lights, WiFi access, we  
1852 provided open, safe networks that prevented a PRC --

1853 Mr. Meuser. What about natural gas investments in



1854 Africa?

1855 Mr. Nathan. So, I mentioned this earlier. This year,  
1856 we have done one investment in Sierra Leone, which is an 83-  
1857 megawatt, combined-cycle gas turbine thermal plant. It  
1858 massively increases access to energy in Sierra Leone, a very  
1859 energy-poor country, highly developmental transaction, one  
1860 that we are proud of and that we would like to look for more  
1861 on that template.

1862 Mr. Meuser. Mr. Nathan, the taxpayers of the country  
1863 have put immense trust in you to make proper investments that  
1864 are in line with what the charter of the BUILD Act was about.  
1865 So, I would just ask you to please do that. I know there are  
1866 ideology and political interests that create different  
1867 viewpoints, but, please, we are trusting you to do your very  
1868 best for the interests of the United States and those we are  
1869 investing in.

1870 I yield back, Mr. Chairman.

1871 Chairman Meeks. The gentleman yields back.

1872 I now recognize Representative Ami Bera of California,  
1873 who is the chair of the Subcommittee on Asia, the Pacific,  
1874 Central Asia, and Nonproliferation, for 5 minutes.

1875 Mr. Bera. Great. Thank you, Mr. Chairman.

1876 I am going to try to get three quick questions in.

1877 Ms. Spahn, whenever I travel, I try to visit with Peace

1878 Corps volunteers. In February of 2020, I happened to find  
1879 myself in Nepal right before things shut down and had a  
1880 chance to visit with the volunteers that were out there.  
1881 Again, one of our best diplomatic efforts, and it makes an  
1882 impact both in the country that they are serving and, as you  
1883 have already pointed out, it has an impact on these young  
1884 American men and women as well throughout their life. Less  
1885 than a month later, obviously, everything shut down and they  
1886 came home.

1887           Could you briefly touch on -- and I think this goes  
1888 hand-in-hand with Mr. Connolly's question -- as we are  
1889 ramping back up and sending the volunteers back into the  
1890 field, how is the number of volunteers? Are you having any  
1891 trouble with recruitment or has everything kind of come back  
1892 up-to-speed?

1893           Ms. Spahn. Thank you for that question.

1894           It certainly was a very traumatic decision to make for  
1895 the organization to pull its volunteers at a time when  
1896 borders were closing and flights were shutting down. And we  
1897 did everything within our authority to take care of them when  
1898 they returned back to the United States. And we appreciate  
1899 that Congress also made them eligible for pandemic  
1900 unemployment insurance, which really helped provide a softer  
1901 landing to them.

1902           We do have quite a few volunteers who have waited for  
1903 two years to return to service; obviously, not as many who  
1904 originally had signed up with intent to go back. People's  
1905 lives move on.

1906           We do have a robust pipeline. It is unclear at this  
1907 moment what kinds of barriers we may face, as people move  
1908 from application into service, and how that pipeline will  
1909 stand up. And we do have a variety of factors and financial  
1910 barriers and other considerations. It is a fundamentally  
1911 different environment.

1912           So, we are doing focus groups. We are doing market  
1913 research, and we are doing studies to really determine what  
1914 we are looking at right now.

1915           Mr. Bera. Right. Certainly, keep us informed, and if  
1916 there are authorities or things that we need to do to get the  
1917 program back up-to-speed, let us know that.

1918           Ms. Albright, on that same trip, I had a chance to talk  
1919 to the leadership in Nepal, and they had a pending MCC  
1920 compact. I am glad to report that has been enacted and want  
1921 to applaud the Nepalese government for moving ahead with  
1922 that.

1923           But, on that same trip, I had a chance to visit Sri  
1924 Lanka, and unfortunately, we didn't get the same outcome. We  
1925 see the deep financial situation that Sri Lanka is in right

1926 now, and some of it based on China's financing of the port  
1927 project there. And again, they passed up a great MCC compact  
1928 that would have benefitted the people of Sri Lanka.

1929 In both of those countries, in talking to their  
1930 leadership in the exact programs, the administrations in both  
1931 countries understood that these were investments that would  
1932 help their countries, but the political pressure towards  
1933 parliamentarians and misinformation and disinformation about  
1934 both programs made it politically difficult in both  
1935 countries.

1936 Can you touch on how prevalent that is? Is that  
1937 specific to Asia? And how do we combat that  
1938 misinformation/disinformation campaign?

1939 Ms. Albright. Thank you very much for the question.

1940 And sadly, it is true that there is increasing amounts  
1941 of mis- and disinformation in many of the countries where we  
1942 are working or seek to work that look to possibly discredit  
1943 the work of the agency. We certainly saw it in Sri Lanka,  
1944 and before I got to MCC, some months beforehand, the agency  
1945 did decide to pull away from that country.

1946 In Nepal, we stuck it out and worked closely with our  
1947 embassy there, and are very happy to report that the compact  
1948 was ratified. And it will result in providing additional  
1949 electricity to 23 million Nepalese.

1950           We do think that there is going to be increased amounts  
1951 of mis- and disinformation in the region. And so, we are on  
1952 notice, as we start our work for it, and we will work closely  
1953 with embassy staff to make sure that we are counteracting it,  
1954 where we need to. But it is an increasing part of our work,  
1955 and it is something that we will take very seriously.

1956           Mr. Bera. Well, do let us know how we can be of  
1957 assistance, because I think it is really important. And MCC  
1958 has got a great story to tell, great investments, and we want  
1959 to make sure that story gets out there. And we know  
1960 competitor nations are giving a different story.

1961           I see my time has expired.

1962           Chairman Meeks. The gentleman's time has expired.

1963           I now recognize Representative Any Barr of Kentucky for  
1964 5 minutes.

1965           Mr. Barr. Thanks, Mr. Chairman.

1966           And, Mr. Nathan, thanks for your testimony today. I am  
1967 very interested in the work of DFC countering the Belt and  
1968 Road Initiative. I want to kind of follow up from the line  
1969 of questions from Mr. McCaul, Mr. Chabot, and Mr. Meuser  
1970 about DFC's unique role in countering BRI.

1971           I was disappointed that in your prepared testimony,  
1972 while you reference some projects in the Indo-Pacific and  
1973 Africa that have the effect of countering Belt and Road, that

1974 we didn't lead off -- my view is that DFC should be leading  
1975 its mission with a strategy to counter the Belt and Road  
1976 Initiative, and it should be, certainly, not just mentioned  
1977 in your prepared testimony, but front and center and a major  
1978 focus. So, let me drill down a little bit on some of these  
1979 investments that could advance our national security.

1980 DFC, in fact, has a unique responsibility written into  
1981 its establishment that its investments should, quote,  
1982 "complement and be guided by overall U.S. foreign policy  
1983 development and national security objectives." Are there  
1984 commercially viable projects that DFC will not participate in  
1985 because of their involvement with fossil fuels?

1986 Mr. Nathan. So, there are a lot of criteria that we  
1987 would have to meet before considering an investment. First,  
1988 is it in a country that we are eligible to work.

1989 Mr. Barr. Right, and you mentioned Sierra Leone and  
1990 their gas --

1991 Mr. Nathan. Right. And then, beyond that, any sort of  
1992 large-scale infrastructure energy project is going to require  
1993 extensive screening to make sure it complies with the  
1994 standards necessary --

1995 Mr. Barr. Yes, well, I appreciate that. I appreciate  
1996 that. But we know that China has no issue building coal-  
1997 fired power plants and using fossil fuels. And my question

1998 is, would it be in contravention of our national security  
1999 objectives, as written in your mandate, to deny a country  
2000 seeking U.S. partnership for a commercially viable project  
2001 solely because it involves fossil fuels, when we know China  
2002 is all too happy to fill the gap?

2003 Mr. Nathan. So, every situation is going to require a  
2004 facts-and-circumstances analysis, but I totally take your  
2005 point that we need to be looking, to use the Wayne Gretzky  
2006 phrase, "where the puck is going here."

2007 Mr. Barr. Yes.

2008 Mr. Nathan. And this is something that I have charged  
2009 our team with internally, consulted with the intelligence  
2010 community and our interagency partners, to make sure that we  
2011 are thinking about where to be looking for deals, for  
2012 precisely the type of reason that you are mentioning.

2013 Mr. Barr. And, Mr. Nathan, I am open to helping you on  
2014 your scoring problem with equity investments, but I want you  
2015 to understand that Members of Congress who want to help you,  
2016 help your mission, important mission, your national security  
2017 mission, that you are focused on Belt and Road; you are  
2018 focused on countering the Belt and Road Initiative with these  
2019 equity investments and competing with China, including  
2020 China's debt-trap diplomacy with respect to fossil projects,  
2021 because that is one of the ways -- and if we do not enter

2022 that space, they are going to be polluting a lot more than we  
2023 would be in fossil energy.

2024 We need to be exporting American fossil energy  
2025 technology and displacing Chinese dirty fossil energy  
2026 generation. And I think that is the mentality DFC should  
2027 have.

2028 In your confirmation hearing, you pledged to review DFC  
2029 funding of projects using Chinese-sourced solar panels  
2030 manufactured with forced labor. What is the status of that?

2031 Mr. Nathan. Thanks for that question.

2032 We have consulted, the DFC team has consulted  
2033 extensively with the relevant committee staff on both sides  
2034 of Congress. We have updated our procedure to be in line  
2035 with the Uyghur Forced Labor Prevention Act, which, although  
2036 it doesn't directly apply to the activities that DFC finances  
2037 abroad, it is a standard that we are now using.

2038 The Forced Labor Enforcement Task Force has just begun  
2039 its work and is issuing a report. There will be information  
2040 that comes out of that that we will use for determining what  
2041 projects we would or wouldn't fund.

2042 Mr. Barr. I accept and acknowledge the Biden  
2043 administration's focus on the climate issue, but let's not  
2044 allow our obsession with green energy/renewable energy  
2045 compromise our national security or human rights policies.



2046 They should not be in conflict.

2047 And so, we ought to, where fossil energy makes sense for  
2048 our national security, we ought to pursue it. When pursuing  
2049 renewables doesn't make sense from a human rights  
2050 perspective, we should not pursue it. And I want that to be  
2051 the mentality of DFC.

2052 And, Mr. Chairman, I ask unanimous consent to enter into  
2053 the record an op-ed from Ugandan President Yoweri Museveni  
2054 from The Wall Street Journal discussing the dangers of  
2055 cutting off developing nations from reliable sources of  
2056 energy.

2057 Chairman Meeks. Without objection.

2058 Mr. Barr. Thank you.

2059 [The information follows:]

2060

2061 \*\*\*\*\* COMMITTEE INSERT \*\*\*\*\*

2062 Mr. Barr. Final question.

2063 Chairman Meeks. But --

2064 Mr. Barr. Do I have time?

2065 Chairman Meeks. The gentleman's time has expired.

2066 Mr. Barr. Well, so many questions. We will come to  
2067 you, and thank you. Thank you for your service.

2068 I yield back.

2069 Chairman Meeks. I now recognize Representative David  
2070 Cicilline of Rhode Island for 5 minutes.

2071 Mr. Cicilline. Thank you, Mr. Chairman. And thank you  
2072 to you and Ranking Member McCaul for today's hearing.

2073 And thank you so much to our witnesses.

2074 I would like to begin with you, Ms. Albright. As you  
2075 mentioned, Congress recently lifted a legal impediment to  
2076 compacts other than bilateral agreements with national  
2077 governments, an interest that MCC has had for a number of  
2078 years. And I am a huge fan of MCC and I know the incredible  
2079 work that you have done. This change may include multi-  
2080 country regional compacts or compacts with subnational  
2081 governments. And supporters claim that such compacts could  
2082 provide high rates of return through economies of scale,  
2083 improved economic linkages, or better targeted agreements.

2084 And in fiscal year 2022 and fiscal year 2023, MCC  
2085 expects it will fund its first two such compacts in West

2086 Africa. And so, my first question is, what are some  
2087 examples, if any, of potential regional compacts beyond those  
2088 in West Africa that you might be thinking about? And  
2089 secondly, what challenges have arisen to date in the design  
2090 of the West African compacts that involve two or more  
2091 governments?

2092 Ms. Albright. Thank you very much, Congressman, for the  
2093 question.

2094 Indeed, it is a very important authority that we were  
2095 given in 2019 to do regional compacts. We have two of them  
2096 under consideration at the moment.

2097 One is with Benin and Niger, and they build on  
2098 individual compacts that we had with each country. And  
2099 together, they are going to build a road capability that  
2100 connects both of them with the port in Cotonou and expands  
2101 regional trade.

2102 The other one that we have going on relates to energy,  
2103 and it involves Cote d'Ivoire and the West African Power Pool  
2104 -- Burkina Faso had been part of that, but we had to take  
2105 that out of it -- and it will expand energy in the region.

2106 We are beginning to look around where we could expand  
2107 the capability elsewhere. One of the subjects that comes to  
2108 mind is food security that may be relevant in southern  
2109 Africa, for example. And as those thoughts and our work

2110 there come into play, I would be happy to come back to your  
2111 office and let you know how we are doing and seek any advice  
2112 and guidance you might have for us on that.

2113 Mr. Cicilline. And similarly, if there are additional  
2114 things we can be doing to make those compacts more  
2115 successful, let us know.

2116 And do you have a view, Ms. Albright, about the  
2117 partnerships of the MCC with subnational governments?

2118 Ms. Albright. It is something that we are able to do,  
2119 but it hasn't gone on our radar screen yet in terms of active  
2120 consideration, but I think that it is something where,  
2121 particularly given large countries with large federated  
2122 systems, it would make sense.

2123 Mr. Cicilline. Great.

2124 And finally, MCC was originally envisioned to be much  
2125 larger than it is with a \$5 billion annual budget, but,  
2126 actually, funding has never approached that level. And the  
2127 Biden administration has proposed \$930 million in MCC funding  
2128 for fiscal year 2023, an increase of \$18 million, but,  
2129 obviously, nowhere near kind of what everyone originally  
2130 envisioned.

2131 So, to what extent can the pace at which you are doing  
2132 work, which is about two compacts a year, really  
2133 substantially address issues like global poverty? And what

2134 would a much greater funding level mean in terms of your  
2135 ability to really increase the kind of work of MCC and the  
2136 portfolio you manage? It just feels like we have never  
2137 funded it near where it was actually contemplated.

2138 Ms. Albright. Again, thank you for the question.

2139 The key point there is the size of the candidate pool.  
2140 And this is one of the reasons why we are proposing an  
2141 expansion up to 125. Together, those countries represent  
2142 where 90 percent of the overall poverty challenges in the  
2143 world exist.

2144 And then, if we were able to get the legislation in  
2145 place for that expansion, we would also need additional  
2146 funding, but that would probably come in the following fiscal  
2147 year. So, we can certainly talk about that sequence.

2148 I think what is important to remember is the overall  
2149 eligibility. We need to work in countries where there is  
2150 poverty, but we also have to make sure that we are keeping  
2151 our scorecard in line -- which looks at whether or not  
2152 countries are being ruled justly, whether or not they are  
2153 investing in their people, and whether or not they are  
2154 enhancing economic opportunity -- to make sure that we are  
2155 continuing to focus on where we ought to be working.

2156 But if we can expand the candidate pool, we will  
2157 definitely need additional funding, but we would want to come

2158 back to the committee and talk about that very judiciously  
2159 when the time comes.

2160 Mr. Cicilline. Great. Thank you.

2161 And finally, Ms. Spahn, the Peace Corps has said that  
2162 intercultural competence, diversity, equity, inclusion, and  
2163 accessibility are the core principles of the Peace Corps, and  
2164 that working and communicating effectively with host country  
2165 partners is really critical to the success of volunteers in  
2166 the agencies. Can you just summarize how the fiscal year  
2167 2023 budget will help you implement and expand upon your  
2168 current efforts in this regard?

2169 And thank you again for the great work that the Peace  
2170 Corps does.

2171 Ms. Spahn. Thank you so much.

2172 Chairman Meeks. You have about 15 seconds to do it.

2173 Ms. Spahn. Oh, thank you so much.

2174 We have done substantial work with all of our countries  
2175 overseas. And we will be getting out to the remaining  
2176 countries in 2023 for a full five-day workshop with our host  
2177 country national staff, so that they are prepared to meet  
2178 volunteers when they come and to really do the deep work  
2179 around building bridges across cultures and across different  
2180 --

2181 Chairman Meeks. The gentleman's time has expired.

2182 I now recognize Representative August Pfluger of Texas  
2183 for 5 minutes.

2184 Mr. Pfluger. Thank you, Mr. Chairman. Thank you for  
2185 recognizing me.

2186 I think this discussion is incredibly timely and  
2187 important, considering the events that have happened in  
2188 Ukraine and the PRC's attempts to rapidly expand their  
2189 influence across the globe. There has never been a more  
2190 important time. There are threats that are facing not only  
2191 us, but our allies and our partners around the world that we  
2192 have not faced since World War II. And I served in the  
2193 military for two decades. This is a new game that we are  
2194 playing in right now. Russia has invested heavily in  
2195 expanding their influence across the world, but especially in  
2196 Sub-Saharan Africa and, also, in South America.

2197 I believe that it is very important for this  
2198 administration to use DFC as a tool to counter the influences  
2199 that I just spoke of, when it comes to Russia and China,  
2200 China's expansionism, and particularly, when it comes to  
2201 energy. And that is what I am going to be focusing on.

2202 We have the resources right here. We have unprecedented  
2203 levels of resources. I don't have to tell you that I  
2204 represent most of the Permian Basin, where 40 percent of our  
2205 country's production comes from. So, this is very important,

2206 but it is a national security issue.

2207 And it is disappointing to see that, out of the 82  
2208 active projects in the DFC, that not any of these mention  
2209 LNG; and that we don't see the actual work that was set up in  
2210 the previous administration to counter the influence from  
2211 China. And only two of the projects have made investments  
2212 that are actually pertaining to energy security, and both of  
2213 those in Turkey are focused on building up renewable  
2214 capacity.

2215 So, when you look at the projects that are going on  
2216 right now across the globe -- and I know that there have been  
2217 some references earlier today -- I am extremely worried about  
2218 the energy crisis in Europe, one that could hit the United  
2219 States; the need for LNG in places like Japan that are trying  
2220 to counter what they used to get from Russia.

2221 So, Ms. Spahn and Ms. Albright, thank you for your  
2222 service. I am going to focus, however, on DFC.

2223 Given the ESG goals that see out of DFC right now, and  
2224 particularly, when you look at the environmental and societal  
2225 destruction that has been caused by Russia inside Ukraine,  
2226 and knowing the dependency that the European community has  
2227 been dependent on Russia, is the DFC revisiting any of its  
2228 current policies?

2229 Mr. Nathan. Thank you for the question.



2230 I, too, share your concern about energy security, energy  
2231 independence, energy dependence in Europe. I think it  
2232 undermines their security. What we have seen in the last  
2233 couple of months, since February 24th, just supercharges that  
2234 and highlights that.

2235 That is why I am very happy to be going next week to the  
2236 Three Seas Summit --

2237 Mr. Pfluger. Okay.

2238 Mr. Nathan. -- in Riga. I am happy that we are going  
2239 to be supporting that initiative. Our ability to invest into  
2240 that fund --

2241 Mr. Pfluger. Let me ask you, specifically in that fund,  
2242 are there any active LNG terminals, any pipelines, any other  
2243 infrastructure that are part of the Three Seas that DFC is  
2244 going to participate in and get to the commitments that were  
2245 previously made?

2246 Mr. Nathan. So, the only area that we can invest, that  
2247 the Fund is eligible to invest, is in energy, because of the  
2248 European Energy Security and --

2249 Mr. Pfluger. So, can you give us a preview of what  
2250 pipelines, terminals, and other infrastructure related to LNG  
2251 --

2252 Mr. Nathan. So, that fund is managed by a fund manager.  
2253 They have a pipeline of transactions that I can't discuss

2254 with -- it is their commercial information.

2255 Mr. Pfluger. I do like the analogy of "pipeline of  
2256 transactions."

2257 Mr. Nathan. Right. But they are focused on energy  
2258 infrastructure. That is what we would be investing through  
2259 that Three Seas Initiative --

2260 Mr. Pfluger. Specifically, LNG is my question.

2261 Mr. Nathan. Yes, so we are looking at LNG projects in  
2262 Bulgaria, the Baltics, in Greece. These are projects that --

2263 Mr. Pfluger. But are they going to be a part of the  
2264 Three Seas Initiative?

2265 Mr. Nathan. I can't, since we are not managing that  
2266 fund directly -- that is by a fund manager --

2267 Mr. Pfluger. I think you see the frustration that we  
2268 have here. Three Seas is specific to the infrastructure, and  
2269 the intent was for LNG. It, obviously, includes a bigger  
2270 picture of energy, but we have the LNG. These countries are  
2271 asking us for our LNG. This is the perfect opportunity in a  
2272 private-public partnership, and it is hard to have a  
2273 conversation when, at the head of DFC, that we can't even get  
2274 a straight answer on whether or not there are going to be  
2275 LNG-specific projects here.

2276 Mr. Nathan. Well, I'm not -- I'm not "not giving" you a  
2277 straight answer. That fund is managed by a fund manager.

2278 Energy infrastructure is the area that we would be  
2279 financially supporting them. LNG falls under that. I can't  
2280 promise you what that fund manager will be investing in  
2281 because it depends on the nature of the individual investment  
2282 opportunities. But I can tell you that it is within the  
2283 energy infrastructure area and LNG is part of that.

2284 Mr. Pfluger. I have got 25 minutes in questions, but,  
2285 unfortunately, the chairman will only give me 5 minutes  
2286 today.

2287 So, thank you very much. I yield back.

2288 Chairman Meeks. The gentleman yields back.

2289 And I now recognize Representative Joaquin Castro of  
2290 Texas, who is the chair of the Subcommittee on International  
2291 Development, International Organizations and Global Corporate  
2292 Social Impact, for 5 minutes.

2293 Mr. Castro. Thank you, Chairman.

2294 Ms. Albright, recently, the Nepali government ratified  
2295 its compact with MCC which would provide Nepal with hundreds  
2296 of millions of dollars in development assistance.  
2297 Congratulations. And I know that getting it done was a bit  
2298 of a struggle.

2299 I think the situation in Nepal and the rejection of the  
2300 proposed MCC compact with Sri Lanka is an example of why we  
2301 should not politicize our development assistance. We saw how

2302 those opposed to the United States were able to take stray  
2303 comments about the compact to imply that taking U.S.  
2304 assistance would commit Nepal to aligning against China, when  
2305 that is not what the United States is trying to achieve.

2306 And can you speak to what lessons the MCC compact in  
2307 Nepal and the compact negotiations with Sri Lanka hold? And  
2308 what does it teach us about how we should rhetorically link  
2309 international development and our foreign policy interests?

2310 Ms. Albright. Thank you, Mr. Chairman, Mr. Congressman,  
2311 for the question. And let me take the opportunity to  
2312 congratulate the team on incredible work in Nepal.

2313 The lesson coming out of both Sri Lanka and Nepal for us  
2314 is, unfortunately, how politicized our work can get. And in  
2315 the case of Sri Lanka, we were forced to back away from it.  
2316 In the case of Nepal, it took a lot of engagement locally  
2317 with various stakeholders to get the compact actually  
2318 ratified.

2319 And the lesson we take away from it is how prevalent  
2320 mis- and disinformation is and the impact that it can have on  
2321 our work. And we expect that this will continue through the  
2322 region.

2323 Mr. Castro. Well, thank you.

2324 And I have a question for Mr. Nathan on the DFC. As you  
2325 know, the DFC is currently in the process of implementing the

2326 European Energy Security and Diversification Act of 2019,  
2327 which allows the DFC to do work in high-income countries to  
2328 help reduce European reliance on Russian energy.

2329 Congressional intent was always for the DFC to  
2330 prioritize low- and lower-middle-income countries. I believe  
2331 that we need to be very cautious about the DFC's work in  
2332 high-income countries, which have resources of their own and  
2333 access to international lending markets. If DFC is perceived  
2334 as serving the narrow interests of whomever is in charge, the  
2335 broad and bipartisan coalition behind it will be in jeopardy.

2336 We saw troubling actions during the last administration,  
2337 but I am hopeful that you will course-correct now. So, my  
2338 question, how is the DFC going to analyze the development  
2339 impact of work it does in high-income countries in  
2340 implementing this Act? And will you share with Congress the  
2341 Impact Quotient of any projects you are pursuing in high-  
2342 income countries, so we can conduct oversight over the  
2343 development impact of these projects?

2344 Mr. Nathan. Thank you for the question, Congressman.

2345 And I do believe it is important to pursue our dual  
2346 objectives, the dual mission of DFC that was given to us by  
2347 the BUILD Act. And that is to make development impact in the  
2348 poorest countries of the world. That was the re-focus that  
2349 DFC got when the BUILD Act created it.

2350           But there is, also, the context of pursuing the  
2351           strategic interests, the foreign policy interests of the  
2352           United States. I believe these two objectives are not in  
2353           tension; that they are self-reinforcing. And we need to look  
2354           at those objectives wherever we operate, whether it is in  
2355           Latin America, the Indo-Pacific, Africa, or in Europe.

2356           The European Energy Security and Diversification Act  
2357           does direct us to pursue projects in Europe, as we have  
2358           discussed several times today. We are going to be supporting  
2359           the Three Seas Initiative Investment Fund. But it is part of  
2360           an overall portfolio. We are building an organization. Our  
2361           budget request here is to make our organization have greater  
2362           capacity to be able to do all of these projects around the  
2363           world and pursue precisely the type of objectives you  
2364           mention.

2365           Mr. Castro. Now, well, thank you for that reassurance.  
2366           And I just want us to be careful that, over time especially,  
2367           that we don't see too much mission creep and we don't get  
2368           into a situation where we are becoming completely reactive to  
2369           what Russia and China, and a few other countries, are doing,  
2370           and we are making development decisions or DFC decisions  
2371           based entirely on reaction, rather than on the work that we  
2372           have in mind for development. But I know that you are  
2373           conscientious of these things. And so, thank you for what

2374 you are doing.

2375 And I don't have a question about the Peace Corps, but I  
2376 want to say thank you for all of your work. Your staff and  
2377 your Corps members are incredible emissaries for the United  
2378 States across the world. I mentioned to you before the  
2379 hearing that my chief of staff was a Peace Corps member. And  
2380 so, thank you for all the work you all are doing.

2381 Ms. Spahn. Thank you for your support.

2382 Chairman Meeks. Thank you. The gentleman's time has  
2383 expired.

2384 And before I go to our next member, I think that Mr.  
2385 Nathan wanted to clarify something for the record.

2386 Mr. Nathan. Thank you, Mr. Chairman.

2387 Earlier, I gave an answer to a question, when asked  
2388 about Nicaragua and Venezuela, where I used the term  
2389 "closed." And I have been told that that is a technical term  
2390 that refers to being prohibited by law or regulation from  
2391 working there. I was using it colloquially. We are,  
2392 effectively, closed. We don't work in Nicaragua or  
2393 Venezuela. I just wanted to make sure there was no  
2394 indication that it is the technical "close."

2395 Mr. McCaul. Thank you for that.

2396 Chairman Meeks. I now recognize Representative Dina  
2397 Titus of Nevada for 5 minutes.

2398 Ms. Titus. Thank you very much, Mr. Chairman.

2399 I would echo Mr. Castro's remarks about the Peace Corps.  
2400 Anytime I have encountered its members while I have been on  
2401 HDP missions, they are always doing so much with so little.  
2402 It is just incredible.

2403 Also, building on his questions to Mr. Nathan, President  
2404 Biden has taken a number of actions to support the  
2405 development of critical minerals, including proposing changes  
2406 to the Defense Procurement Act. Last year, as you may know,  
2407 I, along with Representative Carter, introduced the Critical  
2408 Minerals Access Act, which would enable or authorize the DFC  
2409 to provide support to some countries for developing and  
2410 processing certain critical minerals, if such support helped  
2411 our national security.

2412 Mr. Nathan, do you believe that the DFC should have a  
2413 greater flexibility to support our national security  
2414 interests, not just foreign policy interests, but national  
2415 security, especially with countries whose economies are  
2416 mischaracterized because they are based on protectorate  
2417 status? This includes a number of islands in the South  
2418 Pacific which really have the wrong category. They are not  
2419 fully developed and they could benefit from some of this  
2420 exploration for these minerals. Do you think that  
2421 flexibility would be helpful?



2422 Mr. Nathan. Well, thank you for -- thank you for the  
2423 question.

2424 We are pursuing right now a number of different  
2425 transactions in the critical mineral area. This is an area  
2426 of great interest. Whether we are talking about lithium,  
2427 graphite, helium, cobalt, bauxite, even copper and nickel,  
2428 these are potential projects we are pursuing. And I agree  
2429 with you that I think it is in our national security  
2430 interest.

2431 I think inherent in your question was also eligibility  
2432 to work in certain countries. Like my colleague from MCC, we  
2433 are also governed by World Bank income classification  
2434 categories. And that is within the BUILD Act statute. This  
2435 occasionally has outcomes that are suboptimal in terms of  
2436 where we can work. The income classification categories from  
2437 the World Bank are a bit of a blunt instrument, and we are  
2438 constantly analyzing this question to see if there is some  
2439 way to do it better.

2440 Ms. Titus. Was there something this committee could do  
2441 or we could to help with that, especially these countries  
2442 that have the protected status?

2443 Mr. Nathan. Yes, we are in discussions with staff of  
2444 this committee about potential measures that we can take.

2445 Ms. Titus. Well, that is good to hear. Maybe you could

2446 let me in on some of that, since I had the bill last time.

2447 Also, when we are looking at your budget, do you think  
2448 the budget needs adjusting to help you meet these new  
2449 challenges, if some of this comes about?

2450 Mr. Nathan. Well, thank you very much. I mean, the  
2451 budget request that the President has made for fiscal year  
2452 2023 will allow us to grow our staff in line with the  
2453 increased expectations for what we can deliver.

2454 The billion dollars is composed of \$220 million in  
2455 administrative expenses, which will allow us, over the course  
2456 of the next two years, to bring our staff to 700 people, and  
2457 I think that is going to be critical to be able to not only  
2458 source investments, analyze, and decide on them, but continue  
2459 monitoring them going forward.

2460 Ms. Titus. Okay. Thank you.

2461 Ms. Albright, in your written testimony, you briefly  
2462 mention some new blended finance initiatives with the DFC.  
2463 The American Catalyst Facility for Development was kind of  
2464 looked to limit risk and boost crowdfunding opportunities.  
2465 Could you just elaborate? You also said that would be  
2466 offering two new finance initiatives. Could you tell us what  
2467 those are and how they fit in the picture?

2468 Ms. Albright. Yes. Thank you very much, Congresswoman,  
2469 for the question.

2470           The American Catalyst Facility for Development -- and we  
2471 are very proud to be working on that with the DFC -- enables  
2472 us to catalyze private sector investment, where it is  
2473 possible, into projects that MCC and DFC would have in  
2474 common. And we have already begun to include in a couple of  
2475 different countries provisions for ACFD funding to go forth.

2476           We are also looking at blended finance. We have another  
2477 program on the way to look at where gap financing might be  
2478 necessary also on infrastructure projects. And I would be  
2479 happy to follow up with your office on specifics in both  
2480 cases.

2481           Ms. Titus. That would be great. Thank you.

2482           Because we so often hear the United States isn't very  
2483 available with any help, so countries are forced to go to  
2484 China. And I just don't believe that is true. So,  
2485 appreciate learning more about that.

2486           Thank you, Mr. Chairman. I yield back.

2487           Chairman Meeks. The gentlelady yields back.

2488           I now recognize Representative Young Kim of California  
2489 for 5 minutes.

2490           Mrs. Kim of California. Thank you, Chairman Meeks. And  
2491 I would also like to thank Ranking Member McCaul for holding  
2492 today's hearing.

2493           And I want to thank the witnesses for joining us today.

2494           The CCP is financing major infrastructure projects in  
2495 Africa and in the Indo-Pacific with the intention of being  
2496 the dominant political and economic force in the regions. As  
2497 Congress continues looking for a bipartisan, bicameral  
2498 agreement on USICA and COMPETES, we should recognize the  
2499 critical role that DFC and MCC play in making countries in  
2500 the region less reliant on China, China's Belt and Road  
2501 initiatives.

2502           Mr. Nathan, I have a question for you. Can you please  
2503 provide examples of how the DFC has countered the PRC's  
2504 malign influence in the Indo-Pacific region and in Africa?

2505           Mr. Nathan. Thank you for the question.

2506           So, we are currently pursuing a transaction that is in  
2507 the South Pacific. It actually involves six different  
2508 countries. It is in the telecom area, and it involves the  
2509 upgrade of cellular and digital network. This is critical  
2510 that the technology being used here is open and safe and  
2511 secure, as opposed to the technologies provided by Huawei and  
2512 ZTE. This is a transaction that I am hoping we will be in a  
2513 position to announce in very short order.

2514           I would say, in general, our transactions that  
2515 strengthen economic growth, innovation, and inclusion in  
2516 development also are demonstrating our values and help  
2517 provide an alternative to the offerings of authoritarian

2518 governments. So, there is a long list of projects that fall  
2519 into that category.

2520 But, in terms of large-scale infrastructure, in Africa,  
2521 we have another project in the pipeline that is a major toll  
2522 road that, by providing financing along with European  
2523 partners, we will do it in a sustainable way that doesn't  
2524 burden the country with unsustainable debt with strings  
2525 attached.

2526 Mrs. Kim of California. Thank you, Mr. Nathan.

2527 I have a question for Ms. Albright. Can you please  
2528 describe MCC's plans to catalyze the private sector  
2529 investment more effectively and describe what opportunities  
2530 exist for leveraging more private sector investment in the  
2531 Indo-Pacific?

2532 Ms. Albright. Thank you very much for the question,  
2533 Congresswoman.

2534 A couple of points on catalyzing private sector  
2535 investment. Often, we see that one of the barriers to  
2536 private sector investment is the absence of a proper  
2537 regulatory framework. And so, we are able to work with  
2538 countries on policy and institutional reform in a number of  
2539 different ways. And that becomes a precursor to greater  
2540 private sector investment.

2541 As I mentioned a moment ago, we also have a specific

2542 program, the ACFD, American Catalyst Facility for  
2543 Development, with the DFC which specifically channels money  
2544 in a way to target, to catalyze additional private sector  
2545 investment.

2546 In terms of specific examples, what I can do is come  
2547 back to your office and share with you in the Indo-Pacific  
2548 where we are specifically working on ACFD and other  
2549 transactions, specifically around the private sector. And I  
2550 would be happy to do that.

2551 Mrs. Kim of California. Thank you. I would love that  
2552 followup.

2553 I do have one more question for you, Ms. Albright. How  
2554 does MCC plan to better use its blended finance toolkit and  
2555 increase collaboration with other agencies?

2556 Ms. Albright. Thank you, Congresswoman.

2557 Similar to the previous answer, our toolkit is very  
2558 complementary with DFC's. Our primary counterpart of  
2559 governance, the DFC, as Mr. Nathan has described, is the  
2560 private sector, but the tools very much fit together and we  
2561 work with them closely. I have mentioned the ACFD as one  
2562 example of that.

2563 We also work closely, as they are on our Board, with  
2564 USAID in understanding what their overall goals are and how  
2565 MCC's work can fit with it. So, across the board, I think we

2566 are very complementary as a set of tools.

2567 Mrs. Kim of California. Thank you very much. I don't  
2568 know if I have any more time left, but I would like to yield  
2569 back. Thank you.

2570 Chairman Meeks. The gentlelady yields back.

2571 I now recognize Representative Susan Wild of  
2572 Pennsylvania for 5 minutes.

2573 Ms. Wild. Thank you very much, Mr. Chairman.

2574 I would like to direct my attention to Ms. Spahn. Like  
2575 many Members, I am proud to represent a district,  
2576 Pennsylvania's 7th District, which includes a vibrant,  
2577 multigenerational community of current and former Peace Corps  
2578 volunteers who have served around the globe. I am also very  
2579 proud that, many moons ago, my mother worked at Peace Corps  
2580 headquarters here in Washington, D.C. And I am asking this  
2581 question today, collectively, on their behalf.

2582 Every appropriation season, I receive an outpouring of  
2583 passionate messages from these constituents who urge me to  
2584 support the most robust possible funding for the Peace Corps,  
2585 and each year, I prioritize this cause. But, despite the  
2586 enormous support in my community and across our country for  
2587 the work of the Peace Corps, I am disheartened by the fact  
2588 the funding has not kept pace with the needs of the program.

2589 Adjusting for inflation, funding levels for the Peace

2590 Corps have declined by 14.3 percent since 2010. Can you  
2591 describe what that drop in funding means in practical terms  
2592 for the Peace Corps' ability to reach communities around the  
2593 world?

2594 Ms. Spahn. Absolutely, and thank you to your mother for  
2595 her service, and to all of those constituents as well. And I  
2596 am not surprised that they are writing you letters. They are  
2597 very passionate about what it means, both for the countries  
2598 we serve and for the United States.

2599 I was serving as Country Director in Malawi in 2016,  
2600 when we received \$410.5 million, and then, witnessed every  
2601 year the value of that appropriation go down. That meant  
2602 that we took cuts at our headquarters first to protect the  
2603 field and to protect the number of volunteers and the number  
2604 of countries that we serve.

2605 So, that really has been the priority of the agency, but  
2606 it did require cutting back in a number of different areas.  
2607 This included cuts in IT, infrastructure, some basic services  
2608 that we only now really have been able to utilize funding  
2609 over the last couple of years with no volunteers in the field  
2610 to bring those systems back up-to-speed and to begin to  
2611 modernize. There are other areas that were underfunded or  
2612 de-prioritized, I should say, along the way, in support of  
2613 maintaining those volunteer numbers.



2614           As we look forward, as I mentioned in my testimony, our  
2615 priority is to return to the countries that we left. We do  
2616 have adequate funding in 2023 to begin to build back, but we  
2617 do have a robust set of countries that would like Peace Corps  
2618 volunteers. And, you know, we are faced with a situation now  
2619 where we need to look at how far we want to go in exploring  
2620 those options and opportunities, and again, how we balance  
2621 making sure that we have quality systems in place to support  
2622 our volunteers, to support our host countries, while looking  
2623 at the geographic region number of volunteers going forward.

2624           Ms. Wild. It must be very challenging to have to  
2625 balance those needs. I know you would like to expand as much  
2626 as possible.

2627           I often think of our international affairs budget and  
2628 talk about it as an investment in our future. And I think  
2629 the Peace Corps is a perfect illustration of that concept.  
2630 Can you talk about how a strong and robust Peace Corps  
2631 contributes to improving our country's standing,  
2632 effectiveness, and influence on the international stage?

2633           Ms. Spahn. Well, there is nothing more powerful than  
2634 hearing from a senior official in any number of countries --  
2635 like I can talk about the Ambassador from Mongolia to the  
2636 United States. He was impacted by a volunteer. The first  
2637 supreme court justice, female supreme court justice in

2638 Malawi, and others who have really said how important it was  
2639 that someone from America who had more opportunities than  
2640 they did took the time and cared enough to come into their  
2641 community, learn their language, and live amongst them, and  
2642 build that relationship.

2643 And today, as I mentioned, that relationship does not  
2644 stop after two years. And we saw that with the terrible  
2645 situation in the Ukraine. Some of the first responders were  
2646 Peace Corps volunteers who jumped onto Facebook, who  
2647 leveraged their systems; who were working with host families,  
2648 people they had known for 10, 20 years prior -- raising  
2649 money; helping them share information about ways out that  
2650 were safe; helping them find housing in Poland and supporting  
2651 them in Moldova. It is incredibly powerful.

2652 Ms. Wild. Well, thank you very much. I wish I had more  
2653 time. I do appreciate very much the work that you and all of  
2654 the Peace Corps do.

2655 Ms. Spahn. Thank you so much.

2656 Chairman Meeks. The gentlelady's time has expired.

2657 I now recognize Representative Chrissy Houlahan of  
2658 Pennsylvania for 5 minutes.

2659 Ms. Houlahan. Thank you, Mr. Chair.

2660 And thank you to all of you for being here for so long.

2661 Mr. Nathan, my questions have to do a lot with your

2662 opening statement. I was really fascinated by the DFC model  
2663 catalyzing the private sector. I wasn't here when you were  
2664 birthed as an organization.

2665 I was really happy to hear about how robust the  
2666 administrative part of the budget is because I think that we  
2667 don't do a terribly good job of providing the administrative  
2668 budgets for many of our ideas. Very much happy to hear about  
2669 the generous programming funds as well.

2670 Interested to hear, as you outlined the competitive  
2671 process that you laid out, an example that you gave where  
2672 there were several bids, and one of them happened to be  
2673 Huawei, or something related to that, and that you were  
2674 grateful that they did not prevail.

2675 I was very happy as well to hear you talk about the  
2676 multiple funds, small business funds for places like Egypt  
2677 and Vietnam and for women-focused issues as well.

2678 I was also happy to hear Mr. Sherman's questions about  
2679 ROI and the fact that you articulated that there was a  
2680 positive ROI. I would like to get deeper into what that  
2681 actually is and how you measure it.

2682 But my question is more about the end of your  
2683 presentation, where you spoke a little bit about impact  
2684 measurements and the tools that you were defining and  
2685 refining, as you used your terminology, to assess, of the

2686 people and organizations that you were providing resources  
2687 to, how are you assessing that the other two bids that were  
2688 not Huawei were actually good companies, or that the money  
2689 that we were providing for funds was actually going to  
2690 organizations that had strong CSR, strong ESG values? And  
2691 what is that impact tool that you are using? And do you need  
2692 help in defining that?

2693 Mr. Nathan. Thanks for such a great question.

2694 So, in regard to our Impact Quotient tool, this is an  
2695 impact measurement tool that was introduced two years ago,  
2696 and we are in the process of refining it. It is an important  
2697 analysis undertaken by our team prior to any investment being  
2698 considered by our investment committee or moving forward.

2699 It looks at three main elements: the contribution of  
2700 the investment we are making to economic growth in the  
2701 country where we are working, and what that means for  
2702 stability. It looks at inclusion, the extent to which the  
2703 investment financially empowers underserved communities,  
2704 women, small businesses. It looks at innovation, the extent  
2705 to which the nature of the business is demonstrating what we  
2706 can do to crowd in private sector capital to help achieve our  
2707 development objectives.

2708 A score is determined, and this becomes an important  
2709 part of our analysis, in addition to the financial and risk

2710 analysis that we do for every project, every loan, every  
2711 investment, and the ESG screening that we do to make sure  
2712 that there is environmental and social standards applied, to  
2713 make sure there is not any adverse impacts.

2714 This is important prior to make an investment. It is  
2715 part of our due diligence. It is overlaid on the financial  
2716 analysis, the "know your customer" analysis, the other due  
2717 diligence elements.

2718 But it continues after making the investment. And what  
2719 I referenced in my testimony is that this is an area where we  
2720 need to continue to build. As our portfolio grows, as there  
2721 is pressures to do things all over the world, to meet our  
2722 development objectives, and to meet our strategic objectives,  
2723 we need a greater staff to be able to monitor on an ongoing  
2724 basis compliance with all the things I just mentioned. It is  
2725 a critical part of what we do.

2726 Ms. Houlahan. Yes, and as we know, the private  
2727 investment sector and the private sector is really moving  
2728 rapidly towards strong ESG- and CSR-related values. And it  
2729 sounds as though -- what I am wondering is, do you need any  
2730 congressional help in that area to be able to invest better,  
2731 as you said, and beef up that area in your organization,  
2732 better to be able to assess that?

2733 And I see a connection between -- you outlined

2734 innovation and inclusion, and opportunity I think was the  
2735 third --

2736 Mr. Nathan. And economic growth.

2737 Ms. Houlahan. -- economic growth. And then, you added  
2738 ESG. Like those things, to me, the investment, the  
2739 investors, the organizations that you are working with, ought  
2740 to also be passing the screening test, not just the thing  
2741 that you are doing, but the people that are doing it I think  
2742 is really important.

2743 Mr. Nathan. I think that is an excellent point, and it  
2744 is a critical part of our analysis: who are the people we  
2745 are investing in? Under the 2X Initiative that was started  
2746 in 2018, we value and give extra points in the IQ score that  
2747 I was talking about for women-led businesses or the inclusion  
2748 of diverse communities, underserved communities, not only in  
2749 the outcome from the investment, but also in the management  
2750 of it.

2751 Ms. Houlahan. Thank you.

2752 I know I have run out of time.

2753 Ms. Spahn, I have a question for the record for you.

2754 And, Ms. Albright, I have a question for the record for  
2755 you.

2756 And I yield back. Thank you.

2757 Chairman Meeks. The gentlelady's time has expired.

2758 I now recognize Representative Andy Levin of Michigan,  
2759 who is the vice chair of the Subcommittee on Asia, the  
2760 Pacific, Central Asia, and Nonproliferation, for 5 minutes.

2761 Mr. Levin. Thank you so much, Chairman Meeks, for  
2762 convening this hearing.

2763 And thanks to all of the witnesses for being here.

2764 I am going to focus on the climate crisis. I know all  
2765 of your agencies are playing a role in addressing it.

2766 Let's start with the International Development Finance  
2767 Corporation. I was glad to see the Biden administration's  
2768 announcement of a net zero emissions target for DFC by 2040  
2769 and its intent for one-third of all new investments to be  
2770 climate-linked by fiscal year 2023.

2771 That is a really laudable goal, Mr. Nathan, but I would  
2772 like to understand what I see as a mismatch in funding  
2773 commitments and the goals. Your testimony states that, of  
2774 \$6.7 billion in new transactions last year, DFC committed  
2775 \$454 million for climate mitigation, resilience, and  
2776 adaptation. So, that is about 6.7 percent, which is, you  
2777 know, pretty far off the target of one-third for next year,  
2778 which is coming right at us.

2779 So, what are the barriers to increasing this percentage  
2780 and how will DFC improve in the next year?

2781 Mr. Nathan. Well, thank you for the question.

2782 Making investments that help with mitigation and  
2783 adaptation in the climate crisis is a critical part of our  
2784 focus. The goals were aspirational in order to focus the  
2785 organization. It is also important to realize that projects  
2786 take time to work through our process; to go from initiation  
2787 and business development through all the analysis, the  
2788 documentation, ultimately, to decision and disbursement. So  
2789 --

2790 Mr. Levin. So, you don't have to meet the goals if  
2791 they're just aspirational?

2792 Mr. Nathan. I didn't say that we don't intend to meet  
2793 them. We will try our hardest to meet them.

2794 Mr. Levin. Okay. All right. Well, that is good. I  
2795 appreciate that, and I know it is a lot of work.

2796 We know that countries in the global south are likely to  
2797 face the worst impacts of climate change, but that they can  
2798 be the hardest to reach with internationally financing. We  
2799 also know that helping them is critical for broader U.S.  
2800 foreign policy goals.

2801 For example, investments in resilience and adaptation in  
2802 the Northern Triangle countries face serious barriers, given  
2803 the governance and corruption concerns. But such investments  
2804 are also essential if we want to help prevent ongoing  
2805 climate-related migration crises.



2806           So, how is DFC ensuring that its climate-related  
2807 projects are primarily targeting low-income countries and  
2808 creating better business environments for private sector  
2809 investments?

2810           Mr. Nathan. Well, you are right that finding ways to  
2811 enhance development, particularly in a sustainable and clean  
2812 way through energy, is critical to development, critical to  
2813 keeping people employed, critical to economic growth, which  
2814 keeps people in place in their local communities.

2815           This is an emphasis, but in the lowest-income countries  
2816 there is often difficulty finding investments at scale or  
2817 making sure that the enabling environment supports making  
2818 these investments. This is where we are putting a huge  
2819 amount of effort to make sure that is true -- not just as  
2820 DFC, but working with our interagency colleagues to work  
2821 that. This is part of a whole-of-government exercise and  
2822 will be critically important going forward.

2823           Mr. Levin. Well, thanks.

2824           Let me turn to the Millennium Challenge Corporation. I  
2825 am glad that the MCC model has incorporated climate across  
2826 its investment portfolios, but I worry that we are not moving  
2827 nearly fast enough. It is great to see MCC's coal-free  
2828 policy, but what we really need is a fossil-fuel-free policy  
2829 to leapfrog developing countries all the way to renewable

2830 energy.

2831 Ms. Albright, would a renewable-only policy be feasible  
2832 for future MCC investments? And what are the barriers to  
2833 increasing those investments?

2834 Ms. Albright. Thank you, Congressman, for the question.

2835 Just to touch briefly on what our commitments are, we  
2836 made a commitment that, over the next five years, 50 percent  
2837 of our program funds will be dedicated to what we call  
2838 climate-related investments. Examples of that are drought-  
2839 resistant crops in Niger, for example, as well as flood-  
2840 resistant roads in the Philippines. And we are on track to  
2841 meet those investments.

2842 You are right, we do have a coal-free policy. At the  
2843 moment, the way our model works is that we will evaluate all  
2844 options that countries would like us to explore, but we also  
2845 believe that we are on track to meet the 50 percent of  
2846 program funds towards climate-related activities over the  
2847 next five years.

2848 Mr. Levin. Okay. Thanks. Well, that was a perfectly  
2849 timed answer for my remaining, and we will --

2850 Chairman Meeks. The gentleman's time has expired.

2851 Mr. Levin. -- have questions for the Peace Corps for  
2852 the record.

2853 Thanks, Mr. Chairman.

2854 Chairman Meeks. I now recognize Representative Andy Kim  
2855 of New Jersey for 5 minutes.

2856 Mr. Kim of New Jersey. Yes, thank you. Thank you, Mr.  
2857 Chairman.

2858 Thank you so much for coming on out.

2859 I wanted to just get a sense of where your organizations  
2860 kind of fit in with strategies that we are trying to deal  
2861 with as a country. As Secretary Blinken last month engaged  
2862 on this, you know, the announcement about this new strategy  
2863 when it comes to China. And I have been just trying to get a  
2864 deeper sense of what the administration understands about  
2865 that and where they are kind of getting at this from.

2866 So, I want to just start with Mr. Nathan and Ms.  
2867 Albright, in particular. Were you a part of that  
2868 deliberation? Were you a part of that development process  
2869 for a strategy dealing with China in this administration?

2870 Mr. Nathan. I believe that Secretary Blinken's strategy  
2871 was for the State Department and, no, we were not involved.

2872 Mr. Kim of New Jersey. Were you consulted at all and  
2873 asked about your particular organization's role in  
2874 implementing? Because you are right, it was Secretary  
2875 Blinken that announced the strategy, but my understanding  
2876 about this was that this was a whole-of-government approach;  
2877 this was laying out what the United States should be doing

2878 vis-a-vis China, not just the State Department.

2879 So, I guess I just wanted to get a sense, Ms. Albright,  
2880 were you a part of that process that developed it and had  
2881 input into how your organization may or may not be a part of  
2882 it?

2883 Ms. Albright. We, too, were not consulted. But we  
2884 believe that our tools very much fit within the broader  
2885 context. And the main thing to point out is that MCC is a  
2886 grant-making organization. We are able to provide grants of  
2887 hundreds of millions of dollars to countries to address the  
2888 main challenges that they face. And that stands, of course,  
2889 in stark contrast to what we see with China, who, as you  
2890 know, is principally a lender and leaves behind a lot of  
2891 unsustainable debt.

2892 We also work in a highly transparent way, a very  
2893 rigorous way in terms of program design. We also work in a  
2894 lot of areas of policy and institutional reform. So, we  
2895 believe that our model stands in stark contrast to what we  
2896 see coming out of China and will play an important role in  
2897 the overall administration's efforts in thinking about China.

2898 Mr. Kim of New Jersey. I agree with you wholeheartedly  
2899 there.

2900 And, Mr. Nathan, you know, I have seen a lot of people  
2901 comment about how DFC is potentially one of our best tools to

2902 potentially compete with the Belt and Road Initiative and  
2903 other aspects of that.

2904 But what I guess I am just trying to get a sense of is,  
2905 do you see the DFC actually playing that role? Like is our  
2906 strategy vis-a-vis China actively something that is a top  
2907 priority for your organization or is that just a byproduct of  
2908 what you are accomplishing?

2909 Mr. Nathan. So, it definitely is an important part of  
2910 our thinking, our strategy, our planning. And I should say,  
2911 we are very much involved in interagency process at all  
2912 levels of our organization, from principals, deputies,  
2913 committees, on down to IPCs.

2914 But we are an implementing agency. We are doing  
2915 transactions. We are trying to get private capital to do the  
2916 transactions that serve the interests that are part of the  
2917 policy, the Indo-Pacific strategy, the China strategy, that  
2918 is laid out. So, we are very much involved in thinking about  
2919 the right way, what resources, and what tools are necessary  
2920 to implement that strategy.

2921 Mr. Kim of New Jersey. And that is actually why I am  
2922 interested in this line of questioning. You are in many  
2923 ways one of the closest elements in executing and  
2924 implementing this. And I am just trying to figure out, how  
2925 does that fit in with the bigger picture?

2926           And I guess my other question to you would be, as you  
2927           hear this strategy from the Secretary, you get the sense of  
2928           the what the Biden administration wants to do with China, are  
2929           they asking you to do something that you are not already  
2930           doing? Is there something that is laid out in that strategy,  
2931           in that approach, that is calling upon your organizations and  
2932           institutions to do something else? Or do you feel like, you  
2933           know, what you are doing right now is very much in line with  
2934           the strategy and that there is nothing necessarily different  
2935           that you need to do?

2936           Mr. Nathan. Well, let me give you an example of maybe  
2937           something that would help give this concrete terms. As part  
2938           of our development of an Indo-Pacific strategy, and the Quad  
2939           Initiative Quad Initiative, I went to Japan during President  
2940           Biden's trip. We hosted a meeting or participated in a  
2941           meeting hosted by my Japanese counterpart at JBIC, along with  
2942           the Indian Exim Bank and Australia, my counterpart in the  
2943           Australian ministry who focuses on the type of investments  
2944           that we could all potentially do in collaboration, in order  
2945           to strengthen the cooperation amongst the Quad nations.

2946           This is a part of the overall strategy. This was a new  
2947           thing that had never been done before, and I think it was a  
2948           real singular accomplishment.

2949           Mr. Kim of New Jersey. Well, I look forward to seeing

2950 how that would be.

2951 Thank you.

2952 Chairman Meeks. The gentleman's time has expired.

2953 I now recognize Representative Sara Jacobs of  
2954 California, who is the vice chair of the Subcommittee on  
2955 International Development, International Organizations and  
2956 Global Corporate Social Impact, for 5 minutes.

2957 Ms. Jacobs. Well, thank you, Mr. Chairman.

2958 And thank you, all three of you, for being here today.

2959 I, first, want to ask you a question, Ms. Albright. I  
2960 am member of the Conference Committee for the COMPETES Act.

2961 And thank you, Mr. Chairman, for appointing me to that.

2962 And the Conference Committee discussions on the American  
2963 COMPETES Act are currently underway, as I am sure you know.  
2964 And one provision, as I understand it, could prove  
2965 challenging for the MCC. It is a provision that prohibits  
2966 MCC assistance to countries that host a military installation  
2967 of the PRC or facilitates the expansion of the presence of  
2968 the PLA for purposes other than participating in peacekeeping  
2969 or humanitarian, medical, and disaster relief operations.

2970 I know, in response to my colleague, Mr. Castro's  
2971 question, you already talked a bit about the challenges with  
2972 disinformation in Nepal and Sri Lanka. But could you briefly  
2973 talk about how this provision might be difficult for MCC and

2974 exacerbate this challenge?

2975 Ms. Albright. Thank you very much, Congresswoman, for  
2976 the question.

2977 We certainly understand the circumstances that have  
2978 given rise to the COMPETES Act. That said, we believe that  
2979 it does create some serious issues for MCC. And we would be  
2980 more comfortable with a much brighter line between MCC and  
2981 the military.

2982 If MCC were included in the Act, we believe that it  
2983 would increase what would be considered or received as sort  
2984 of a military posture for the agency. And that was, in part,  
2985 underlying some of the mis- and disinformation that we  
2986 encountered when, for example, we talked about our compact in  
2987 Nepal, when we were trying to counteract that.

2988 So, some of the things that we heard in the mis- and  
2989 disinformation space was, and I will quote, "MCC would build  
2990 Army bases in Nepal." "Ratifying MCC would be joining the  
2991 U.S. military-led alliance." You can see that these kinds of  
2992 comments are not constructive in trying to help in the  
2993 international development space.

2994 So, we understand the COMPETES Act, but in terms of the  
2995 specific zone that we occupy, we think that it would not be  
2996 constructive for our work. And we would respectfully request  
2997 that we be taken out of that legislation.



2998 Ms. Jacobs. Thank you.

2999 Still with you, Ms. Albright, in fiscal year 2022 and  
3000 2023, MCC expects that it will fund its first two regional  
3001 compacts that Congress recently gave you the authority to do:  
3002 the Benin-Niger transportation compact and a Cote D'Ivoire  
3003 regional energy program.

3004 What challenges has MCC experienced to date in the  
3005 design of the West Africa compacts? And to what degree have  
3006 you all coordinated with the State Department and USAID to  
3007 ensure these compacts work toward the implementation of the  
3008 Global Fragility Act, given that coastal West Africa is one  
3009 of the priority regions for the Global Fragility Act?

3010 Ms. Albright. Thank you very much for the question.

3011 In general, the regional authority is a very useful one,  
3012 because it does foster regional integration in a variety of  
3013 ways. And we are quite hopeful that that is what we see  
3014 coming out of these two compacts.

3015 In terms of the challenges, it is a complicated thing to  
3016 execute because each country alone has to qualify for MCC  
3017 assistance, and then, together, the program has to qualify.  
3018 So, you can see that if -- and this is what happened to  
3019 Burkina Faso -- that if a particular country falls out, that  
3020 they would no longer be able to qualify, which is why the  
3021 scope of the regional one with Cote D'Ivoire and the West

3022 Africa Power Pool has now been limited.

3023 The State Department and USAID are both on our Board.  
3024 The State Department, the Secretary, in fact, is the  
3025 Chair of the Board. And so, they are well aware of all of  
3026 our pipeline, all of our work, and often, offer us  
3027 suggestions. And where MCC's work does coincide with the  
3028 scope of the Global Fragility Act, we are very happy to  
3029 coordinate with them to make sure that the tools that we do  
3030 have feed into the goals of the GFA.

3031 Ms. Jacobs. Okay. Great. Well, I will look forward to  
3032 hearing updates on that.

3033 And really quickly for you, Mr. Nathan, the key to the  
3034 success of many of these programs is effective monitoring and  
3035 evaluation. The OIG highlighted some concerns with that at  
3036 DFC. So, I was just wondering, in 30 seconds, if you could  
3037 tell us how you are working on a DFC oversight monitoring and  
3038 evaluation to make sure that the programs are working.

3039 Mr. Nathan. Thanks for the question.

3040 Monitoring and oversight of our portfolio is incredibly  
3041 important. It is one of the reasons why we have asked for an  
3042 increase in our administrative budget, to make sure that, as  
3043 our portfolio grows, we have adequate staff that grows at the  
3044 same pace as our portfolio in order to do that. So, it is of  
3045 high concern to management and the Board and our Inspector

3046 General to make sure that that is accomplished.

3047 Ms. Jacobs. And to us in Congress as well.

3048 Thank you, Mr. Chairman. I yield back.

3049 Chairman Meeks. The gentlelady's time has just expired.

3050 I now recognize Representative Kathy Manning of North  
3051 Carolina, who is the vice chair of the Subcommittee on the  
3052 Middle East, North Africa and Global Counterterrorism, for 5  
3053 minutes.

3054 Ms. Manning. Thank you, Chairman Meeks.

3055 And thank you to our witnesses for being with us today  
3056 and for your service.

3057 Mr. Nathan, there is strong support in Congress for the  
3058 Nita Lowey Middle East Partnership for Peace Act, which the  
3059 DFC implements, along with USAID. Can you tell us, what is  
3060 the size of the DFC's Joint Investment for Peace Initiative?

3061 Mr. Nathan. So, my understanding is that ever year  
3062 there is \$50 million between USAID and DFC. It is not  
3063 allocated between the two, and it really depends on the flow  
3064 of projects that we can generate and analyze.

3065 Ms. Manning. Has DFC established a dedicated online  
3066 application or call for proposals?

3067 Mr. Nathan. We have hosted townhalls which have been  
3068 done virtually, in order to try to generate as many project  
3069 ideas as possible. It did generate a considerable pipeline.

3070 Many of those are in the process of applying for financial  
3071 support, and we are currently analyzing them.

3072 Ms. Manning. Can you talk to us a little bit about what  
3073 kinds of joint ventures between Israelis and Palestinians the  
3074 DFC is considering?

3075 Mr. Nathan. Yes. So, I met yesterday with Ambassador  
3076 Herzog to discuss exactly this question. We would highly  
3077 prioritize and be very interested in projects where we could  
3078 invest alongside an Israeli partner in the Palestinian  
3079 territories. Unfortunately, after our first townhall and in  
3080 our pipeline, we only have one such project. But the  
3081 Ambassador and I and our two teams are going to work very  
3082 hard on making sure that we can generate more projects like  
3083 that.

3084 Ms. Manning. What about projects that would include  
3085 some of the other Abraham Accord countries?

3086 Mr. Nathan. So, of the four countries that recognized  
3087 Israel in 2020 as a result of the Abraham Accord, we are only  
3088 eligible to work in Morocco at the moment. That is the only  
3089 place that we are able to work.

3090 The Ambassador and I did discuss the potential of  
3091 cooperating to potentially invest in Morocco. Morocco is a  
3092 country where we have quite a few potential projects. But,  
3093 even beyond that, potentially, investing with Israel,

3094 Morocco, else in Africa, which I think would really solidify  
3095 the type of strategy that is behind all these initiatives.

3096 Ms. Manning. What are the barriers to working with the  
3097 other Abraham Accord countries?

3098 Mr. Nathan. So, income status is one of them. Bahrain  
3099 and the United Arab Emirates are high-income countries and we  
3100 can't work there. And then, the fourth country is Sudan,  
3101 which at the moment we are not actively working.

3102 Ms. Manning. Okay. And how the administration seeking  
3103 to increase private sector development in the Middle East,  
3104 whether under the rubric of the Abraham Fund or otherwise?

3105 Mr. Nathan. So, we are working very hard to generate as  
3106 many investment ideas as we can. Egypt is one of our --  
3107 currently within the existing portfolio -- one of our larger  
3108 areas of exposure. And we have recently concluded some deals  
3109 there.

3110 We are looking elsewhere in the region. It is a  
3111 priority for us.

3112 Ms. Manning. Thank you very much.

3113 Ms. Spahn, in 2019, the House rejected an amendment  
3114 which would cut entirely the Department of State and USAID's  
3115 bilateral economic assistance and the independent agency  
3116 funds. Can you talk to us about how eliminating these  
3117 investments, including 7200 Peace Corps volunteers, would

3118 hurt America's interests?

3119 Ms. Spahn. I'm sorry, can you repeat that question?

3120 Ms. Manning. Yes. I understand that the House rejected  
3121 an amendment, in 2019, the House rejected an amendment that  
3122 would cut Department of State and USAID's bilateral economic  
3123 assistance and independent agency funds. How would that hurt  
3124 the Peace Corps volunteers and America's interests?

3125 Ms. Spahn. Well, I would say that, you know, both  
3126 investments in international development and international  
3127 diplomacy, both through the State Department -- and you are  
3128 really at the grassroots level through Peace Corps -- is  
3129 critically important. Our engagement overseas in countries  
3130 around the world is critically important, and any cuts to  
3131 that, particularly at this time -- following COVID, following  
3132 a period of tremendous global isolation, we are, essentially,  
3133 at this time really determining how we move forward in a new  
3134 global landscape. So, any cuts to that, that apparatus, you  
3135 know, and the investments that we make in those countries,  
3136 really damages the U.S. reputation in those countries and our  
3137 engagement with them long term.

3138 Ms. Manning. Thank you.

3139 My time is about to expire. I yield back.

3140 Ms. Spahn. Thank you.

3141 Chairman Meeks. The gentlelady yields back.

3142           And I believe that is the end of all member questions.  
3143           So, they have now concluded.

3144           Let me just take the time to say thank you to our  
3145           witnesses for your time and for your testimony today. You  
3146           could see the tremendous interest that members on both sides  
3147           of the aisle have with reference to the three agencies which  
3148           you represent. And the American people, as we in Congress,  
3149           we are dependent upon you.

3150           You know, it is crucial that your agencies have robust  
3151           resources to carry out your missions, to promote what I call  
3152           the four D's -- development, democracy, diplomacy, and  
3153           diversity. And we need to do that at home and around the  
3154           world.

3155           So, I know I look forward to continued engagement with  
3156           each of your agencies. I will continue to work with my  
3157           colleagues to ensure that you are successful.

3158           You actually save the taxpayers money overall with your  
3159           success. And I think this is an area where we can work  
3160           collectively in a bipartisan manner to do just that. This is  
3161           not one of those partisan issues that we have to deal with in  
3162           Congress. Each of your agencies is tremendously important  
3163           and shows who we are and the values of the people of the  
3164           United States of America.

3165           So, I want to thank Ranking Member McCaul, also, for his

3166 partnership in holding today's hearing. And we often talk  
3167 about the agencies which you represent.

3168 And I want to thank all of the members on both sides of  
3169 the aisle on this committee for participating in this  
3170 important hearing this morning and afternoon.

3171 So, let me just say thank you again. Thank you very  
3172 much.

3173 And this hearing is now adjourned.

3174 [Whereupon, at 1:05 p.m., the committee was adjourned.]